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June 29, 2022

Via Electronic Mail: Ch313.apps@cpa.texas.gov
Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 E. 17th Street
Austin, Texas 78774

Re: Application #1688 for Appraised Value Limitation on Qualified Property from
SP-Jaguar Solar LLC to Axtell Independent School District

First Year of Qualifying Time Period: January 1, 2023
First Year of Limitation Period: January 1, 2025

Dear Local Government Assistance and Economic Analysis Division:

At a duly called meeting held on June 28, 2022, the Board of Trustees of the Axtell Independent School District (“Axtell ISD”) approved the Application for Appraised Value Limitation on Qualified Property (the “Application”) and entered into an Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the “Agreement”).

Please find attached an electronic copy of the Axtell ISD Board of Trustees Findings of Fact (the “Board Findings of Fact”). The following exhibits are incorporated into the Board Findings of Fact:

1. **Exhibit A.** Comptroller’s Economic Impact Analysis;
2. **Exhibit B.** Summary of Financial Impact on Axtell ISD;
3. **Exhibit C.** Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Axtell ISD and SP-Jaguar Solar LLC.

An electronic copy of the Board Findings of Fact is being provided to the McLennan County Appraisal District by copy of this correspondence. Thank you for your attention to the foregoing. Please do not hesitate to contact me should you have any questions.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Rick L. Lambert', is written over a blue circular stamp or seal.

Rick L. Lambert

RLL;sl

cc: *Via Electronic Mail:* mcadmail@mclennanad.org
Mr. Joe Don Bobbitt, Chief Appraiser, McLennan County Appraisal District

Via Electronic Mail: jrproctor@axtellisd.net
Dr. JR Proctor, Superintendent of Schools, Axtell ISD

Via Electronic Mail: robert@solar-prime.com
Mr. Robert Reichenberger, Principal, Solar Prime

Via Electronic Mail: lhausman@texas-kwh.com
Ms. Lexie Hausman-Rendón, Tax Specialist, Texas Energy Consultants, LLC

FINDINGS
OF THE

AXTELL
INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES

UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY

SP-JAGUAR SOLAR LLC
TEXAS TAXPAYER ID #32081793179
APPLICATION #1688

June 28, 2022

FINDINGS OF THE AXTELL INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY SP-JAGUAR SOLAR LLC

STATE OF TEXAS §
 §
COUNTY OF MCLENNAN §

On the 28th day of June, 2022, a public meeting of the Board of Trustees of the Axtell Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application of SP-Jaguar Solar LLC (Application #1688) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District’s administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Axtell Independent School District makes the following findings with respect to the Application of SP-Jaguar Solar LLC #1688, and the economic impact of that Application:

On December 13, 2021, the Superintendent of Schools of the Axtell Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from SP-Jaguar Solar LLC #1688 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is posted on the Texas Comptroller’s website at:

<https://comptroller.texas.gov/economy/local/ch313/agreement-docs-details.php?id=1688>.

The Applicant, SP-Jaguar Solar LLC (Taxpayer ID 32081793179) (“Applicant”), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. The Board of Trustees acknowledges receipt of the Application, along with the required Application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the McLennan County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054. The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code § 313.026, and a determination that the Application was complete was issued on February 8, 2022.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on April 1, 2022, pursuant to Texas Tax Code § 313.026, and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Exhibit A**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Axtell Independent School District. A copy of a report prepared by Education Service Center, Region 12 is attached to these findings as **Exhibit B**. The Texas Commissioner of Education has determined that the project will not impact school enrollment.

The Board of Trustees has confirmed that the taxable value of property in the Axtell Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in the 2021 ISD Summary Worksheet posted on the Texas Comptroller's website at:

<https://comptroller.texas.gov/auto-data/PT2/PVS/2021P/1611619181D.php>.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Exhibit C**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1. The Applicant qualifies for a limitation on appraised value of Qualified Property under Texas Tax Code § 313.024 in the eligibility category of Renewable Energy Electric Generation (Solar).

Board Finding Number 2. The Applicant's entire proposed investment in the Axtell Independent School District is \$160,393,000—all of which is proposed to be Qualified Investment under Texas Tax Code § 313.021.

Board Finding Number 3. The average salary level of qualifying jobs is expected to be at least \$53,566 per year. The review of the Application by the State Comptroller's Office indicates that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Texas Tax Code § 313.021.

Board Finding Number 4. The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$80,196,500 based on the 2 new qualifying positions the Applicant commits to create for this project. The project's total investment is \$160,393,000, resulting in a relative level of investment of \$80,196,500 per qualifying job.

Board Finding Number 5. The Applicant has requested a waiver of the job creation requirement under Texas Tax Code § 313.025(f-1), and the Board finds such waiver request should be granted. The Board notes that the number of jobs proposed for this project (2 jobs) is consistent with industry standards in the utility-scale solar industry.

Board Finding Number 6. Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region. In support of Finding 6, the economic impact evaluation shows the following.

Table 2 depicts this project’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller’s office calculated the economic impact based on 15 years of annual investment and employment levels.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	150	133	283	\$ 7,829,250	\$ 13,290,750	\$ 21,120,000
2024	150	723	873	\$ 7,829,250	\$ 58,820,750	\$ 66,650,000
2025	2	41	43	\$ 107,131	\$ 9,412,869	\$ 9,520,000
2026	2	8	10	\$ 107,131	\$ 5,512,869	\$ 5,620,000
2027	2	(12)	-10	\$ 107,131	\$ 2,822,869	\$ 2,930,000
2028	2	(25)	-23	\$ 107,131	\$ 872,869	\$ 980,000
2029	2	(29)	-27	\$ 107,131	-\$ 347,131	-\$ 240,000
2030	2	(31)	-29	\$ 107,131	-\$ 1,567,131	-\$ 1,460,000
2031	2	(25)	-23	\$ 107,131	-\$ 2,057,131	-\$ 1,950,000
2032	2	(22)	-20	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000
2033	2	(20)	-18	\$ 107,131	-\$ 2,057,131	-\$ 1,950,000
2034	2	(18)	-16	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000
2035	2	(18)	-16	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000
2036	2	(18)	-16	\$ 107,131	-\$ 3,037,131	-\$ 2,930,000
2037	2	(18)	-16	\$ 107,131	-\$ 2,547,131	-\$ 2,440,000
2038	2	(18)	-16	\$ 107,131	-\$ 2,547,131	-\$ 2,440,000
2039	2	(14)	-12	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000

Table 3 illustrates the estimated tax impact of the Applicant’s project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	AISD I&S Tax Levy	AISD M&O Tax Levy	AISD M&O and I&S Tax Levies	McLennan County Tax Levy	Estimated Total Property Taxes
			0.0000	0.9603		0.4250	
2025	\$ 160,393,000	\$ 160,393,000	\$0	\$ 1,540,254	\$ 1,540,254	\$ 681,670	\$ 2,221,924
2026	\$ 148,597,560	\$ 148,597,560	\$0	\$ 1,426,982	\$ 1,426,982	\$ 631,540	\$ 2,058,522
2027	\$ 136,988,600	\$ 136,988,600	\$0	\$ 1,315,502	\$ 1,315,502	\$ 582,202	\$ 1,897,703
2028	\$ 125,554,931	\$ 125,554,931	\$0	\$ 1,205,704	\$ 1,205,704	\$ 533,608	\$ 1,739,312
2029	\$ 114,286,036	\$ 114,286,036	\$0	\$ 1,097,489	\$ 1,097,489	\$ 485,716	\$ 1,583,204
2030	\$ 103,172,028	\$ 103,172,028	\$0	\$ 990,761	\$ 990,761	\$ 438,481	\$ 1,429,242
2031	\$ 92,203,615	\$ 92,203,615	\$0	\$ 885,431	\$ 885,431	\$ 391,865	\$ 1,277,297
2032	\$ 81,372,059	\$ 81,372,059	\$0	\$ 781,416	\$ 781,416	\$ 345,831	\$ 1,127,247
2033	\$ 70,669,151	\$ 70,669,151	\$0	\$ 678,636	\$ 678,636	\$ 300,344	\$ 978,980
2034	\$ 60,087,171	\$ 60,087,171	\$0	\$ 577,017	\$ 577,017	\$ 255,370	\$ 832,388
2035	\$ 49,618,863	\$ 49,618,863	\$0	\$ 476,490	\$ 476,490	\$ 210,880	\$ 687,370
2036	\$ 47,944,847	\$ 47,944,847	\$0	\$ 460,414	\$ 460,414	\$ 203,766	\$ 664,180
2037	\$ 46,371,272	\$ 46,371,272	\$0	\$ 445,303	\$ 445,303	\$ 197,078	\$ 642,381
2038	\$ 44,892,112	\$ 44,892,112	\$0	\$ 431,099	\$ 431,099	\$ 190,791	\$ 621,890
2039	\$ 43,501,701	\$ 43,501,701	\$0	\$ 417,747	\$ 417,747	\$ 184,882	\$ 602,629
			\$0	\$ 12,730,245	\$ 12,730,245	\$ 5,634,025	\$ 18,364,270

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and McLennan County, with all property tax incentives sought being granted using estimated market values 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 **Table 3** and **Table 4**.*

Table 4—Estimated Direct Ad Valorem Taxes with All Property Tax Incentives Sought							
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	AISD I&S Tax Levy	AISD M&O Tax Levy	AISD M&O and I&S Tax Levies	McLennan County Tax Levy	Estimated Total Property Taxes
			0.0000	0.9603		0.4250	
2025	\$ 160,393,000	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 681,670	\$ 825,715
2026	\$ 148,597,560	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 631,540	\$ 775,585
2027	\$ 136,988,600	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 582,202	\$ 726,247
2028	\$ 125,554,931	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 533,608	\$ 677,653
2029	\$ 114,286,036	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 485,716	\$ 629,761
2030	\$ 103,172,028	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 438,481	\$ 582,526
2031	\$ 92,203,615	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 391,865	\$ 535,910
2032	\$ 81,372,059	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 345,831	\$ 489,876
2033	\$ 70,669,151	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 300,344	\$ 444,389
2034	\$ 60,087,171	\$ 15,000,000	\$0	\$ 144,045	\$ 144,045	\$ 255,370	\$ 399,415
2035	\$ 49,618,863	\$ 49,618,863	\$0	\$ 476,490	\$ 476,490	\$ 210,880	\$ 687,370
2036	\$ 47,944,847	\$ 47,944,847	\$0	\$ 460,414	\$ 460,414	\$ 203,766	\$ 664,180
2037	\$ 46,371,272	\$ 46,371,272	\$0	\$ 445,303	\$ 445,303	\$ 197,078	\$ 642,381
2038	\$ 44,892,112	\$ 44,892,112	\$0	\$ 431,099	\$ 431,099	\$ 190,791	\$ 621,890
2039	\$ 43,501,701	\$ 43,501,701	\$0	\$ 417,747	\$ 417,747	\$ 184,882	\$ 602,629
		Total	\$0	\$ 3,671,503	\$ 3,671,503	\$ 5,634,025	\$ 9,305,528
		Difference	\$0	\$ 9,058,742	\$ 9,058,742	\$ 0	\$ 9,058,742

¹Tax Rate per \$100 Valuation

Board Finding Number 7. The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues available to support school district debt.

