



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 7, 2022

John Anderson
Superintendent
Seymour Independent School District
409 W Idaho
Seymour, TX 76380

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Seymour Independent School
District and Felix 2, LLC, Application 1845

Dear Superintendent Anderson:

On July 11, 2022, the Comptroller issued written notice that Felix 2, LLC (applicant) submitted a completed application (Application 1845) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on April 25, 2022, to the Seymour 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 1845.

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 July 11, 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 Felix 2, LLC(project) applying to Seymour 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 Felix 2, LLC.

Applicant	Felix 2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Seymour ISD
2020-2021 Average Daily Attendance	575
County	Baylor
Proposed Total Investment in District	\$830,812,500
Proposed Qualified Investment	\$830,812,500
Limitation Amount	\$35,700,000
Qualifying Time Period (Full Years)	2026-2027
Number of new qualifying jobs committed to by applicant	5*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$908
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$908
Minimum annual wage committed to by applicant for qualified jobs	\$47,221
Minimum weekly wage required for non-qualifying jobs	805
Minimum annual wage required for non-qualifying jobs	\$41,860
Investment per Qualifying Job	\$166,162,500
Estimated M&O levy without any limit (15 years)	\$56,838,527
Estimated M&O levy with Limitation (15 years)	\$11,801,893
Estimated gross M&O tax benefit (15 years)	\$45,036,634

** 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 Felix 2, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2026	650	1,348	1998	\$26,000,000	\$126,000,000	\$152,000,000
2027	650	2,498	3148	\$26,000,000	\$238,000,000	\$264,000,000
2028	5	147	152	\$236,104	\$41,763,896	\$42,000,000
2029	5	15	20	\$236,104	\$23,763,896	\$24,000,000
2030	5	(68)	-63	\$236,104	\$10,763,896	\$11,000,000
2031	5	(107)	-102	\$236,104	\$1,763,896	\$2,000,000
2032	5	(110)	-105	\$236,104	-\$2,236,104	-\$2,000,000
2033	5	(109)	-104	\$236,104	-\$5,236,104	-\$5,000,000
2034	5	(97)	-92	\$236,104	-\$6,236,104	-\$6,000,000
2035	5	(75)	-70	\$236,104	-\$6,236,104	-\$6,000,000
2036	5	(60)	-55	\$236,104	-\$5,236,104	-\$5,000,000
2037	5	(44)	-39	\$236,104	-\$4,236,104	-\$4,000,000
2038	5	(36)	-31	\$236,104	-\$3,236,104	-\$3,000,000
2039	5	(25)	-20	\$236,104	-\$2,236,104	-\$2,000,000
2040	5	(17)	-12	\$236,104	-\$1,236,104	-\$1,000,000
2041	5	(7)	-2	\$236,104	-\$236,104	\$0

