



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 16, 2021

Tim Glover  
Superintendent  
Tulia Independent School District  
702 NW 8th Street  
Tulia, Texas 79088

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Tulia Independent School District and Hornet Solar, LLC, Application 1593

Dear Superintendent Glover:

On May 17, 2021, the Comptroller issued written notice that Hornet Solar, LLC (applicant) submitted a completed application (Application 1593) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on April 22, 2021, to the Tulia 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.

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<sup>1</sup> 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 1593.

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 May 17, 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](mailto: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 Hornet Solar, LLC (project) applying to Tulia 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 Hornet Solar, LLC.

|  |                          |
|--|--------------------------|
| Applicant  | Hornet Solar, LLC        |
| Tax Code, 313.024 Eligibility Category   | Renewable Energy - Solar |
| School District  | Tulia ISD                |
| 2019-2020 Average Daily Attendance   | 880                      |
| County   | Swisher County           |
| Proposed Total Investment in District  | \$252,533,750            |
| Proposed Qualified Investment  | \$252,533,750            |
| Limitation Amount  | \$20,000,000             |
| Qualifying Time Period (Full Years)  | 2023-2024                |
| 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                 | \$907                    |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5) (A) | \$907                    |
| Minimum annual wage committed to by applicant for qualified jobs                 | \$47,148                 |
| Minimum weekly wage required for non-qualifying jobs                             | \$768.25                 |
| Minimum annual wage required for non-qualifying jobs                             | \$39,949                 |
| Investment per Qualifying Job  | \$126,266,875            |
| Estimated M&O levy without any limit (15 years)                                  | \$18,010,830             |
| Estimated M&O levy with Limitation (15 years)                                    | \$4,896,288              |
| Estimated gross M&O tax benefit (15 years)                                       | \$13,114,542             |

\* 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 Hornet Solar, LLC (modeled).

| Year | Employment |                    |       | Personal Income |                    |               |
|------|------------|--------------------|-------|-----------------|--------------------|---------------|
|      | Direct     | Indirect + Induced | Total | Direct          | Indirect + Induced | Total         |
| 2022 | 250        | 217                | 467   | \$12,500,000    | \$20,900,000       | \$33,400,000  |
| 2023 | 250        | 1,193              | 1443  | \$12,500,000    | \$93,700,000       | \$106,200,000 |
| 2024 | 2          | 55                 | 57    | \$94,296        | \$14,205,704       | \$14,300,000  |
| 2025 | 2          | 16                 | 18    | \$94,296        | \$8,705,704        | \$8,800,000   |
| 2026 | 2          | (18)               | -16   | \$94,296        | \$4,405,704        | \$4,500,000   |
| 2027 | 2          | (33)               | -31   | \$94,296        | \$1,605,704        | \$1,700,000   |
| 2028 | 2          | (41)               | -39   | \$94,296        | -\$294,296         | -\$200,000    |
| 2029 | 2          | (45)               | -43   | \$94,296        | -\$1,594,296       | -\$1,500,000  |
| 2030 | 2          | (41)               | -39   | \$94,296        | -\$2,494,296       | -\$2,400,000  |
| 2031 | 2          | (35)               | -33   | \$94,296        | -\$2,794,296       | -\$2,700,000  |
| 2032 | 2          | (27)               | -25   | \$94,296        | -\$2,794,296       | -\$2,700,000  |
| 2033 | 2          | (22)               | -20   | \$94,296        | -\$2,494,296       | -\$2,400,000  |
| 2034 | 2          | (20)               | -18   | \$94,296        | -\$2,094,296       | -\$2,000,000  |
| 2035 | 2          | (14)               | -12   | \$94,296        | -\$2,094,296       | -\$2,000,000  |
| 2036 | 2          | (14)               | -12   | \$94,296        | -\$1,594,296       | -\$1,500,000  |
| 2037 | 2          | (10)               | -8    | \$94,296        | -\$1,794,296       | -\$1,700,000  |
| 2038 | 2          | (14)               | -12   | \$94,296        | -\$1,094,296       | -\$1,000,000  |