Board Finding Number 8. The effect of the Applicant’s proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District’s facility needs, with current trends suggesting little underlying enrollment growth based on the impact of the project.

Board Finding Number 9. The Applicant’s 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. Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

Findings of the Axtell ISD Board of Trustees on Application #1688 Submitted by SP-Jaguar Solar LLC

	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	2022	\$ 0	\$ 0	\$ 0	\$ 0
	2023	\$ 0	\$ 0	\$ 0	\$ 0
	2024	\$ 0	\$ 0	\$ 0	\$ 0
Limitation Period (10 Years)	2025	\$ 144,045	\$ 144,045	\$ 1,396,209	\$ 1,396,209
	2026	\$ 144,045	\$ 288,090	\$ 1,282,937	\$ 2,679,146
	2027	\$ 144,045	\$ 432,135	\$ 1,171,457	\$ 3,850,603
	2028	\$ 144,045	\$ 576,180	\$ 1,061,659	\$ 4,912,262
	2029	\$ 144,045	\$ 720,225	\$ 953,444	\$ 5,865,706
	2030	\$ 144,045	\$ 864,270	\$ 846,716	\$ 6,712,422
	2031	\$ 144,045	\$ 1,008,315	\$ 741,386	\$ 7,453,808
	2032	\$ 144,045	\$ 1,152,360	\$ 637,371	\$ 8,091,179
	2033	\$ 144,045	\$ 1,296,405	\$ 534,591	\$ 8,625,770
	2034	\$ 144,045	\$ 1,440,450	\$ 432,972	\$ 9,058,742
Maintain Viable Presence (5 Years)	2035	\$ 476,490	\$ 1,916,940	\$ 0	\$ 9,058,742
	2036	\$ 460,414	\$ 2,377,354	\$ 0	\$ 9,058,742
	2037	\$ 445,303	\$ 2,822,658	\$ 0	\$ 9,058,742
	2038	\$ 431,099	\$ 3,253,757	\$ 0	\$ 9,058,742
	2039	\$ 417,747	\$ 3,671,503	\$ 0	\$ 9,058,742
Additional Years as Required by § 313.026(c)(1) (10 Years)	2040	\$ 417,747	\$ 4,089,250	\$ 0	\$ 9,058,742
	2041	\$ 417,747	\$ 4,506,997	\$ 0	\$ 9,058,742
	2042	\$ 417,747	\$ 4,924,744	\$ 0	\$ 9,058,742
	2043	\$ 417,747	\$ 5,342,491	\$ 0	\$ 9,058,742
	2044	\$ 417,747	\$ 5,760,238	\$ 0	\$ 9,058,742
	2045	\$ 417,747	\$ 6,177,984	\$ 0	\$ 9,058,742
	2046	\$ 417,747	\$ 6,595,731	\$ 0	\$ 9,058,742
	2047	\$ 417,747	\$ 7,013,478	\$ 0	\$ 9,058,742
	2048	\$ 417,747	\$ 7,431,225	\$ 0	\$ 9,058,742
	2048	\$ 417,747	\$ 7,848,972	\$ 0	\$ 9,058,742

\$ 7,848,972 is less than \$ 9,058,742

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
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Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2023	150	133	283	\$ 7,829,250	\$ 13,290,750	\$ 21,120,000	954000	-534000	\$ 1,488,000
2024	150	723	873	\$ 7,829,250	\$ 58,820,750	\$ 66,650,000	6111000	-1434000	\$ 7,545,000
2025	2	41	43	\$ 107,131	\$ 9,412,869	\$ 9,520,000	435000	816000	-\$ 381,000
2026	2	8	10	\$ 107,131	\$ 5,512,869	\$ 5,620,000	305000	809000	-\$ 504,000
2027	2	(12)	-10	\$ 107,131	\$ 2,822,869	\$ 2,930,000	183000	786000	-\$ 603,000
2028	2	(25)	-23	\$ 107,131	\$ 872,869	\$ 980,000	76000	710000	-\$ 634,000
2029	2	(29)	-27	\$ 107,131	-\$ 347,131	-\$ 240,000	61000	648000	-\$ 587,000
2030	2	(31)	-29	\$ 107,131	-\$ 1,567,131	-\$ 1,460,000	8000	549000	-\$ 541,000
2031	2	(25)	-23	\$ 107,131	-\$ 2,057,131	-\$ 1,950,000	-46000	473000	-\$ 519,000
2032	2	(22)	-20	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000	-61000	412000	-\$ 473,000
2033	2	(20)	-18	\$ 107,131	-\$ 2,057,131	-\$ 1,950,000	-61000	305000	-\$ 366,000
2034	2	(18)	-16	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000	-160000	221000	-\$ 381,000
2035	2	(18)	-16	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000	-198000	153000	-\$ 351,000
2036	2	(18)	-16	\$ 107,131	-\$ 3,037,131	-\$ 2,930,000	-244000	69000	-\$ 313,000
2037	2	(18)	-16	\$ 107,131	-\$ 2,547,131	-\$ 2,440,000	-259000	-8000	-\$ 251,000
2038	2	(18)	-16	\$ 107,131	-\$ 2,547,131	-\$ 2,440,000	-290000	-76000	-\$ 214,000
2039	2	(14)	-12	\$ 107,131	-\$ 2,307,131	-\$ 2,200,000	-336000	-153000	-\$ 183,000
2040	2	(18)	-16	\$ 107,131	-\$ 3,277,131	-\$ 3,170,000	-366000	-244000	-\$ 122,000
2041	2	(14)	-12	\$ 107,131	-\$ 2,797,131	-\$ 2,690,000	-397000	-305000	-\$ 92,000
2042	2	(20)	-18	\$ 107,131	-\$ 3,037,131	-\$ 2,930,000	-427000	-313000	-\$ 114,000
2043	2	(20)	-18	\$ 107,131	-\$ 3,527,131	-\$ 3,420,000	-427000	-366000	-\$ 61,000
2044	2	(22)	-20	\$ 107,131	-\$ 4,017,131	-\$ 3,910,000	-473000	-381000	-\$ 92,000
2045	2	(22)	-20	\$ 107,131	-\$ 4,497,131	-\$ 4,390,000	-519000	-450000	-\$ 69,000
2046	2	(20)	-18	\$ 107,131	-\$ 4,497,131	-\$ 4,390,000	-473000	-458000	-\$ 15,000
2047	2	(18)	-16	\$ 107,131	-\$ 4,017,131	-\$ 3,910,000	-427000	-481000	\$ 54,000
2048	2	(18)	-16	\$ 107,131	-\$ 3,527,131	-\$ 3,420,000	-458000	-526000	\$ 68,000
2049	2	(25)	-23	\$ 107,131	-\$ 5,477,131	-\$ 5,370,000	-488000	-572000	\$ 84,000
2050	2	(20)	-18	\$ 107,131	-\$ 4,017,131	-\$ 3,910,000	-458000	-610000	\$ 152,000
Total							\$ 1,565,000	-\$ 960,000	\$ 2,525,000
							\$ 10,373,972	is greater than	\$ 9,058,742

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?	Yes
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Board Finding Number 10. The limitation on appraised value requested by the Applicant is a determining factor in the Applicant’s decision to invest capital and construct the project in this state.

Board Finding Number 11. The ability of the Applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

Attachment C of the Comptroller’s economic impact study supports Board Findings 10 and 11. 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. This is based on information available, including information provided by the Applicant.

Board Finding Number 12. The Board of Trustees of the Axtell Independent School District hired consultants to review and verify the information in Application #1688. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13. The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently \$15 Million Dollars, which is consistent with the minimum values currently set out by Texas Tax Code § 313.054(a).

Board Finding Number 14. The Applicant (Taxpayer ID 32081793179) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 15. The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as **Exhibit C**, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16. Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Exhibit C** is approved and hereby authorized to be executed and delivered by and on behalf of the Axtell Independent School District. It is further ORDERED that these Findings and the Attachments referred to herein be attached to the official minutes of this meeting and maintained in the permanent records of the Board of Trustees of the Axtell Independent School District.

Dated the 28th day of June, 2022.

AXTELL INDEPENDENT SCHOOL DISTRICT

By:  _____

Joe Bays
President, Board of Trustees

ATTEST:

By:  _____

Scott Denton
Secretary, Board of Trustees

Findings and Order of the Axtell Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
SP-Jaguar Solar LLC (Tax ID 32081793179) (Application #1688)

EXHIBIT A

Comptroller’s Economic Impact Analysis



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 1, 2022

Larry Proctor, Jr.
Superintendent
Axtell Independent School District
308 Ottawa
Axtell, TX 76624

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Axtell Independent School District and SP-Jaguar Solar LLC, Application 1688

Dear Superintendent Proctor:

On February 8, 2022, the Comptroller issued written notice that SP-Jaguar Solar LLC (applicant) submitted a completed application (Application 1688) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on January 4, 2022, to the Axtell 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 1688.

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, 2022.

Note that any building or improvement existing as of the application review start date of February 8, 2022, 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-Jaguar Solar LLC (project) applying to Axtell 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-Jaguar Solar LLC.