Source: CPA REMI, Felix 2, 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		Seymour ISD I&S Tax Levy	Seymour ISD M&O Tax Levy	Seymour ISD M&O and I&S Tax Levies	Baylor County Tax Levy	Baylor County Hospital District Tax Levy	Rolling Plains Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0800	0.8720		0.5667	0.2100	0.0270	
2027	\$123,000,000	\$123,000,000		\$98,400	\$1,072,560	\$1,170,960	\$697,004	\$258,300	\$33,210	\$2,159,474
2028	\$830,812,500	\$830,812,500		\$664,650	\$7,244,685	\$7,909,335	\$4,707,965	\$1,744,706	\$224,319	\$14,586,326
2029	\$772,675,625	\$772,675,625		\$618,141	\$6,737,731	\$7,355,872	\$4,378,521	\$1,622,619	\$208,622	\$13,565,634
2030	\$706,235,625	\$706,235,625		\$564,989	\$6,158,375	\$6,723,363	\$4,002,025	\$1,483,095	\$190,684	\$12,399,167
2031	\$643,947,188	\$643,947,188		\$515,158	\$5,615,219	\$6,130,377	\$3,649,056	\$1,352,289	\$173,866	\$11,305,588
2032	\$581,658,750	\$581,658,750		\$465,327	\$5,072,064	\$5,537,391	\$3,296,086	\$1,221,483	\$157,048	\$10,212,008
2033	\$523,521,875	\$523,521,875		\$418,818	\$4,565,111	\$4,983,928	\$2,966,641	\$1,099,396	\$141,351	\$9,191,317
2034	\$457,081,875	\$457,081,875		\$365,666	\$3,985,754	\$4,351,419	\$2,590,146	\$959,872	\$123,412	\$8,024,849
2035	\$398,945,000	\$398,945,000		\$319,156	\$3,478,800	\$3,797,956	\$2,260,702	\$837,785	\$107,715	\$7,004,158
2036	\$332,505,000	\$332,505,000		\$266,004	\$2,899,444	\$3,165,448	\$1,884,206	\$698,261	\$89,776	\$5,837,691
2037	\$274,368,125	\$274,368,125		\$219,495	\$2,392,490	\$2,611,985	\$1,554,762	\$576,173	\$74,079	\$4,816,999
2038	\$207,928,125	\$207,928,125		\$166,343	\$1,813,133	\$1,979,476	\$1,178,266	\$436,649	\$56,141	\$3,650,532
2039	\$166,397,500	\$166,397,500		\$133,118	\$1,450,986	\$1,584,104	\$942,925	\$349,435	\$44,927	\$2,921,391
2040	\$166,382,500	\$166,382,500		\$133,106	\$1,450,855	\$1,583,961	\$942,840	\$349,403	\$44,923	\$2,921,128
2041	\$166,367,500	\$166,367,500		\$133,094	\$1,450,725	\$1,583,819	\$942,755	\$349,372	\$44,919	\$2,920,864
2042	\$166,352,500	\$166,352,500		\$133,082	\$1,450,594	\$1,583,676	\$942,670	\$349,340	\$44,915	\$2,920,601
			Total	\$5,214,544	\$56,838,527	\$62,053,071	\$36,936,569	\$13,688,177	\$1,759,909	\$114,437,725

Source: CPA, Felix 2, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Baylor County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Seymour ISD I&S Tax Levy	Seymour ISD M&O Tax Levy	Seymour ISD M&O and I&S Tax Levies	Baylor County Tax Levy	Baylor County Hospital District Tax Levy	Rolling Plains Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0800	0.8720		0.5667	0.2100	0.0270	
2027	\$123,000,000	\$123,000,000		\$98,400	\$1,072,560	\$1,170,960	\$348,502	\$258,300	\$33,210	\$1,810,972
2028	\$830,812,500	\$35,700,000		\$664,650	\$311,304	\$975,954	\$2,353,983	\$1,744,706	\$224,319	\$5,298,962
2029	\$772,675,625	\$35,700,000		\$618,141	\$311,304	\$929,445	\$2,189,260	\$1,622,619	\$208,622	\$4,949,946
2030	\$706,235,625	\$35,700,000		\$564,989	\$311,304	\$876,293	\$2,001,013	\$1,483,095	\$190,684	\$4,551,084
2031	\$643,947,188	\$35,700,000		\$515,158	\$311,304	\$826,462	\$1,824,528	\$1,352,289	\$173,866	\$4,177,144
2032	\$581,658,750	\$35,700,000		\$465,327	\$311,304	\$776,631	\$1,648,043	\$1,221,483	\$157,048	\$3,803,205
2033	\$523,521,875	\$35,700,000		\$418,818	\$311,304	\$730,122	\$1,483,321	\$1,099,396	\$141,351	\$3,454,189
2034	\$457,081,875	\$35,700,000		\$365,666	\$311,304	\$676,970	\$1,295,073	\$959,872	\$123,412	\$3,055,326
2035	\$398,945,000	\$35,700,000		\$319,156	\$311,304	\$630,460	\$2,260,702	\$837,785	\$107,715	\$3,836,661
2036	\$332,505,000	\$35,700,000		\$266,004	\$311,304	\$577,308	\$1,884,206	\$698,261	\$89,776	\$3,249,551
2037	\$274,368,125	\$35,700,000		\$219,495	\$311,304	\$530,799	\$1,554,762	\$576,173	\$74,079	\$2,735,813
2038	\$207,928,125	\$207,928,125		\$166,343	\$1,813,133	\$1,979,476	\$1,178,266	\$436,649	\$56,141	\$3,650,532
2039	\$166,397,500	\$166,397,500		\$133,118	\$1,450,986	\$1,584,104	\$942,925	\$349,435	\$44,927	\$2,921,391
2040	\$166,382,500	\$166,382,500		\$133,106	\$1,450,855	\$1,583,961	\$942,840	\$349,403	\$44,923	\$2,921,128
2041	\$166,367,500	\$166,367,500		\$133,094	\$1,450,725	\$1,583,819	\$942,755	\$349,372	\$44,919	\$2,920,864
2042	\$166,352,500	\$166,352,500		\$133,082	\$1,450,594	\$1,583,676	\$942,670	\$349,340	\$44,915	\$2,920,601
			Total	\$5,214,544	\$11,801,893	\$17,016,437	\$23,792,847	\$13,688,177	\$1,759,909	\$56,257,370
			Diff	\$0	\$45,036,634	\$45,036,634	\$13,143,722	\$0	\$0	\$58,180,356
Assumes School Value Limitation and Tax Abatements with the County.										