Source: CPA REMI, Hornet 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*    | Tulia ISD I&S Tax Levy | Tulia ISD M&O Tax Levy | Wellman-Union CISD M&O and I&S Tax Levies | Swisher County Tax Levy | Swisher County Hospital District Tax Levy | High Plains Water District Tax Levy | County Lat Rd Tax Levy | Noxious Weed District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|------------------------|------------------------|---|-------------------------|---|-------------------------------------|------------------------|--------------------------------|--------------------------------|
|      |                                 |                                 |              | 0.2670                 | 1.0390                 |   | 0.6477                  | 0.2930                                    | 0.0055                              | 0.0737                 | 0.0600                         |                                |
| 2024 | \$252,533,750                   | \$252,533,750                   |              | \$674,265              | \$2,623,826            | \$3,298,091                               | \$1,635,661             | \$739,924                                 | \$13,889                            | \$186,117              | \$151,520                      | \$5,687,565                    |
| 2025 | \$232,298,500                   | \$232,298,500                   |              | \$620,237              | \$2,413,581            | \$3,033,818                               | \$1,504,597             | \$680,635                                 | \$12,776                            | \$171,204              | \$139,379                      | \$5,231,827                    |
| 2026 | \$210,462,875                   | \$210,462,875                   |              | \$561,936              | \$2,186,709            | \$2,748,645                               | \$1,363,168             | \$616,656                                 | \$11,575                            | \$155,111              | \$126,278                      | \$4,740,045                    |
| 2027 | \$186,864,125                   | \$186,864,125                   |              | \$498,927              | \$1,941,518            | \$2,440,445                               | \$1,210,319             | \$547,512                                 | \$10,278                            | \$137,719              | \$112,118                      | \$4,208,554                    |
| 2028 | \$161,393,750                   | \$161,393,750                   |              | \$430,921              | \$1,676,881            | \$2,107,802                               | \$1,045,347             | \$472,884                                 | \$8,877                             | \$118,947              | \$96,836                       | \$3,634,910                    |
| 2029 | \$133,889,000                   | \$133,889,000                   |              | \$357,484              | \$1,391,107            | \$1,748,590                               | \$867,199               | \$392,295                                 | \$7,364                             | \$98,676               | \$80,333                       | \$3,015,448                    |
| 2030 | \$104,187,125                   | \$104,187,125                   |              | \$278,180              | \$1,082,504            | \$1,360,684                               | \$674,820               | \$305,268                                 | \$5,730                             | \$76,786               | \$62,512                       | \$2,346,502                    |
| 2031 | \$72,098,250                    | \$72,098,250                    |              | \$192,502              | \$749,101              | \$941,603                                 | \$466,980               | \$211,248                                 | \$3,965                             | \$53,136               | \$43,259                       | \$1,623,797                    |
| 2032 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
| 2033 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
| 2034 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
| 2035 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
| 2036 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
| 2037 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
| 2038 | \$54,250,000                    | \$54,250,000                    |              | \$144,848              | \$563,658              | \$708,505                                 | \$351,377               | \$158,953                                 | \$2,984                             | \$39,982               | \$32,550                       | \$1,221,819                    |
|      |                                 |                                 | <b>Total</b> | <b>\$4,628,385</b>     | <b>\$18,010,830</b>    | <b>\$22,639,215</b>                       | <b>\$11,227,733</b>     | <b>\$5,079,089</b>                        | <b>\$95,341</b>                     | <b>\$1,277,573</b>     | <b>\$1,040,086</b>             | <b>\$39,041,377</b>            |