Applicant	SP-Jaguar Solar LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Axtell ISD
2020-2021 Average Daily Attendance	714
County	McLennan
Proposed Total Investment in District	\$160,393,000
Proposed Qualified Investment	\$160,393,000
Limitation Amount	\$15,000,000
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	\$1,030
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$1,030
Minimum annual wage committed to by applicant for qualified jobs	\$53,566
Minimum weekly wage required for non-qualifying jobs	\$977
Minimum annual wage required for non-qualifying jobs	\$50,804
Investment per Qualifying Job	\$80,196,500
Estimated M&O levy without any limit (15 years)	\$12,730,245
Estimated M&O levy with Limitation (15 years)	\$3,671,503
Estimated gross M&O tax benefit (15 years)	\$9,058,742

* 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-Jaguar Solar LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2023	150	133	283	\$7,829,250	\$13,290,750	\$21,120,000
2024	150	723	873	\$7,829,250	\$58,820,750	\$66,650,000
2025	2	41	43	\$107,131	\$9,412,869	\$9,520,000
2026	2	8	10	\$107,131	\$5,512,869	\$5,620,000
2027	2	(12)	-10	\$107,131	\$2,822,869	\$2,930,000
2028	2	(25)	-23	\$107,131	\$872,869	\$980,000
2029	2	(29)	-27	\$107,131	-\$347,131	-\$240,000
2030	2	(31)	-29	\$107,131	-\$1,567,131	-\$1,460,000
2031	2	(25)	-23	\$107,131	-\$2,057,131	-\$1,950,000
2032	2	(22)	-20	\$107,131	-\$2,307,131	-\$2,200,000
2033	2	(20)	-18	\$107,131	-\$2,057,131	-\$1,950,000
2034	2	(18)	-16	\$107,131	-\$2,307,131	-\$2,200,000
2035	2	(18)	-16	\$107,131	-\$2,307,131	-\$2,200,000
2036	2	(18)	-16	\$107,131	-\$3,037,131	-\$2,930,000
2037	2	(18)	-16	\$107,131	-\$2,547,131	-\$2,440,000
2038	2	(18)	-16	\$107,131	-\$2,547,131	-\$2,440,000
2039	2	(14)	-12	\$107,131	-\$2,307,131	-\$2,200,000

Source: CPA REMI, SP-Jaguar 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*	Axtell ISD I&S Tax Levy	Axtell ISD M&O Tax Levy	Axtell ISD M&O and I&S Tax Levies	McLennan County Tax Levy	Estimated Total Property Taxes
				0.0000	0.9603		0.4250	
2025	\$160,393,000	\$160,393,000		\$0	\$1,540,254	\$1,540,254	\$681,670	\$2,221,924
2026	\$148,597,560	\$148,597,560		\$0	\$1,426,982	\$1,426,982	\$631,540	\$2,058,522
2027	\$136,988,600	\$136,988,600		\$0	\$1,315,502	\$1,315,502	\$582,202	\$1,897,703
2028	\$125,554,931	\$125,554,931		\$0	\$1,205,704	\$1,205,704	\$533,608	\$1,739,312
2029	\$114,286,036	\$114,286,036		\$0	\$1,097,489	\$1,097,489	\$485,716	\$1,583,204
2030	\$103,172,028	\$103,172,028		\$0	\$990,761	\$990,761	\$438,481	\$1,429,242
2031	\$92,203,615	\$92,203,615		\$0	\$885,431	\$885,431	\$391,865	\$1,277,297
2032	\$81,372,059	\$81,372,059		\$0	\$781,416	\$781,416	\$345,831	\$1,127,247
2033	\$70,669,151	\$70,669,151		\$0	\$678,636	\$678,636	\$300,344	\$978,980
2034	\$60,087,171	\$60,087,171		\$0	\$577,017	\$577,017	\$255,370	\$832,388
2035	\$49,618,863	\$49,618,863		\$0	\$476,490	\$476,490	\$210,880	\$687,370
2036	\$47,944,847	\$47,944,847		\$0	\$460,414	\$460,414	\$203,766	\$664,180
2037	\$46,371,272	\$46,371,272		\$0	\$445,303	\$445,303	\$197,078	\$642,381
2038	\$44,892,112	\$44,892,112		\$0	\$431,099	\$431,099	\$190,791	\$621,890
2039	\$43,501,701	\$43,501,701		\$0	\$417,747	\$417,747	\$184,882	\$602,629
			Total	\$0	\$12,730,245	\$12,730,245	\$5,634,025	\$18,364,270

Source: CPA, SP-Jaguar Solar LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and McLennan 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	Tax Rate*	Axtell ISD I&S Tax Levy	Axtell ISD M&O Tax Levy	Axtell ISD M&O and I&S Tax Levies	McLennan County Tax Levy	Estimated Total Property Taxes
				0.0000	0.9603		0.4250	
2025	\$160,393,000	\$15,000,000		\$0	\$144,045	\$144,045	\$681,670	\$825,715
2026	\$148,597,560	\$15,000,000		\$0	\$144,045	\$144,045	\$631,540	\$775,585
2027	\$136,988,600	\$15,000,000		\$0	\$144,045	\$144,045	\$582,202	\$726,247
2028	\$125,554,931	\$15,000,000		\$0	\$144,045	\$144,045	\$533,608	\$677,653
2029	\$114,286,036	\$15,000,000		\$0	\$144,045	\$144,045	\$485,716	\$629,761
2030	\$103,172,028	\$15,000,000		\$0	\$144,045	\$144,045	\$438,481	\$582,526
2031	\$92,203,615	\$15,000,000		\$0	\$144,045	\$144,045	\$391,865	\$535,910
2032	\$81,372,059	\$15,000,000		\$0	\$144,045	\$144,045	\$345,831	\$489,876
2033	\$70,669,151	\$15,000,000		\$0	\$144,045	\$144,045	\$300,344	\$444,389
2034	\$60,087,171	\$15,000,000		\$0	\$144,045	\$144,045	\$255,370	\$399,415
2035	\$49,618,863	\$49,618,863		\$0	\$476,490	\$476,490	\$210,880	\$687,370
2036	\$47,944,847	\$47,944,847		\$0	\$460,414	\$460,414	\$203,766	\$664,180
2037	\$46,371,272	\$46,371,272		\$0	\$445,303	\$445,303	\$197,078	\$642,381
2038	\$44,892,112	\$44,892,112		\$0	\$431,099	\$431,099	\$190,791	\$621,890
2039	\$43,501,701	\$43,501,701		\$0	\$417,747	\$417,747	\$184,882	\$602,629
			Total	\$0	\$3,671,503	\$3,671,503	\$5,634,025	\$9,305,528
			Diff	\$0	\$9,058,742	\$9,058,742	\$0	\$9,058,742

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, SP-Jaguar 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-Jaguar 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	2022	\$0	\$0	\$0	\$0
	2023	\$0	\$0	\$0	\$0
	2024	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2025	\$144,045	\$144,045	\$1,396,209	\$1,396,209
	2026	\$144,045	\$288,090	\$1,282,937	\$2,679,146
	2027	\$144,045	\$432,135	\$1,171,457	\$3,850,603
	2028	\$144,045	\$576,180	\$1,061,659	\$4,912,262
	2029	\$144,045	\$720,225	\$953,444	\$5,865,706
	2030	\$144,045	\$864,270	\$846,716	\$6,712,422
	2031	\$144,045	\$1,008,315	\$741,386	\$7,453,808
	2032	\$144,045	\$1,152,360	\$637,371	\$8,091,179
	2033	\$144,045	\$1,296,405	\$534,591	\$8,625,770
	2034	\$144,045	\$1,440,450	\$432,972	\$9,058,742
Maintain Viable Presence (5 Years)	2035	\$476,490	\$1,916,940	\$0	\$9,058,742
	2036	\$460,414	\$2,377,354	\$0	\$9,058,742
	2037	\$445,303	\$2,822,658	\$0	\$9,058,742
	2038	\$431,099	\$3,253,757	\$0	\$9,058,742
	2039	\$417,747	\$3,671,503	\$0	\$9,058,742
Additional Years as Required by 313.026(c)(1) (10 Years)	2040	\$417,747	\$4,089,250	\$0	\$9,058,742
	2041	\$417,747	\$4,506,997	\$0	\$9,058,742
	2042	\$417,747	\$4,924,744	\$0	\$9,058,742
	2043	\$417,747	\$5,342,491	\$0	\$9,058,742
	2044	\$417,747	\$5,760,238	\$0	\$9,058,742
	2045	\$417,747	\$6,177,984	\$0	\$9,058,742
	2046	\$417,747	\$6,595,731	\$0	\$9,058,742
	2047	\$417,747	\$7,013,478	\$0	\$9,058,742
	2048	\$417,747	\$7,431,225	\$0	\$9,058,742
	2049	\$417,747	\$7,848,972	\$0	\$9,058,742
		\$7,848,972	is less than	\$9,058,742	

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, SP-Jaguar Solar LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2023	150	133	283	\$7,829,250	\$13,290,750	\$21,120,000	954000	-534000	\$1,488,000
2024	150	723	873	\$7,829,250	\$58,820,750	\$66,650,000	6111000	-1434000	\$7,545,000
2025	2	41	43	\$107,131	\$9,412,869	\$9,520,000	435000	816000	-\$381,000
2026	2	8	10	\$107,131	\$5,512,869	\$5,620,000	305000	809000	-\$504,000
2027	2	(12)	-10	\$107,131	\$2,822,869	\$2,930,000	183000	786000	-\$603,000
2028	2	(25)	-23	\$107,131	\$872,869	\$980,000	76000	710000	-\$634,000
2029	2	(29)	-27	\$107,131	-\$347,131	-\$240,000	61000	648000	-\$587,000
2030	2	(31)	-29	\$107,131	-\$1,567,131	-\$1,460,000	8000	549000	-\$541,000
2031	2	(25)	-23	\$107,131	-\$2,057,131	-\$1,950,000	-46000	473000	-\$519,000
2032	2	(22)	-20	\$107,131	-\$2,307,131	-\$2,200,000	-61000	412000	-\$473,000
2033	2	(20)	-18	\$107,131	-\$2,057,131	-\$1,950,000	-61000	305000	-\$366,000
2034	2	(18)	-16	\$107,131	-\$2,307,131	-\$2,200,000	-160000	221000	-\$381,000
2035	2	(18)	-16	\$107,131	-\$2,307,131	-\$2,200,000	-198000	153000	-\$351,000
2036	2	(18)	-16	\$107,131	-\$3,037,131	-\$2,930,000	-244000	69000	-\$313,000
2037	2	(18)	-16	\$107,131	-\$2,547,131	-\$2,440,000	-259000	-8000	-\$251,000
2038	2	(18)	-16	\$107,131	-\$2,547,131	-\$2,440,000	-290000	-76000	-\$214,000
2039	2	(14)	-12	\$107,131	-\$2,307,131	-\$2,200,000	-336000	-153000	-\$183,000
2040	2	(18)	-16	\$107,131	-\$3,277,131	-\$3,170,000	-366000	-244000	-\$122,000
2041	2	(14)	-12	\$107,131	-\$2,797,131	-\$2,690,000	-397000	-305000	-\$92,000
2042	2	(20)	-18	\$107,131	-\$3,037,131	-\$2,930,000	-427000	-313000	-\$114,000
2043	2	(20)	-18	\$107,131	-\$3,527,131	-\$3,420,000	-427000	-366000	-\$61,000
2044	2	(22)	-20	\$107,131	-\$4,017,131	-\$3,910,000	-473000	-381000	-\$92,000
2045	2	(22)	-20	\$107,131	-\$4,497,131	-\$4,390,000	-519000	-450000	-\$69,000
2046	2	(20)	-18	\$107,131	-\$4,497,131	-\$4,390,000	-473000	-458000	-\$15,000
2047	2	(18)	-16	\$107,131	-\$4,017,131	-\$3,910,000	-427000	-481000	\$54,000
2048	2	(18)	-16	\$107,131	-\$3,527,131	-\$3,420,000	-458000	-526000	\$68,000
2049	2	(25)	-23	\$107,131	-\$5,477,131	-\$5,370,000	-488000	-572000	\$84,000
2050	2	(20)	-18	\$107,131	-\$4,017,131	-\$3,910,000	-458000	-610000	\$152,000
						Total	\$1,565,000	-\$960,000	\$2,525,000
							\$10,373,972	is greater than	\$9,058,742