Source: CPA, Felix 2, 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 Felix 2, 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	2025	\$0	\$0	\$0	\$0
	2026	\$0	\$0	\$0	\$0
	2027	\$1,072,560	\$1,072,560	\$0	\$0
Limitation Period (10 Years)	2028	\$311,304	\$1,383,864	\$6,933,381	\$6,933,381
	2029	\$311,304	\$1,695,168	\$6,426,427	\$13,359,808
	2030	\$311,304	\$2,006,472	\$5,847,071	\$19,206,879
	2031	\$311,304	\$2,317,776	\$5,303,915	\$24,510,795
	2032	\$311,304	\$2,629,080	\$4,760,760	\$29,271,555
	2033	\$311,304	\$2,940,384	\$4,253,807	\$33,525,362
	2034	\$311,304	\$3,251,688	\$3,674,450	\$37,199,812
	2035	\$311,304	\$3,562,992	\$3,167,496	\$40,367,308
	2036	\$311,304	\$3,874,296	\$2,588,140	\$42,955,448
	2037	\$311,304	\$4,185,600	\$2,081,186	\$45,036,634
Maintain Viable Presence (5 Years)	2038	\$1,813,133	\$5,998,733	\$0	\$45,036,634
	2039	\$1,450,986	\$7,449,719	\$0	\$45,036,634
	2040	\$1,450,855	\$8,900,575	\$0	\$45,036,634
	2041	\$1,450,725	\$10,351,299	\$0	\$45,036,634
	2042	\$1,450,594	\$11,801,893	\$0	\$45,036,634
Additional Years as Required by 313.026(c)(1) (10 Years)	2043	\$1,450,463	\$13,252,356	\$0	\$45,036,634
	2044	\$1,450,332	\$14,702,688	\$0	\$45,036,634
	2045	\$1,450,201	\$16,152,890	\$0	\$45,036,634
	2046	\$1,450,071	\$17,602,960	\$0	\$45,036,634
	2047	\$1,449,940	\$19,052,900	\$0	\$45,036,634
	2048	\$1,449,809	\$20,502,709	\$0	\$45,036,634
	2049	\$1,449,678	\$21,952,387	\$0	\$45,036,634
	2050	\$1,449,547	\$23,401,935	\$0	\$45,036,634
	2051	\$1,449,417	\$24,851,351	\$0	\$45,036,634
	2052	\$1,449,286	\$26,300,637	\$0	\$45,036,634
		\$26,300,637	is less than	\$45,036,634	
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, Felix 2, LLC					