Source: CPA, Hornet Solar, LLC

\*Tax Rate per \$100 Valuation



## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Hornet 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) |
|---|----------|---|---|---|---|
| <b>Limitation Pre-Years</b>   | 2021     | \$0   | \$0   | \$0   | \$0   |
|   | 2022     | \$0   | \$0   | \$0   | \$0   |
|   | 2023     | \$0   | \$0   | \$0   | \$0   |
| <b>Limitation Period (10 Years)</b>   | 2024     | \$207,800                                     | \$207,800   | \$2,416,026   | \$2,416,026   |
|   | 2025     | \$207,800                                     | \$415,600   | \$2,205,781   | \$4,621,807   |
|   | 2026     | \$207,800                                     | \$623,400   | \$1,978,909   | \$6,600,716   |
|   | 2027     | \$207,800                                     | \$831,200   | \$1,733,718   | \$8,334,435   |
|   | 2028     | \$207,800                                     | \$1,039,000                                       | \$1,469,081   | \$9,803,516   |
|   | 2029     | \$207,800                                     | \$1,246,800                                       | \$1,183,307   | \$10,986,822  |
|   | 2030     | \$207,800                                     | \$1,454,600                                       | \$874,704   | \$11,861,527  |
|   | 2031     | \$207,800                                     | \$1,662,400                                       | \$541,301   | \$12,402,827  |
|   | 2032     | \$207,800                                     | \$1,870,200                                       | \$355,858   | \$12,758,685  |
|   | 2033     | \$207,800                                     | \$2,078,000                                       | \$355,858   | \$13,114,542  |
| <b>Maintain Viable Presence (5 Years)</b>   | 2034     | \$563,658                                     | \$2,641,658                                       | \$0   | \$13,114,542  |
|   | 2035     | \$563,658                                     | \$3,205,315                                       | \$0   | \$13,114,542  |
|   | 2036     | \$563,658                                     | \$3,768,973                                       | \$0   | \$13,114,542  |
|   | 2037     | \$563,658                                     | \$4,332,630                                       | \$0   | \$13,114,542  |
|   | 2038     | \$563,658                                     | \$4,896,288                                       | \$0   | \$13,114,542  |
| <b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>   | 2039     | \$563,658                                     | \$5,459,945                                       | \$0   | \$13,114,542  |
|   | 2040     | \$563,658                                     | \$6,023,603                                       | \$0   | \$13,114,542  |
|   | 2041     | \$563,658                                     | \$6,587,260                                       | \$0   | \$13,114,542  |
|   | 2042     | \$563,658                                     | \$7,150,918                                       | \$0   | \$13,114,542  |
|   | 2043     | \$563,658                                     | \$7,714,575                                       | \$0   | \$13,114,542  |
|   | 2044     | \$563,658                                     | \$8,278,233                                       | \$0   | \$13,114,542  |
|   | 2045     | \$563,658                                     | \$8,841,890                                       | \$0   | \$13,114,542  |
|   | 2046     | \$563,658                                     | \$9,405,548                                       | \$0   | \$13,114,542  |
|   | 2047     | \$563,658                                     | \$9,969,205                                       | \$0   | \$13,114,542  |
|   | 2048     | \$563,658                                     | \$10,532,863                                      | \$0   | \$13,114,542  |
|   |          | <b>\$10,532,863</b>                           | is less than                                      | <b>\$13,114,542</b>   |   |
| <b>Analysis Summary</b>   |          |   |   |   |   |
| 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, Hornet Solar, LLC