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
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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-Jaguar 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-Jaguar 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 Jaguar Solar project for the applicant's limited resources.”
 - B. “The ability to enter into a value limitation agreement with Axtell ISD is a determining factor for developing and constructing the project in McLennan 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, and to secure long-term 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. The property tax liabilities of a project without tax incentives in Texas, including a value limitation agreement with Axtell 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 Axtell ISD value limitation, the solar projects outside of Texas would receive the constrained investment capital.”
 - D. “Receiving a value limitation agreement from Axtell ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in McLennan 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.”

- Per SP-Jaguar Solar LLC in Tab 4 of their Application for a Limitation on Appraised Value:
 - A. “Jaguar Solar has been assigned IGNR Number 24INR0038, issued July 23, 2021. SP-Jaguar Solar has not been known by any other names in the past in any media reports, investor presentations, or any listings with any federal or state agencies.”

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 _____
2. Estimated commencement of construction _____
3. Beginning of qualifying time period (MM/DD/YYYY) _____
4. First year of limitation (YYYY) _____
- 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 _____

SECTION 10: The Property

1. County or counties in which the proposed project will be located _____
2. Central Appraisal District (CAD) that will be responsible for appraising the property _____
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): _____ <small>(Name, tax rate and percent of project)</small>	I&S (ISD): _____ <small>(Name, tax rate and percent of project)</small>
County: _____ <small>(Name, tax rate and percent of project)</small>	City: _____ <small>(Name, tax rate and percent of project)</small>
Hospital District: _____ <small>(Name, tax rate and percent of project)</small>	Water District: _____ <small>(Name, tax rate and percent of project)</small>
Other (describe): _____ <small>(Name, tax rate and percent of project)</small>	Other (describe): _____ <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

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 Jaguar Solar 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 Axtell ISD is a determining factor for developing and constructing the project in McLennan 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 Axtell 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 Axtell 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 Axtell ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in McLennan 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.

Findings and Order of the Axtell Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
SP-Jaguar Solar LLC (Tax ID 32081793179) (Application #1688)

EXHIBIT B

**Summary of Financial Impact on
Axtell Independent School District
Prepared by Education Service Center, Region 12**

**SUMMARY OF THE FINANCIAL IMPACT OF THE PROPOSED
SP-JAGUAR SOLAR LLC. PROJECT
(APPLICATION #1688)
ON THE FINANCES OF
AXTELL INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED
CHAPTER 313 APPRAISED VALUE LIMITATION**

**PREPARED BY
EDUCATION SERVICE CENTER, REGION 12
JUNE 21, 2022**

Introduction

SP-Jaguar Solar LLC (“SP-Jaguar” or “Company”) has submitted an application to the Axtell Independent School District (“AISD” or “District”) requesting a property value limitation on a proposed project, located within the school district boundaries, under Chapter 313 of the Texas Tax Code. The proposed project is a utility-scale solar energy project in McLennan County, TX. The company estimates that the total investment in this project will be in excess of \$160 million.

Local government entities in Texas, including school districts, rely heavily on the ad valorem property tax to fund operations and building projects. Thus, the property tax burden that Texas imposes on individuals and business entities is higher compared to most other states. Seeking to encourage economic development and to attract large scale capital investment, the 77th Texas Legislature in 2001 enacted House Bill 1200 creating Tax Code Chapter 313, the Texas Economic Development Act. The act as amended by the legislature in 2007, 2009, and 2013 now grants eligibility to companies engaging in manufacturing, advanced clean energy projects, research and development, clean coal projects, renewable electric energy generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation and a computer center used primarily in connection to one of the other categories, or a Texas Priority Project. Under the provisions of this law, the Axtell Independent School District may grant a value limitation for maintenance and operation taxes in the amount of \$15 million dollars for a period of ten years.

The application calls for the project to be fully taxable for both M&O (maintenance and operation) and I&S (interest and sinking) during the 2023-24 and 2024-25 school years. Beginning with the 2025-26 school year, the value of the project would be limited to \$15 million for M&O tax purposes and remain limited through the 2034-35 school year. The full value of the project will be taxable for debt service purposes using the I&S tax rate in all years of the agreement.

Projected Revenue Protection Payment to Axtell ISD -	\$1,396,209
Projected Supplemental Payments to Axtell ISD -	\$1,025,180
Projected Total Revenue to Axtell ISD -	\$2,421,389
Projected Total Tax Savings to Company after all Payments -	\$6,637,353

School Finance Mechanics

The Texas system of public-school funding is based on the ad valorem property tax. Schools levy a tax rate for maintenance and operation (M&O) and interest and sinking (I&S) against a current year tax roll. As a result of House Bill 3, as passed by the 86th Texas Legislature, signed into law, and effective in relevant part, on September 1, 2019, State funding is calculated using current year property value, which is a significant change from prior law which has relied on prior year values as certified by the Comptroller's Property Tax Division (CPTD), since 1993. However, for the purposes of districts with Tax Code Chapter 313 agreements and in accordance with Sec. 48.256 – LOCAL SHARE OF PROGRAM COST (TIER I), Subsection d - *A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.*

Texas school districts are funded by some combination of local ad valorem property taxes and state aid. Most of the money that a school district generates through the funding formulas is generated in Tier 1. Local M&O collections at the compressed tax rate generate Tier I funding. In 2021-22, a school district's Tier I revenue is the greater of the adjusted minimum target revenue amount or the state share of Tier 1 plus local M&O collections at the compressed rate. The Tier 1 formulas start with a Basic Allotment per student of \$6,160. Funding calculations use the number of students in average daily attendance, the number of students who participate in categorical/special programs, and adjustments for size, sparsity, and location determine a Total Cost of Tier 1. A Local Fund Assignment is determined by multiplying the district's compressed tax rate by the current year property value. This formula determines the local ad valorem property taxes the district must collect in order to satisfy the district's share of the Tier 1 cost. School districts that are relatively property wealthy per student fund most of the Total Cost of Tier 1 with local property taxes, while school districts that are relatively property poor per student receive most of the Total Cost of Tier 1 from state aid.

Axtell ISD is a relatively property low wealth district per student and so most of its M&O revenue is not generated from local ad valorem property taxes. In attempting to provide some degree of funding equity among school districts, the formulas provide guaranteed yields for both Tier I (formula funding) and for Tier II (enrichment). For those districts that generate local revenue in excess of entitlement amounts, the excess revenue is recaptured. Under prior law, recapture was a function of excess property wealth per weighted student. The system continues to rely on both golden (equalized up to \$98.56/WADA) and copper (equalized up to \$49.28/WADA) enrichment pennies (Tier II tax rate). Under HB 3 as modified by HB 1525, districts can access up to 8 golden pennies. Copper pennies will be compressed in manner that generates the same revenue for the compressed number of pennies as were taxed under old law.

AISD currently has property wealth per weighted ADA that is less than the second equalized wealth level at \$149,956 per weighted ADA. Under prior law, AISD was not considered a Chapter 41 district and would not have paid recapture. The implementation of HB 3 as modified by HB 1525, is not expected to alter Axtell's status in terms of being required to pay recapture. SP-Jaguar is requesting that the value of the utility-scale solar energy project facility be limited to \$15,000,000 in years one through ten of the agreement, corresponding to the 2025-26 school year through the 2034-35 school year. The full value of the project would be subject to interest and sinking (I&S) taxes levied by Axtell ISD in all years of the agreement.

Underlying Assumptions

A forecast of the financial impact the proposed value limitation agreement will have on AISD's future revenue is critical information that will be very useful to the district when making the decision to grant the limitation and for the district's long range financial planning process. Analysis for this application covers the 2023-24 through the 2039-40 school years. The Revenue Protection Clause of the proposed agreement calls for the school district to be held harmless against any potential state and local maintenance and operation revenue losses as a result of the value limitation agreement. Revenue protection calculations are to be made using the definition of lost M&O revenue as found in section 1.2 of the negotiated definitions of the agreement, along with property tax laws and school funding formulas are in place at that time in years one through ten of the agreement. This stipulation is a statutory requirement under Section 313.027 of the Tax Code.

The approach used in this report was to predict 17 years of base data including average daily attendance, M&O and I&S tax rates, maintenance and operation (M&O) tax collections and current year (CAD) values and prior year (CPTD) values for each year of the agreement. For the purposes of this analysis, final 2020 CPTD values were used as well as TEA estimates of 2021 T2 values. These values have been included in the base data illustrated in **Table 1**.

To isolate the impact of the value limitation on the District's finances over this 17 year agreement, average daily attendance and maintenance and operation tax rates were held constant at levels that were projected to exist in the 2021-22 school year. An ADA of 683.453, a WADA of 1,317.188 and a 2021 compressed M&O tax rate of .9603 were used for each year of the forecast. A tax collection rate of 100% is assumed in all of the calculations used in this analysis. 2021 CAD certified values were used in place of final T2 values which will not be available until summer of 2022. This value was used as the basis for subsequent current year (CAD) values in this report. Final 2020 T1, T2, T3 and T4 Comptroller Property Tax Division (CPTD) values, certified to school districts in late July, 2021, were used as a basis for predicting prior year (CPTD) values for each of the agreement years.