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2026	650	1,348	1998	\$26,000,000	\$126,000,000	\$152,000,000	11000000	-4000000	\$15,000,000
2027	650	2,498	3148	\$26,000,000	\$238,000,000	\$264,000,000	21000000	-5000000	\$26,000,000
2028	5	147	152	\$236,104	\$41,763,896	\$42,000,000	1000000	3000000	-\$2,000,000
2029	5	15	20	\$236,104	\$23,763,896	\$24,000,000	1000000	3000000	-\$2,000,000
2030	5	(68)	-63	\$236,104	\$10,763,896	\$11,000,000	1000000	3000000	-\$2,000,000
2031	5	(107)	-102	\$236,104	\$1,763,896	\$2,000,000	0	3000000	-\$3,000,000
2032	5	(110)	-105	\$236,104	-\$2,236,104	-\$2,000,000	0	3000000	-\$3,000,000
2033	5	(109)	-104	\$236,104	-\$5,236,104	-\$5,000,000	0	2000000	-\$2,000,000
2034	5	(97)	-92	\$236,104	-\$6,236,104	-\$6,000,000	0	2000000	-\$2,000,000
2035	5	(75)	-70	\$236,104	-\$6,236,104	-\$6,000,000	0	2000000	-\$2,000,000
2036	5	(60)	-55	\$236,104	-\$5,236,104	-\$5,000,000	0	1000000	-\$1,000,000
2037	5	(44)	-39	\$236,104	-\$4,236,104	-\$4,000,000	0	1000000	-\$1,000,000
2038	5	(36)	-31	\$236,104	-\$3,236,104	-\$3,000,000	0	1000000	-\$1,000,000
2039	5	(25)	-20	\$236,104	-\$2,236,104	-\$2,000,000	0	1000000	-\$1,000,000
2040	5	(17)	-12	\$236,104	-\$1,236,104	-\$1,000,000	0	1000000	-\$1,000,000
2041	5	(7)	-2	\$236,104	-\$236,104	\$0	0	0	\$0
2042	5	(5)	0	\$236,104	\$763,896	\$1,000,000	0	0	\$0
2043	5	(5)	0	\$236,104	\$1,763,896	\$2,000,000	0	0	\$0
2044	5	(3)	2	\$236,104	\$2,763,896	\$3,000,000	0	0	\$0
2045	5	1	6	\$236,104	\$2,763,896	\$3,000,000	0	0	\$0
2046	5	(5)	0	\$236,104	\$2,763,896	\$3,000,000	0	0	\$0
2047	5	3	8	\$236,104	\$4,763,896	\$5,000,000	0	0	\$0
2048	5	1	6	\$236,104	\$4,763,896	\$5,000,000	0	0	\$0
2049	5	(1)	4	\$236,104	\$3,763,896	\$4,000,000	0	0	\$0
2050	5	(5)	0	\$236,104	\$4,763,896	\$5,000,000	0	0	\$0
2051	5	(7)	-2	\$236,104	\$4,763,896	\$5,000,000	0	0	\$0
2052	5	(3)	2	\$236,104	\$4,763,896	\$5,000,000	0	-1000000	\$1,000,000
						Total	\$35,000,000	\$16,000,000	\$19,000,000
							\$45,300,637	is greater than	\$45,036,634
Analysis Summary									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?								Yes	

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Felix 2, 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 Felix 2, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Texas ranked 1st in net generation from wind energy. The state’s geographic position and containment of several large population centers has made Texas a favorable location for renewable energy development.”
 - B. “There are several factors that contribute to Texas favorability for development, one however that does not is the state’s notoriously high property tax burden—ranking in the top 10 across the United States.”
 - C. “An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Felix 2, LLC it is rather certain that the capital allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured namely locations where AES is currently active including California, Utah, and North Carolina. Thus, an appraised value limitation agreement between Felix 2, LLC and Seymour Independent District is the determining factor in the decision to locate this facility within the state of Texas.”

Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

Texas Comptroller of Public Accounts

Data Analy
Transparency
Form 50-296-A

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 September 1, 2022
 2. Estimated commencement of construction January 1, 2026
 3. Beginning of qualifying time period (MM/DD/YYYY) January 1, 2026
 4. First year of limitation (YYYY) January 1, 2028
- 4a. For the beginning of the limitation period, notate which **one of the following** will apply according to provision of 313.027(a-1)(2):
- ☐ A. January 1 following the application date ☐ B. January 1 following the end of QTP
- ☒ C. January 1 following the commencement of commercial operations
5. Commencement of commercial operations December 31, 2027

SECTION 10: The Property

1. County or counties in which the proposed project will be located Baylor County
2. Central Appraisal District (CAD) that will be responsible for appraising the property Baylor CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:

M&O (ISD): <u>Seymour, .872; 100%</u> <i>(Name, tax rate and percent of project)</i>	I&S (ISD): <u>Seymour, .08; 100%</u> <i>(Name, tax rate and percent of project)</i>
County: <u>Baylor, .56667; 100%</u> <i>(Name, tax rate and percent of project)</i>	City: <u>N/A</u> <i>(Name, tax rate and percent of project)</i>
Hospital District: <u>Baylor Co. Hosp. Dist., .21; 100%</u> <i>(Name, tax rate and percent of project)</i>	Water District: <u>Rolling Plains, .027; 100%</u> <i>(Name, tax rate and percent of project)</i>
Other (describe): <u>N/A</u> <i>(Name, tax rate and percent of project)</i>	Other (describe): <u>N/A</u> <i>(Name, tax rate and percent of project)</i>

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

Throughout the United States the production of renewable energy has been increasing as the cost of these systems has decreased and technological advancements have improved efficiency. In 2021, Texas ranked 1st in net generation from wind energy.¹ The state's geographic position and containment of several large population centers has made Texas a favorable location for renewable energy development.

Renewable energy developers face many challenges in the determination of project location—one of these factors being the selection of an area where the greatest return on investment can be achieved. There are several factors that contribute to Texas favorability for development, one however that does not is the state's notoriously high property tax burden—ranking in the top 10 across the United States.

An appraised value limitation on qualified property allows developers to significantly diminish the property tax liability that composes a substantial ongoing cost of operation that directly impacts the economic rate of return for the project. In the absence of an appraised value limitation, the development of renewable energy facilities becomes financially uncertain as the rate of return often fails to meet the minimum return required to proceed. In the event an appraised value limitation agreement is not received by Felix 2, LLC it is rather certain that the capital allotted for the development of this project will be reallocated for use in another state where either the property tax burden is lower or economic incentives can be secured namely locations where AES is currently active including California, Utah, and North Carolina. Thus, an appraised value limitation agreement between Felix 2, LLC and Seymour Independent District is the determining factor in the decision to locate this facility within the state of Texas.

¹ U.S. Energy Information Administration



Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Seymour ISD– Felix 2, LLC App. #1845

Comptroller Questions (via email on June 24, 2022):

1. Is there a connection between App 1762- Pecan Ridge Wind, LLC and App 1875- Felix 2, LLC. The reason I ask is that both Wind Projects are claiming the same project boundary. If there is no affiliation please provide a qualified property map in Tab 11 for App 1875. If there is an affiliation, the project boundaries will need to be altered so there is no overlap.

Applicant Response (via email on July 1, 2022):

1. There is no affiliation between the two projects.

Comptroller Questions (via email on August 30, 2022):

1. Is Felix 2, LLC known by any other names?
2. Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency.
3. Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and when was it assigned.

Applicant Response (via email on August 31, 2022):

1. No
2. None
3. No