| Year | Employment |                    |       | Personal Income |                    |               | Revenue & Expenditure |                    |                     |
|------|------------|--------------------|-------|-----------------|--------------------|---------------|-----------------------|--------------------|---------------------|
|      | Direct     | Indirect + Induced | Total | Direct          | Indirect + Induced | Total         | Revenue               | Expenditure        | Net Tax Effect      |
| 2022 | 250        | 217                | 467   | \$12,500,000    | \$20,900,000       | \$33,400,000  | 2000000               | -1000000           | \$3,000,000         |
| 2023 | 250        | 1,193              | 1443  | \$12,500,000    | \$93,700,000       | \$106,200,000 | 10000000              | -2000000           | \$12,000,000        |
| 2024 | 2          | 55                 | 57    | \$94,296        | \$14,205,704       | \$14,300,000  | 1000000               | 1000000            | \$0                 |
| 2025 | 2          | 16                 | 18    | \$94,296        | \$8,705,704        | \$8,800,000   | 0                     | 1000000            | -\$1,000,000        |
| 2026 | 2          | (18)               | -16   | \$94,296        | \$4,405,704        | \$4,500,000   | 0                     | 1000000            | -\$1,000,000        |
| 2027 | 2          | (33)               | -31   | \$94,296        | \$1,605,704        | \$1,700,000   | 0                     | 1000000            | -\$1,000,000        |
| 2028 | 2          | (41)               | -39   | \$94,296        | -\$294,296         | -\$200,000    | 0                     | 1000000            | -\$1,000,000        |
| 2029 | 2          | (45)               | -43   | \$94,296        | -\$1,594,296       | -\$1,500,000  | 0                     | 1000000            | -\$1,000,000        |
| 2030 | 2          | (41)               | -39   | \$94,296        | -\$2,494,296       | -\$2,400,000  | 0                     | 1000000            | -\$1,000,000        |
| 2031 | 2          | (35)               | -33   | \$94,296        | -\$2,794,296       | -\$2,700,000  | 0                     | 1000000            | -\$1,000,000        |
| 2032 | 2          | (27)               | -25   | \$94,296        | -\$2,794,296       | -\$2,700,000  | 0                     | 1000000            | -\$1,000,000        |
| 2033 | 2          | (22)               | -20   | \$94,296        | -\$2,494,296       | -\$2,400,000  | 0                     | 0                  | \$0                 |
| 2034 | 2          | (20)               | -18   | \$94,296        | -\$2,094,296       | -\$2,000,000  | 0                     | 0                  | \$0                 |
| 2035 | 2          | (14)               | -12   | \$94,296        | -\$2,094,296       | -\$2,000,000  | 0                     | 0                  | \$0                 |
| 2036 | 2          | (14)               | -12   | \$94,296        | -\$1,594,296       | -\$1,500,000  | 0                     | 0                  | \$0                 |
| 2037 | 2          | (10)               | -8    | \$94,296        | -\$1,794,296       | -\$1,700,000  | 0                     | 0                  | \$0                 |
| 2038 | 2          | (14)               | -12   | \$94,296        | -\$1,094,296       | -\$1,000,000  | 0                     | 0                  | \$0                 |
| 2039 | 2          | (6)                | -4    | \$94,296        | -\$1,094,296       | -\$1,000,000  | 0                     | 0                  | \$0                 |
| 2040 | 2          | (10)               | -8    | \$94,296        | -\$1,294,296       | -\$1,200,000  | 0                     | 0                  | \$0                 |
| 2041 | 2          | (4)                | -2    | \$94,296        | -\$594,296         | -\$500,000    | 0                     | 0                  | \$0                 |
| 2042 | 2          | (10)               | -8    | \$94,296        | -\$1,294,296       | -\$1,200,000  | 0                     | 0                  | \$0                 |
| 2043 | 2          | (10)               | -8    | \$94,296        | -\$1,594,296       | -\$1,500,000  | 0                     | 0                  | \$0                 |
| 2044 | 2          | (12)               | -10   | \$94,296        | -\$594,296         | -\$500,000    | 0                     | 0                  | \$0                 |
| 2045 | 2          | (12)               | -10   | \$94,296        | -\$1,594,296       | -\$1,500,000  | 0                     | 0                  | \$0                 |
| 2046 | 2          | (14)               | -12   | \$94,296        | -\$1,594,296       | -\$1,500,000  | 0                     | 0                  | \$0                 |
|      |            |                    |       |                 |                    | <b>Total</b>  | <b>\$13,000,000</b>   | <b>\$6,000,000</b> | <b>\$7,000,000</b>  |
|      |            |                    |       |                 |                    |               | <b>\$17,532,863</b>   | is greater than    | <b>\$13,114,542</b> |

**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 Hornet 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 Hornet Solar LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. The Applicant for this Project has entered into a number of contracts related to the Project, including longterm lease option agreements with area landowners, contracts with environmental consultants to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. The Project was selected as a candidate for development based on the favorable solar data, nearby access to the electric grid, and favorable tax incentives under Texas Tax Code chapters 312 and 313. Obtaining a value limitation agreement is critical to the economic and competitive viability of this Project.
  - B. None of the current Project agreements firmly commit the Applicant to the development of the Project. A number of variables remain undetermined at this stage, including the approval of this application. The Applicant could still elect to devote resources to other projects that it has in development. Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will decrease.
  - C. “Vesper Energy, as the parent company of the applicant, is a leading developer, owner and operator of utility scale renewable energy assets. With operations in several regions throughout the contiguous United States, Vesper considers economic return on investment as they decide where to locate development projects.”
  - D. “Without tax incentives such as the Ch.313 Value Limitation on Qualified Property, the economic return for this project is negatively impacted to the point that locating the project in Swisher County becomes unlikely. If the applicant was not able to obtain a value limitation agreement for this project, the project would most likely be terminated and financial resources would be allocated to projects with more favorable economic returns.”