**Table 1 Base District Information
Axtell ISD and SP-Jaguar Solar LLC**

Year of Agreement	School Year	ADA	WADA	Assumed M&O Tax Rate	Assumed I&S Tax Rate	CAD Value No Limit	CAD Value with Limitation
QTP1	2023-24	683	1,317	\$0.9603	\$0.0000	\$197,520,374	\$197,520,374
QTP2	2024-25	683	1,317	\$0.9603	\$0.0000	\$197,520,374	\$197,520,374
L1	2025-26	683	1,317	\$0.9603	\$0.0000	\$357,913,374	\$212,520,374
L2	2026-27	683	1,317	\$0.9603	\$0.0000	\$346,117,934	\$212,520,374
L3	2027-28	683	1,317	\$0.9603	\$0.0000	\$334,508,974	\$212,520,374
L4	2028-29	683	1,317	\$0.9603	\$0.0000	\$323,075,305	\$212,520,374
L5	2029-30	683	1,317	\$0.9603	\$0.0000	\$311,806,410	\$212,520,374
L6	2030-31	683	1,317	\$0.9603	\$0.0000	\$300,692,402	\$212,520,374
L7	2031-32	683	1,317	\$0.9603	\$0.0000	\$289,723,989	\$212,520,374
L8	2032-33	683	1,317	\$0.9603	\$0.0000	\$278,892,433	\$212,520,374
L9	2033-34	683	1,317	\$0.9603	\$0.0000	\$268,189,525	\$212,520,374
L10	2034-35	683	1,317	\$0.9603	\$0.0000	\$257,607,545	\$212,520,374
MVP1	2035-36	683	1,317	\$0.9603	\$0.0000	\$247,139,237	\$247,139,237
MVP2	2036-37	683	1,317	\$0.9603	\$0.0000	\$245,465,221	\$245,465,221
MVP3	2037-38	683	1,317	\$0.9603	\$0.0000	\$243,891,646	\$243,891,646
MVP4	2038-39	683	1,317	\$0.9603	\$0.0000	\$242,412,486	\$242,412,486
MVP5	2039-40	683	1,317	\$0.9603	\$0.0000	\$241,022,075	\$241,022,075

The proposed agreement calls for Axtell ISD to be held harmless against potential state and local revenue losses that might occur as a result of the value limitation being in effect for any given year of the agreement. In order to predict when and if these revenue losses may occur, a state and local revenue projection for the 2021-2022 school year was completed to serve as base line data and is displayed in **Table 2**. In any year of the limitation period where revenue loss occurs, as defined by the terms of the agreement, a Revenue Protection Payment is indicated for that year. The results of these calculations are illustrated in Table 3.

Financial Impact on the School District

Utilizing uncollected taxes as the definition of lost M&O revenue and the assumptions/methodology described above, total maintenance and operation revenue was estimated for each year of the agreement. **Table 3**, which summarizes the difference between the two models, indicates that there will be a total revenue loss of \$1.396 million over the course of the agreement. The revenue loss by the district, due to the agreement, is estimated to be mostly in the first year of the value limitation period.

Table 2		Axtell ISD	
		2021-2022 Projected Summary of Finances	
Funding Elements			
Students			
	Refined Average Daily Attendance (ADA)		683.453
	Weighted ADA (WADA)		1,317.188
Property Values			
	2020 State Certified Property Value (prior tax year)		\$172,670,180
	2021 Certified Property Value (current tax year)		\$197,520,374
Tax Rates and Collections			
	2021 M&O Tax Rate		0.9603
	Maximum Compressed Tax Rate		0.8220
	2021-2022 M&O Tax Collections		\$1,896,788
	2021 I&S Tax Rate		0.0000
	2021-2022 I&S Tax Collections		\$0
	2021-2022 Total Tax Collections		\$1,896,788
	2021-2022 Total Tax Levy		\$1,934,724
Funding Components			
	District Basic Allotment		\$6,160
	Available School Fund (ASF) ADA		714.001
	Per Capita Rate		\$510.890
Tier I Funding			
	Total Cost of Tier I		\$7,957,604
	Less Local Fund Assignment		(\$1,634,698)
	State Share of Tier I		\$5,958,130
	Per Capita Distribution from Available School Fund (ASF)		(\$364,776)
Foundation School Program (FSP) State Funding			
	FSP State Share of Tier One		\$5,958,130
	Tier Two		\$1,083,781
	Other Programs		\$34,365
	Total FSP Operations Funding		\$7,076,276
State Aid Summary			
M&O State Aid			
	Foundation School Fund (FSP)		\$7,076,276
	Available School Fund (ASF)		\$364,776
I&S State Aid			
	Existing Debt Allotment (EDA)		\$0
	Instructional Facilities Allotment (IFA) (Bond)		\$0
	Instructional Facilities Allotment (IFA) (Lease-Purchase)		\$0
	Additional State Aid for Homestead Exemption (ASAHE) for Facilities		\$0
TOTAL FSP/ASF STATE AID			\$7,441,052
Local Revenue in Excess of Entitlement			(\$0)

Financial Impact on the Taxpayer

The terms of the proposed agreement call for the maintenance and operation (M&O) value of the project to be limited to \$15 million starting in school year 2025-26 and remaining limited through school year 2034-35. The potential gross and net tax savings to SP-Jaguar are shown in Table 3. As stated earlier, an M&O tax rate of \$.9603 and a collection rate of 100% is used throughout the calculations in this report. Table 3 shows gross tax savings due to the limitation of \$9.06 million over the length of the contract. Net tax savings are estimated to be \$7.66 million. To estimate supplemental payments to the school district of \$100 per ADA, a growth model was applied to the base ADA of 683.453, which was the projected ADA for AISD for the 2021-22 school year. AISD's growth rate for the last 10 years has averaged less than 1% which is also reflected by demographic studies.

Facilities Funding Impact on the District

Reports submitted by SP-Jaguar show the full value of the property being depreciated over time. Even so, the full value of the project will be available to the district for I&S taxes and will enhance the district's ability to service current and future debt obligations. While the project is expected to provide additional employment opportunities in the area, the impact on student enrollment is predicted to be minimal.

Conclusion

The SP-Jaguar project proposed in this application will benefit the community, the district, AISD, and the taxpayer, SP-Jaguar. The community will receive economic development, the taxpayer will enjoy savings on property taxes and the district will be held harmless from revenue loss due to the provisions of the agreement. The district will also enjoy an increased value available for I&S tax collections dedicated to debt service that can be leveraged to provide first class facilities for faculty and students.

It should be noted, the Texas Legislature could take additional action that could potentially change the impact of this agreement on the finances of Axtell ISD and result in estimates that differ significantly from the estimates presented in this analysis. Some of the factors that could significantly alter these estimates are legislative or administrative action by the Texas Legislature, the Texas Education Agency or the Comptroller of Public Accounts. Those actions could contain changes to the school finance formulas, property value appraisals and tax exemptions. Other factors which could change, and will impact the estimates of this agreement, include increases or decreases to property values, district tax rates and student enrollment.

**Table 3 Estimated Financial Impact
Axtell ISD and SP-Jaguar Solar LLC Agreement #1688**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits	School District Benefit \$100 per ADA	Company Tax Benefit
QTP1	2023-24	\$0	\$0	\$0	0.9603	\$0	\$0	\$0	\$0	\$0	\$0	\$68,345	-\$68,345
QTP2	2024-25	\$0	\$0	\$0	0.9603	\$0	\$0	\$0	\$0	\$0	\$0	\$68,345	-\$68,345
L1	2025-26	\$160,393,000	\$15,000,000	\$145,393,000	0.9603	\$1,540,254	\$144,045	\$1,396,209	\$1,396,209	-\$1,396,209	\$0	\$68,345	-\$68,345
L2	2026-27	\$148,597,560	\$15,000,000	\$133,597,560	0.9603	\$1,426,982	\$144,045	\$1,282,937	\$1,282,937	\$0	\$1,282,937	\$68,345	\$1,214,592
L3	2027-28	\$136,988,600	\$15,000,000	\$121,988,600	0.9603	\$1,315,502	\$144,045	\$1,171,457	\$1,171,457	\$0	\$1,171,457	\$68,345	\$1,103,111
L4	2028-29	\$125,554,931	\$15,000,000	\$110,554,931	0.9603	\$1,205,704	\$144,045	\$1,061,659	\$1,061,659	\$0	\$1,061,659	\$68,345	\$993,314
L5	2029-30	\$114,286,036	\$15,000,000	\$99,286,036	0.9603	\$1,097,489	\$144,045	\$953,444	\$953,444	\$0	\$953,444	\$68,345	\$885,099
L6	2030-31	\$103,172,028	\$15,000,000	\$88,172,028	0.9603	\$990,761	\$144,045	\$846,716	\$846,716	\$0	\$846,716	\$68,345	\$778,371
L7	2031-32	\$92,203,615	\$15,000,000	\$77,203,615	0.9603	\$885,431	\$144,045	\$741,386	\$741,386	\$0	\$741,386	\$68,345	\$673,041
L8	2032-33	\$81,372,059	\$15,000,000	\$66,372,059	0.9603	\$781,416	\$144,045	\$637,371	\$637,371	\$0	\$637,371	\$68,345	\$569,026
L9	2033-34	\$70,669,151	\$15,000,000	\$55,669,151	0.9603	\$678,636	\$144,045	\$534,591	\$534,591	\$0	\$534,591	\$68,345	\$466,246
L10	2034-35	\$60,087,171	\$15,000,000	\$45,087,171	0.9603	\$577,017	\$144,045	\$432,972	\$432,972	\$0	\$432,972	\$68,345	\$364,627
MVP1	2035-36	\$49,618,863	\$49,618,863	\$0	0.9603	\$476,490	\$476,490	\$0	\$0	\$0	\$0	\$68,345	-\$68,345
MVP2	2036-37	\$47,944,847	\$47,944,847	\$0	0.9603	\$460,414	\$460,414	\$0	\$0	\$0	\$0	\$68,345	-\$68,345
MVP3	2037-38	\$46,371,272	\$46,371,272	\$0	0.9603	\$445,303	\$445,303	\$0	\$0	\$0	\$0	\$68,345	-\$68,345
MVP4	2038-39	\$44,892,112	\$44,892,112	\$0	0.9603	\$431,099	\$431,099	\$0	\$0	\$0	\$0	\$0	\$0
MVP5	2039-40	\$43,501,701	\$43,501,701	\$0	0.9603	\$417,747	\$417,747	\$0	\$0	\$0	\$0	\$0	\$0
TOTALS						\$12,730,245	\$3,671,503	\$9,058,742	\$9,058,742	-\$1,396,209	\$7,662,533	\$1,025,180	\$6,637,353

*Note: School District Revenue-Loss estimates are subject to change based on various factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year project appraisal values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Findings and Order of the Axtell Independent School District
Board of Trustees under the Texas Economic Development Act on the Application Submitted by
SP-Jaguar Solar LLC (Tax ID 32081793179) (Application #1688)

EXHIBIT C

**Proposed Agreement between
Axtell Independent School District
and SP-Jaguar Solar LLC**



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 1, 2022

Larry Proctor, Jr.
Superintendent
Axtell Independent School District
308 Ottawa
Axtell, TX 76624

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Axtell Independent School District and SP-Jaguar Solar LLC, Application 1688

Dear Superintendent Proctor:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Axtell Independent School District and SP-Jaguar Solar LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Jo Ann Reyes with our office. She can be reached by email at joann.reyes@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-0416, or at 512-475-0416.

Sincerely,

DocuSigned by:

A handwritten signature in black ink, appearing to read "Will Counihan".

8FDFC70F5753487...

Will Counihan

Director

Data Analysis & Transparency Division

cc: Shelly Leung, Powell Law Group, LLP
Robert Reichenberger, SP-Jaguar Solar LLC
Lexie Hausman-Rendon, Texas Energy Consultants, LLC

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE
OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES**

by and between

AXTELL INDEPENDENT SCHOOL DISTRICT

and

SP-JAGUAR SOLAR LLC

(Texas Taxpayer ID #32081793179)

Comptroller Application #1688

Dated

June 28, 2022

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS §
COUNTY OF MCLENNAN §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this “Agreement,” is executed and delivered by and between the **AXTELL INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **SP-JAGUAR SOLAR LLC**, Texas Taxpayer Identification Number 32081793179, hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on December 13, 2021, the Superintendent of Schools of the Axtell Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on December 13, 2021, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCGB (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller’s Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and February 8, 2022, is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the McLennan Appraisal District established in McLennan County, Texas (the “McLennan County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller’s Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on April 1, 2022, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller’s Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on June 28, 2022, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on June 28, 2022, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant’s Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the 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; (iv) the limitation on appraised value is a determining factor in the Applicant’s decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on June 28, 2022, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on June 1, 2022, the Texas Comptroller’s Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes;

WHEREAS, on June 28, 2022, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

ARTICLE I
DEFINITIONS

Section 1.1 DEFINITIONS. Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“*Act*” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“*Agreement*” means this Agreement, as the same may be modified, amended, restated,

amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means SP-Jaguar Solar LLC, (Texas Taxpayer ID # 32081793179), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on December 13, 2021. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the Applicant has submitted a completed Application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the McLennan Appraisal District.

“Board of Trustees” means the Board of Trustees of the Axtell Independent School District.

“Commercial Operation” means the date on which the Project becomes commercially operational and placed into service such that all of the following events have occurred and remain simultaneously true and accurate:

- A. The Project has been constructed, tested, and is fully capable of operating for the purpose of generating electricity for sale on one or more commercial markets;
- B. The Project has received written authorization from the grid operator for interconnection, integration, and synchronization of the plant with the grid; and,
- C. The Project has obtained all permits, required approvals, and has met all requirements necessary for safely and reliably generating electricity and delivering electricity onto the grid.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of the Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means McLennan County, Texas.

“District” or “School District” means the Axtell Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means acts of God, war, fires, explosions, hurricanes, floods, pandemics, or other causes that are beyond the reasonable control of either party and that by exercise of due foresight such party could not reasonably have been expected to avoid, and which, by the exercise of all reasonable due diligence, such party is unable to overcome. Each Party must inform the other in writing with proof of receipt within 60 business days of the existence of such Force Majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“Market Value” shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

“New Qualifying Jobs” means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“Tax Year” shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year).

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Applicable School Finance Law” means Chapters 41, 42, 48, and 49 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State for each and every year of this Agreement, including specifically, the applicable rule and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term includes any and

all amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement. For each year of this Agreement, the Applicable School Finance Law shall be interpreted to include all provisions made applicable for any calculations made for the specific year for which calculations are being made.

"Lost M&O Revenue" shall have the meaning set forth in Section 4.2 of this Agreement.

"Maintenance and Operations Revenue" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the Texas Education Code, and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 or 48 of the Texas Education Code, or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace the District's Maintenance and Operations Revenue lost as a result of such similar agreements, minus (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 or 49 of the Texas Education Code, in each case, as any of the items in clauses (i), (ii), and (iv) above may be amended by Applicable School Finance Law from time to time, and plus or minus, as applicable, any other revenues, payments or amounts received or required to be reimbursed by the District from State and local funding for maintenance and operations purposes under Applicable School Finance Law, such that Maintenance and Operations Revenue shall be the net amount of all such revenues, payments, or other amounts which the District is entitled to receive and retain from State and local funding for maintenance and operations purposes under Applicable School Finance Law.

"New M&O Revenue" means, with respect to any school year, the total State and local Maintenance and Operations Revenue that the District received, after all adjustments have been made to such Maintenance and Operations Revenue in accordance with the provisions of the Applicable School Finance Law for such school year.

"Original M&O Revenue" means, with respect to any school year, the total State and local Maintenance and Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the ad valorem maintenance and operations tax at the tax rate actually adopted by the District for the applicable Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local Taxable Values for each applicable Tax Year as certified by the Appraisal District for all taxable accounts in the District, except that with respect to the Applicant's Qualified Property during the Tax Limitation Period, such calculations shall use the Taxable Value for each applicable Tax Year of the Applicant's Qualified Property which is used for the calculation of the District's tax levy for debt service (interest and sinking fund) ad valorem tax purposes. For the calculation of Original M&O Revenue, the Taxable Value for Applicant's Qualified Property for maintenance and operations ad valorem tax purposes will not be used during the Tax Limitation Period.

"Third Party" shall have the meaning set forth in Section 4.3 of this Agreement.

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant's Qualified Property listed and assessed by the County Appraiser for the District's maintenance and operation ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is February 8, 2022, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is June 28, 2022.

C. The Qualifying Time Period for this Agreement:

i. Starts on January 1, 2023, which is a date not later than January 1 of the fourth Tax Year following the Application Approval Date for deferrals, as authorized by §313.027(h) of the TEXAS TAX CODE; and

ii. Ends on December 31, 2024, which is the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2025, which is the first complete Tax Year that begins after the end of the Qualifying Time Period; and

ii. Ends on December 31, 2034, which is the year the Tax Limitation Period starts as identified in Section 2.3.D.i plus 9 years.

E. The Final Termination Date for this Agreement is December 31, 2039, which is the last year of the Tax Limitation Period as defined in Section 2.3.D.ii. plus 5 years.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as the Applicant makes the Qualified Investment as

required by Section 2.5, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Fifteen Million Dollars (\$15,000,000) based on Section 313.054 of the TEXAS TAX CODE.

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of Five Million Dollars (\$5,000,000) during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$977 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. No additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on

which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject only to the limitations contained in this Agreement, it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was, in any manner, a producing cause, resulting, at least in part because of or on account of, the execution of this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement. Subject only to the limitations contained in this Agreement, it is the intent of the Parties that the risk of any and all negative financial consequences to the District's total annual Maintenance and Operations Revenue, to which the execution of this Agreement contributed in any matter, will be borne solely by Applicant and not by the District.

- A. The Parties hereto expressly understand and agree that, for all Tax Years to which this Agreement may apply, the calculation of negative financial consequences will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations

made under this Agreement may well periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: (i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement; (ii) are based upon current School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and (iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING LOST M&O REVENUE. The Parties agree that notwithstanding anything to the contrary in this Article IV, Applicant shall satisfy its obligation to the District for Lost M&O Revenue with respect to any years under this Agreement in which the provisions of Applicable School Finance Law applicable to the calculation of Original M&O Revenue and New M&O Revenue are materially similar to those enacted by House Bill 3, 86th Texas Legislature by paying the District (A) for the first year of the Tax Limitation Period, an amount equal to (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for the first year of the Tax Limitation Period if this Agreement had not been entered into by the Parties; *minus*, (ii) the amount of maintenance and operations ad valorem school taxes actually paid by Applicant for such year; and (B) for the remaining years of the Tax Limitation Period, years second through the tenth, should the value of Applicant's Qualified Property exceed the appraised value of Applicant's Qualified Property in the year prior, an amount equal to (i) the amount of maintenance and operations ad valorem school taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; minus (ii) the amount of maintenance and operations ad valorem school taxes that would have been paid by Applicant for the prior year if this Agreement had not been entered into by the Parties. The Parties agree that such amounts are revenue protection payments based on the District's taxable value of property for the preceding tax year in satisfaction of TEXAS EDUCATION CODE Section 48.256(d). Furthermore, the Parties agree that any revenue protection payment calculated pursuant to this paragraph shall be paid to the District by January 31 following the year for which such payment is calculated, in accordance with Section 4.8 below.

With respect to any years in which the preceding paragraph does not apply, then subject to the limitations contained in this Agreement, the amount to be paid by Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, or for which this Agreement was the producing cause or substantial factor for each year starting in the first year of the Tax Limitation Period and ending on December 31st of the last year of the Tax Limitation Period, (the "Lost M&O Revenue") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

- A. Subject to the limitations contained in this Section 4.2, the Lost M&O Revenue owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue.
- B. In making the calculations required by this Section 4.2 of this Agreement:
 - i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.

ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.

iv. For all calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, New M&O Revenue will reflect the Tax Limitation Amount for such year.

v. All calculations made under this Section 4.2 shall be made by a methodology which isolates only the full Maintenance and Operations Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District on account of or otherwise arising out of any other factors not contained in this Agreement.

C. All such payments owed and made by the Applicant to the District under this Section IV shall be independent of, and in addition to such other payments as set forth in Article V and Article VI of this Agreement.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") selected and appointed each year by the District, subject to approval by Applicant in writing, which approval shall not be unreasonably withheld.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations for payments under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including the Applicant's Qualified Property, by the Appraisal District in its annual certified tax roll submitted to the District for each Tax Year pursuant to TEXAS TAX CODE § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected and appointed under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT. If the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and such appeal remains unresolved at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property by the Appraisal District. The calculations shall be readjusted, if necessary, based on the outcome of the appeal as set forth below. In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article IV of this agreement shall be recalculated by the Third Party at Applicant's sole expense using the revised property values.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amount to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 4.6. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under this Article IV, Article V, Article VI, of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her, or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, but subject to the provisions of Section 4.8, below. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until four (4) years after the Final Termination Date of this Agreement. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.7. STATUTORY CHANGES AFFECTING MAINTENANCE & OPERATION REVENUE. Notwithstanding any other provision in this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District that are necessary to fully reimburse and hold the District harmless from any actual negative impact on the District's Maintenance and Operation Revenue as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination and calculation. The District shall use reasonable efforts to mitigate the economic effects of any such statutory change or administrative interpretation, and if the Applicant disagrees with any calculation or determination by the District of any adverse impact described in this Article IV, the Applicant shall have the right to appeal such calculation or determination in accordance with the procedures set forth in Section 4.9.