- E. "Vesper is currently considering alternative sites outside the State of Texas for solar developments, including locations in the following states: California, Massachusetts, and Virginia."
- F. "The information provided in this Attachment and throughout the Application has been assembled to provide the reviewer with the best possible information to make an assessment and determination of the critical nature of the Limitation on Appraised Value to the feasibility of the project. The financial viability of the project is contingent on receiving the Chapter 313 Appraised Value Limitation, and the project cannot move forward without it."
- Magnetar Capital has a website available at <https://www.magnetar.com/> and states the following:
  - A. "November 16, 2020 – Alternative asset manager Magnetar Capital today announced its acquisition of international property and investment group Lendlease’s renewable energy business unit. The acquisition was completed in partnership with Lendlease’s Dallas-based leadership team. The acquired entity will operate under a new name: Vesper Energy."
  - B. "Decarbonization of the North American energy ecosystem will continue to be led by proven companies like Vesper Energy," said Craig Rohr, Managing Director at Magnetar. "Magnetar is excited to partner with Vesper Energy to support its continued growth and long-term plans to play a key role in the buildout of renewable power and energy storage infrastructure across North America."
  - C. "Vesper Energy is a North American developer, owner and operator of utility-scale renewable energy and energy storage assets. It has commercialized over 680 MW of solar projects in the U.S., and has an existing 3 GW solar and 2.5 GWh energy storage development pipeline. Vesper Energy started as Lendlease Energy Development in 2015 and rebranded as Vesper Energy in 2020, after Magnetar Capital acquired majority ownership."
- Per Hornet Solar LLC in Tab 4 of their Application:
  - A. The project was assigned on February 4, 2020 the following IGNR numbers by ERCOT: 23INR0021.
  - B. The Project has not been known by any other names in past media reports, investor presentations, or any other listings with any federal or state agency.

### **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 ..... 8/31/2021
  2. Estimated commencement of construction ..... 12/31/2022
  3. Beginning of qualifying time period (MM/DD/YYYY) ..... 7/1/2022
  4. First year of limitation (YYYY) ..... 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 ..... 12/31/2023

**SECTION 10: The Property**

1. County or counties in which the proposed project will be located Swisher County
2. Central Appraisal District (CAD) that will be responsible for appraising the property Swisher 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>Tulia ISD, 1.03900%, 100%</u><br><small>(Name, tax rate and percent of project)</small>            | I&S (ISD): <u>Tulia ISD, .26700%, 100%</u><br><small>(Name, tax rate and percent of project)</small>                    |
| County: <u>Swisher, .647700%, 100%</u><br><small>(Name, tax rate and percent of project)</small>                 | City: <u>n/a</u><br><small>(Name, tax rate and percent of project)</small>  |
| Hospital District: <u>Swisher Co HD, .29300%, 100%</u><br><small>(Name, tax rate and percent of project)</small> | Water District: <u>High Plains WD, .00550%, 100%</u><br><small>(Name, tax rate and percent of project)</small>          |
| Other (describe): <u>County Lat Rd, .073700%, 100%</u><br><small>(Name, tax rate and percent of project)</small> | Other (describe): <u>Noxious Weed District, .06000%, 100%</u><br><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



**CHECKLIST ITEM #5**

Documentation to assist in determining if limitation is a determining factor.

**2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

The Applicant for this Project has entered into a number of contracts related to the Project, including longterm lease option agreements with area landowners, contracts with environmental consultants to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. The Project was selected as a candidate for development based on the favorable solar data, nearby access to the electric grid, and favorable tax incentives under Texas Tax Code chapters 312 and 313. Obtaining a value limitation agreement is critical to the economic and competitive viability of this Project.

None of the current Project agreements firmly commit the Applicant to the development of the Project. A number of variables remain undetermined at this stage, including the approval of this application. The Applicant could still elect to devote resources to other projects that it has in development. Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will decrease.

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

Vesper Energy, as the parent company of the applicant, is a leading developer, owner and operator of utility scale renewable energy assets. With operations in several regions throughout the contiguous United States, Vesper considers economic return on investment as they decide where to locate development projects.

Without tax incentives such as the Ch.313 Value Limitation on Qualified Property, the economic return for this project is negatively impacted to the point that locating the project in Swisher County becomes unlikely. If the applicant was not able to obtain a value limitation agreement for this project, the project would most likely be terminated and financial resources would be allocated to projects with more favorable economic returns.

Vesper is currently considering alternative sites outside the State of Texas for solar developments, including locations in the following states: California, Massachusetts, and Virginia.



**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?**

The information provided in this Attachment and throughout the Application has been assembled to provide the reviewer with the best possible information to make an assessment and determination of the critical nature of the Limitation on Appraised Value to the feasibility of the project. The financial viability of the project is contingent on receiving the Chapter 313 Appraised Value Limitation, and the project cannot move forward without it.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller



INSIGHTS | NEWS | NOV 16, 2020

# MAGNETAR ACQUIRES VESPER ENERGY

TAGS: On Our Mind | Energy and Infrastructure

Vesper Energy's experienced leadership team and high-quality solar and storage assets will drive growing renewable energy generation across the U.S.