Section 4.8. PAYMENT BY APPLICANT. Subject to Section 4.9 below, the Applicant shall pay any amount determined by the Third Party to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this

Agreement is effective; provided that Applicant shall have the option – in its sole discretion – to make prepayments to the District at any time toward Applicant’s future liabilities under this Agreement. Any such prepayments shall be deducted from amounts due and owing by Applicant on the next bill or bills issued by the Third Party until the full amount of such prepayments have been credited to Applicant. Subject to the limitation set forth in this Section 4.8 below, by such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.4, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor’s Office, or for other legal expenses which are, or may be required under the terms of, or because of, the execution of this Agreement. The Applicant shall only be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 not to exceed Fifteen Thousand Dollars (\$15,000.00) for any Tax Year during the Tax Limitation Period, and for any Tax Year during the term of this Agreement for which the Comptroller’s Biennial Report is required. For any Tax Year outside of the Tax Limitation Period and for which the Comptroller’s Biennial Report is not required, Applicant shall not be responsible for the payment of an aggregate amount of fees and expenses under this Section 4.8 which exceeds Seven Thousand, Five Hundred Dollars (\$7,500.00).

Section 4.9. DISPUTE RESOLUTION PERTAINING TO THIRD PARTY CALCULATIONS. Should the Applicant disagree with the Third Party calculations made pursuant to this Article IV of this Agreement, the Applicant may dispute the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records, and other information in accordance with Section 4.4 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant’s dispute in writing, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may further dispute the final determination, in writing, of the certification containing the calculations to the District’s Board of Trustees within thirty (30) days after receipt of the final determination of the calculations from the Third Party. If the Applicant or the Third Party disagrees with the District’s Board of Trustees’ determination, either Party may dispute the issue using the dispute resolution procedures specified in Sections 9.3.A. and 9.3.B. Applicant shall be responsible for ensuring timely submission of all payments calculated under Article IV by the Third Party owed to the District even if Applicant disputes the Third-Party calculations and is appealing the Third Party’s determination. Any overage in payment as determined by the Third Party and/or Board of Trustees, if any, shall be reimbursed to the Applicant, within 30 days, upon resolution of the dispute. Any dispute by the Applicant of the final determination of calculations shall in no way limit the Applicant’s other rights and remedies available hereunder, at law or in equity.

Section 4.10. OPTION TO TERMINATE AGREEMENT. In the event the Applicant determines that it will not commence or complete construction of the Applicant’s Qualified Investment, the Applicant shall have the option, prior to the commencement of the Tax Limitation Period, to terminate this Agreement pursuant to Section 7.1 by notifying the District in writing of its exercise of such option. Applicant shall pay any payments due and not yet paid as of termination under Articles IV, V, or Supplemental Payments payable under Article VI for the year of termination within thirty (30) days after Applicant delivers its termination election. Any termination of this

Agreement under the foregoing provision of this Section 4.10 shall be effective immediately.

Section 4.11. PAYMENT LIMITATION. In the event that the Revenue Protection Amount for any Tax Year during the Limitation Period of this Agreement shall exceed the Applicant's Net Tax Benefit for that Tax Year, the Revenue Protection Amount owed for that year shall be limited to the Applicant's Net Tax Benefit for that Tax Year. Amounts otherwise due and owing by the Applicant to the District which, by virtue of this payment limitation, are not paid in that Tax Year shall be carried forward from year to year into subsequent Tax Years until paid in full.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES. In addition to the amounts determined pursuant to Articles IV and VI of this Agreement, the Applicant on an annual basis shall also indemnify and reimburse the District for the following: all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses arising out of, through and from, the execution of this Agreement and/or related to this project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment caused directly by such project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.9 above.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS. In interpreting the provisions of this Article VI, the Parties agree that, in addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; and that all payments under Article VI are subject to the separate limitations contained in Section 6.2 and Section 6.3. Each Supplemental Payment shall be due and payable on January 31st of the year following that in which such Supplemental Payment accrued.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number

of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. The limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District’s Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District’s Average Daily Attendance for the previous school year.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT. The District shall receive Supplemental Payments on the dates set forth in the following schedule.

Agreement Year	School Year	Tax Year	Payment Due Date	Supplemental Payment
QTP1	2023 – 2024	2023	January 31, 2024	\$100 x 2022 – 2023 ADA
QTP2	2024 – 2025	2024	January 31, 2025	\$100 x 2023 – 2024 ADA
L1	2025 – 2026	2025	January 31, 2026	\$100 x 2024 – 2025 ADA
L2	2026 – 2027	2026	January 31, 2027	\$100 x 2025 – 2026 ADA
L3	2027 – 2028	2027	January 31, 2028	\$100 x 2026 – 2027 ADA
L4	2028 – 2029	2028	January 31, 2029	\$100 x 2027 – 2028 ADA
L5	2029 – 2030	2029	January 31, 2030	\$100 x 2028 – 2029 ADA
L6	2030 – 2031	2030	January 31, 2031	\$100 x 2029 – 2030 ADA
L7	2031 – 2032	2031	January 31, 2032	\$100 x 2030 – 2031 ADA
L8	2032 – 2033	2032	January 31, 2033	\$100 x 2031 – 2032 ADA
L9	2033 – 2034	2033	January 31, 2034	\$100 x 2032 – 2033 ADA
L10	2034 – 2035	2034	January 31, 2035	\$100 x 2033 – 2034 ADA
MVP1	2035 – 2036	2035	January 31, 2036	\$100 x 2034 – 2035 ADA
MVP2	2036 – 2037	2036	January 31, 2037	\$100 x 2035 – 2036 ADA
MVP3	2037 – 2038	2037	December 31, 2037	\$100 x 2036 – 2037 ADA

Subject to Section 4.10, any limitations imposed by this Article VI, and the other terms of this Agreement, Applicant expressly agrees and warrants that Applicant will be obligated to have made Supplemental payments to the District in an amount equal to \$100 per Average Daily Attendance for the previous school year for each Tax Year of this Agreement beginning with Tax Year 2023 and ending with Tax Year 2037. Failure to make such payments shall be treated as a Material Breach of the Agreement and be subject to the provisions of Article IX, below.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to

have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than ninety-six (96) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or is subject to a confidentiality agreement with any third party.

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. The Applicant and the District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the latest occurring date of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non- Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with

those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX **MATERIAL BREACH OR EARLY TERMINATION**

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described

in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;

iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);

ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and

iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

D. After making its determination regarding any alleged breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a “Determination of Breach and Notice of Contract Termination”) and provide a copy to the Comptroller.

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee’s Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within thirty (30) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in McLennan County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator’s fees and expenses and the Applicant shall bear one-half of such mediator’s fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys’ fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in McLennan County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney’s fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant’s Qualified Property and the Applicant’s Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.1 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the thirty (30) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT.

Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make Five Million Dollars (\$5,000,000.00) of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile or email transmission, with notice of receipt obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile or email transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to the District shall be addressed to the District's Authorized Representative as follows:

	<i>With Copy To:</i>
Dr. J.R. Proctor	Shelly Leung, Director of Economic Development
Superintendent of Schools	Powell Law Group, LLP
Axtell ISD	108 Wild Basin Road, Suite 100
308 Ottawa Street	Austin, Texas 78746
Axtell, Texas 76624	Phone: (512) 494-1177
Phone: (254)-863-5301	Fax: (512) 494-1188
Email: jrproctor@axtellisd.net	Email: sleung@plg-law.com
	cc: rlambert@plg-law.com

C. Notices to the Applicant shall be addressed to its Authorized Representative as follows:

	<i>With Copy To:</i>
Mr. Robert Reichenberger	Ms. Lexie Hausman-Rendon
Principal	Tax Specialist
SP-Jaguar Solar LLC	Texas Energy Consultants, LLC
777 S. High St., Suite 100	2516 W Freddy Gonzalez Dr.
Denver, Colorado 80209	Edinburg, Texas 78539
Phone: (308) 886-1162	Phone: (956) 386-9387
Email: robert@solar-prime.com	Email: lhausman@texas-kwh.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as a Party may designate by written notice to the other.

D. A copy of any notice delivered to the Applicant shall also be delivered to any lender for which the Applicant has provided the District notice of collateral assignment information pursuant to Section 10.3.C, below.

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

B. By official action of the District's Board of Trustees, the Application and this Agreement may only be amended according to the following:

i. The Applicant shall submit to the District and the Comptroller:

a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the 90-day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in McLennan County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term “Law” shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words “include,” “includes,” and “including” when used in this Agreement shall be

deemed in such case to be followed by the phrase, “but not limited to”. Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

Section 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

- A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller’s Internet website;
- B. The District shall provide on its website a link to the location of those documents posted on the Comptroller’s website;
- C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District and Comptroller’s office in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant’s duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create

any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION.

Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

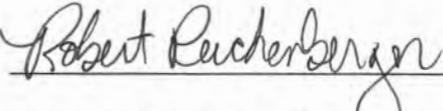
A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 28th day of June, 2022.