EVANSTON, IL – **November 16, 2020** – Alternative asset manager Magnetar Capital today announced its acquisition of international property and investment group Lendlease's renewable energy business unit. The acquisition was completed in partnership with Lendlease's Dallas-based leadership team. The acquired entity will operate under a new name: Vesper Energy.

"We're thrilled to partner with Magnetar to strategically grow our renewables business across the U.S. and shape Vesper Energy's strategy as a standalone company," said Vesper Energy CEO Craig Carson. "We have the right team, high-

quality renewable energy assets, and client and community partnerships in place to be a leader in North America's transformation to a clean energy future.”

Since its start in 2015, Vesper Energy has commercialized over 680 MW of utility-scale solar projects in the U.S. Working closely with communities and customers, the company develops, builds and operates high-quality, high value assets that contribute to a sustainable, decarbonized electrical grid. Its current customers include municipalities, higher education institutions, large corporations and integrated electric utilities.

“Decarbonization of the North American energy ecosystem will continue to be led by proven companies like Vesper Energy,” said Craig Rohr, Managing Director at Magnetar. “Magnetar is excited to partner with Vesper Energy to support its continued growth and long-term plans to play a key role in the buildout of renewable power and energy storage infrastructure across North America.”

Vesper Energy has an existing 3 GW solar and 2.5 GWh energy storage development pipeline across the U.S., encompassing 20 unique projects. The company plans to begin construction on three new projects in 2021 in California, Ohio and Pennsylvania.

“We are excited to extend Magnetar's existing renewables franchise into the rapidly growing utility-scale solar and storage market in North America,” said Adam Daley, co-head of Energy and Infrastructure at Magnetar. “This investment complements our existing solar portfolio companies and reflects our continued commitment to providing growth capital to businesses actively reducing carbon emissions.”

“The sale of our energy development business is a strategic divestment that's consistent with Lendlease's global strategy to recycle capital,” said Denis Hickey, CEO of Lendlease Americas, Lendlease's Americas operation headquartered in New York. “Growing a successful renewable energy business in the U.S. has been rewarding, and

we are glad to see it now in a position where it can continue to grow and flourish as the industry evolves.”

### **About Magnetar Capital**

Founded in 2005, Magnetar is a leading alternative asset manager with approximately \$12.1 billion in assets under management as of July 2020. Magnetar’s Energy and Infrastructure Group has actively invested in the North American energy and infrastructure sector for over 15 years and has committed over \$6 billion across more than 60 private energy, infrastructure and renewables investments. The firm is based in Evanston, Illinois and has offices in New York, London and Houston.

### **About Vesper Energy**

Vesper Energy is a North American developer, owner and operator of utility-scale renewable energy and energy storage assets. It has commercialized over 680 MW of solar projects in the U.S., and has an existing 3 GW solar and 2.5 GWh energy storage development pipeline. Vesper Energy started as Lendlease Energy Development in 2015 and rebranded as Vesper Energy in 2020, after Magnetar Capital acquired majority ownership.

## RELATED INSIGHTS

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PERSPECTIVES | JUL 07, 2020



**CHECKLIST ITEM #4**

Detailed Description of Project

Applicant is developing a utility scale single axis tracker photovoltaic facility designed to use solar power to generate electricity. The Project will be capable of generating approximately 310 MWac and will cover a surface area approximately 2,000 acres. The exact capacity and specific technology will be determined during the design process, and so the exact location of the improvements cannot be specified at this time. In addition, 100% of the entire project is planned to be installed in Tulia ISD and within Swisher County.

If granted an Appraised Value Limitation pursuant to Texas Tax Code 313, applicant expects to issue a full notice to proceed for construction in Q4 of 2022 and expects to complete construction in Q4 2023.

The facility may include eligible ancillary and necessary equipment, including the following improvements:

- Approximately 784,300 solar modules/panels
- Approximately 82 inverters
- Metal mounting system with tracking capabilities
- Battery or battery system
- Underground conduit
- Communications cables and electric system wiring
- Combiner boxes
- Project substation including breakers
- Transformer and meters
- Overhead transmission lines
- Operations and maintenance facility
- Fencing for safety and security
- Telephone and internet communication system
- Meteorological equipment to measure solar irradiation and weather conditions.

The project was assigned on February 4, 2020 the following IGNR numbers by ERCOT: 23INR0021. The Project has not been known by any other names in past media reports, investor presentations, or any other listings with any federal or state agency.