SP-JAGUAR SOLAR LLC

By: 
Robert Reichenberger, Principal

**AXTELL INDEPENDENT
SCHOOL DISTRICT**

By: 
Joe Bays, Board President

ATTEST:

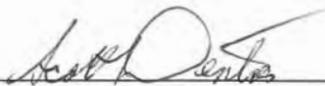
By: 
Scott Denton, Board Secretary

EXHIBIT 1
DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

A public hearing was conducted by the Axtell Independent School District on December 13, 2021 to receive public input on a proposal to create a Reinvestment Zone for appraised value limitation on certain property located within McLennan County, Texas. Specifically, the reinvestment zone consists of the parcels listed as follows:

McLennan CAD Legal Description	Acreage
TOMAS DE LA VEGA Acres 625.0	625.00
TOMAS DE LA VEGA Acres 469.0	469.00
TOMAS DE LA VEGA Acres 485.1396	485.14
TOMAS DE LA VEGA Acres 359.4	359.40
Total Acreage	1938.54

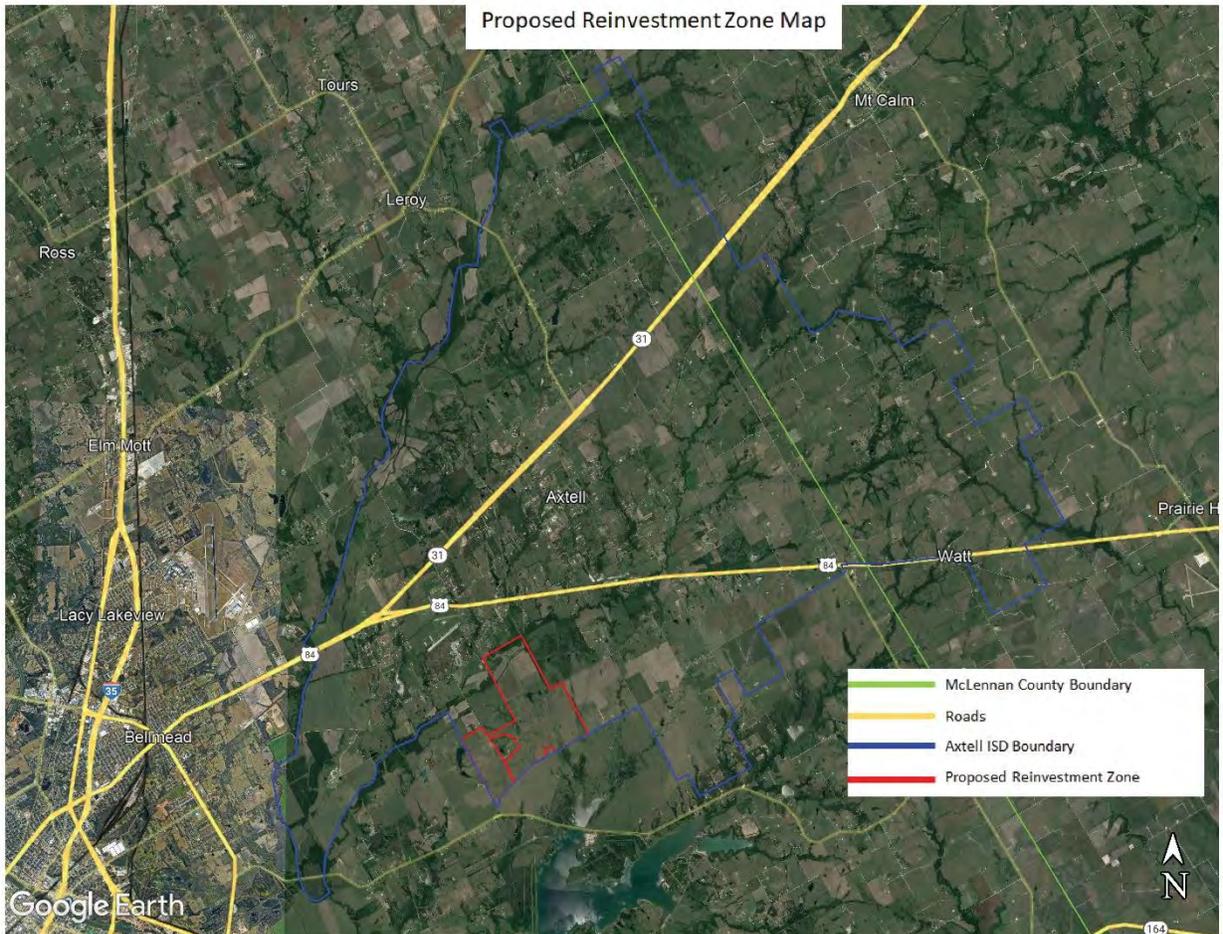


EXHIBIT 2
DESCRIPTION AND LOCATION OF LAND

The Land on which all Qualified Investment and Qualified Property will be located is within the Reinvestment Zone described in and demarked by the map attached in **Exhibit 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

The application covers all qualified investment in the reinvestment zone and project boundary within Axtell ISD necessary for commercial operations of the proposed solar & battery storage project. The Applicant is requesting an appraised value limitation on all of property constructed or placed upon the real property described and shown in Map Exhibit within Axtell ISD, which is located in McLennan County, Texas. It is anticipated that 157 MWac solar energy facility with an additional 25 MWac battery energy storage facility will be constructed within Axtell ISD.

The property for which the Applicant is requesting an appraised value limitation includes the following:

- Photovoltaic (PV) solar panels and DC-to-AC inverters
- Tracker system infrastructure, foundations, & controllers
- Collection substation including high voltage transformer, switch gear, transmission equipment, transmission tie line and towers, interconnection facilities and control systems
- DC and AC wiring, insulators, combiner boxes, conduit, and connectors
- Inverter boxes on concrete or gravel pads
- Fencing for safety and security, Video Security System
- Telephone System and Data Systems for communication and remote monitoring
- Meteorological equipment to measure solar irradiance & weather conditions
- Permanent Project battery storage facility with a capacity of 25 MWac
- New access roads and service roads, and
- Operations and Maintenance Building.

Additionally, the map provided does not present the location of the improvements; however, all of the improvements that make up the amount of Qualified Investment will be made within the Project Area as shown on Map Exhibit.

The applicant intends to construct an Operation and Maintenance building and electrical substation will be constructed within the project boundary. The Operations and Maintenance building will be utilized to house associated equipment relative to the Project. This includes junction boxes, PV panel connectors and mounting and tracking systems.

The Applicant will be placing a project battery energy storage facility with a capacity of 25 MWac. This permanent battery storage facility will allow excess solar energy collected from The Project to be stored and distributed when the transmission network has available capacity. The battery storage included in the Qualified Property will solely be used for the storage of electricity generated by this solar project. The storage facility design would consist of: (a) batteries installed in standard, typically 40-foot to 50-foot ISO shipping containers, a purpose built energy storage container; (b) power conversion systems (inverters), which can bi-directionally convert the electricity between DC and AC; (c) electrical collection and fiber-optic communications lines; (d) Heating Ventilation and Air Conditioning (HVAC) systems; (e) fire suppression systems; and (f) civil infrastructure including driveways and fencing. Each container would have DC disconnect breakers to be able to disconnect the battery from the remaining storage system.



EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This application covers all qualified investment in the reinvestment zone and project boundary within Axtell ISD necessary for commercial operations of the proposed solar & battery storage project. The Applicant is requesting an appraised value limitation on all of property constructed or placed upon the real property described and shown in Map Exhibit within Axtell ISD, which is located in McLennan County, Texas. It is anticipated that 157 MWac solar energy facility with an additional 25 MWac battery energy storage facility will be constructed within Axtell ISD.

The property for which the Applicant is requesting an appraised value limitation includes the following:

- Photovoltaic (PV) solar panels and DC-to-AC inverters
- Tracker system infrastructure, foundations, & controllers
- Collection substation including high voltage transformer, switch gear, transmission equipment, transmission tie line and towers, interconnection facilities and control systems
- DC and AC wiring, insulators, combiner boxes, conduit, and connectors
- Inverter boxes on concrete or gravel pads
- Fencing for safety and security, Video Security System
- Telephone System and Data Systems for communication and remote monitoring
- Meteorological equipment to measure solar irradiance & weather conditions
- Permanent Project battery storage facility with a capacity of 25 MWac
- New access roads and service roads, and
- Operations and Maintenance Building.

Additionally, the map provided does not present the location of the improvements; however, all of the improvements that make up the amount of Qualified Investment will be made within the Project Area as shown on Map Exhibit.

The applicant intends to construct an Operation and Maintenance building and electrical substation will be constructed within the project boundary. The Operations and Maintenance building will be utilized to house associated equipment relative to the Project. This includes junction boxes, PV panel connectors and mounting and tracking systems.

The Applicant will be placing a project battery energy storage facility with a capacity of 25 MWac. This permanent battery storage facility will allow excess solar energy collected from The Project to be stored and distributed when the transmission network has available capacity. The battery storage included in the Qualified Property will solely be used for the storage of electricity generated by this solar project. The storage facility design would consist of: (a) batteries installed in standard, typically 40-foot to 50-foot ISO shipping containers, a purpose built energy storage container; (b) power conversion systems (inverters), which can bi-directionally convert the electricity between DC and AC; (c) electrical collection and fiber-optic communications lines; (d) Heating Ventilation and Air Conditioning (HVAC) systems; (e) fire suppression systems; and (f) civil infrastructure including driveways and fencing. Each container would have DC disconnect

breakers to be able to disconnect the battery from the remaining storage system.

The exact placement of units is subject to ongoing planning, solar energy resource evaluation, engineering, and land leasing. All equipment outlined above is expected to be located within Axtell ISD. The final location of units and supporting structures will be determined before construction begins. Current plans are to install all equipment in one phase. Jaguar Solar anticipates The Point of Interconnection will be at the existing 345 kV Tradinghouse Transmission Line to Sam Switch Substation. The map in Attachment 11b shows the proposed project area with the anticipated improvement locations.



EXHIBIT 5
AGREEMENT SCHEDULE

	Agreement Year	School Year	Tax Year	Date of Appraisal	Summary Description
Pre-Limitation	QTP1	2023 – 2024	2023	January 1, 2023	No Limitation
	QTP2	2024 – 2025	2024	January 1, 2024	No Limitation
Limitation Period (10 Years)	L1	2025 – 2026	2025	January 1, 2025	\$15M Limitation
	L2	2026 – 2027	2026	January 1, 2026	\$15M Limitation
	L3	2027 – 2028	2027	January 1, 2027	\$15M Limitation
	L4	2028 – 2029	2028	January 1, 2028	\$15M Limitation
	L5	2029 – 2030	2029	January 1, 2029	\$15M Limitation
	L6	2030 – 2031	2030	January 1, 2030	\$15M Limitation
	L7	2031 – 2032	2031	January 1, 2031	\$15M Limitation
	L8	2032 – 2033	2032	January 1, 2032	\$15M Limitation
	L9	2033 – 2034	2033	January 1, 2033	\$15M Limitation
	L10	2034 – 2035	2034	January 1, 2034	\$15M Limitation
Maintain Viable Presence (5 Years)	MVP1	2035 – 2036	2035	January 1, 2035	No Limitation
	MVP2	2036 – 2037	2036	January 1, 2036	No Limitation
	MVP3	2037 – 2038	2037	January 1, 2037	No Limitation
	MVP4	2038 – 2039	2038	January 1, 2038	No Limitation
	MVP5	2039 – 2040	2040	January 1, 2039	No Limitation