



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 13, 2022

Rachel Kistner
Superintendent
Italy Independent School District
300 S. College
Italy, TX 76651

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations taxes by and between Italy Independent School District
and Oystercatcher Solar, LLC, Application 1896

Dear Superintendent Kistner:

On July 20, 2022, the Comptroller issued written notice that Oystercatcher Solar, LLC (applicant) submitted a completed application (Application 1896) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on May 17, 2022, to the Italy 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 B; 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 1896.

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 B.

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).

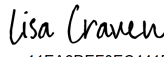
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed 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 20, 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 Oystercatcher Solar, LLC (project) applying to Italy 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 Oystercatcher Solar, LLC.

Applicant	Oystercatcher Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Solar
School District	Italy ISD
2020-2021 Average Daily Attendance	580
County	Ellis
Proposed Total Investment in District	\$208,900,000
Proposed Qualified Investment	\$208,900,000
Limitation Amount	\$40,000,000
Qualifying Time Period (Full Years)	2024-2025
Number of new qualifying jobs committed to by applicant	3*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,394
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$1,384
Minimum annual wage committed to by applicant for qualified jobs	\$72,500
Minimum weekly wage required for non-qualifying jobs	\$978
Minimum annual wage required for non-qualifying jobs	\$50,856
Investment per Qualifying Job	\$69,633,333
Estimated M&O levy without any limit (15 years)	\$12,847,151
Estimated M&O levy with Limitation (15 years)	\$5,850,549
Estimated gross M&O tax benefit (15 years)	\$6,996,602

* 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 Oystercatcher Solar, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2024	125	145	270	\$6,875,000	\$15,125,000	\$22,000,000
2025	275	321	596	\$15,125,000	\$36,875,000	\$52,000,000
2026	3	32	35	\$217,500	\$7,782,500	\$8,000,000
2027	3	18	21	\$217,500	\$4,782,500	\$5,000,000
2028	3	1	4	\$217,500	\$2,782,500	\$3,000,000
2029	3	(7)	-4	\$217,500	\$1,782,500	\$2,000,000
2030	3	(9)	-6	\$217,500	\$782,500	\$1,000,000
2031	3	(8)	-5	\$217,500	\$782,500	\$1,000,000
2032	3	(5)	-2	\$217,500	\$782,500	\$1,000,000
2033	3	(2)	1	\$217,500	\$782,500	\$1,000,000
2034	3	1	4	\$217,500	\$782,500	\$1,000,000
2035	3	4	7	\$217,500	\$782,500	\$1,000,000
2036	3	6	9	\$217,500	\$1,782,500	\$2,000,000
2037	3	7	10	\$217,500	\$1,782,500	\$2,000,000
2038	3	9	12	\$217,500	\$1,782,500	\$2,000,000
2039	3	9	12	\$217,500	\$1,782,500	\$2,000,000
2040	3	9	12	\$217,500	\$1,782,500	\$2,000,000

Source: CPA REMI, Oystercatcher 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		Italy ISD I&S Tax Levy	Italy ISD M&O Tax Levy	Italy ISD M&O and I&S Tax Levies	Ellis County Tax Levy	EC ESD #3 Tax Levy	Ellis County Lateral Road Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3267	0.9603		0.3107	0.0917	0.0286	
2026	\$192,204,000	\$192,204,000		\$627,930	\$1,845,735	\$2,473,665	\$597,193	\$176,161	\$55,028	\$3,302,047
2027	\$175,498,000	\$175,498,000		\$573,352	\$1,685,307	\$2,258,659	\$545,286	\$160,849	\$50,245	\$3,015,040
2028	\$158,792,500	\$158,792,500		\$518,775	\$1,524,884	\$2,043,659	\$493,381	\$145,538	\$45,462	\$2,728,041
2029	\$140,000,475	\$140,000,475		\$457,382	\$1,344,425	\$1,801,806	\$434,993	\$128,315	\$40,082	\$2,405,196
2030	\$121,208,901	\$121,208,901		\$395,989	\$1,163,969	\$1,559,959	\$376,606	\$111,092	\$34,702	\$2,082,358
2031	\$102,417,756	\$102,417,756		\$334,599	\$983,518	\$1,318,117	\$318,220	\$93,869	\$29,322	\$1,759,528
2032	\$81,540,018	\$81,540,018		\$266,391	\$783,029	\$1,049,420	\$253,351	\$74,734	\$23,345	\$1,400,850
2033	\$62,749,667	\$62,749,667		\$205,003	\$602,585	\$807,588	\$194,968	\$57,512	\$17,965	\$1,078,034
2034	\$50,220,684	\$50,220,684		\$164,071	\$482,269	\$646,340	\$156,040	\$46,029	\$14,378	\$862,787
2035	\$43,953,050	\$43,953,050		\$143,595	\$422,081	\$565,676	\$136,566	\$40,284	\$12,584	\$755,109
2036	\$41,859,747	\$41,859,747		\$136,756	\$401,979	\$538,735	\$130,062	\$38,366	\$11,984	\$719,147
2037	\$41,853,760	\$41,853,760		\$136,736	\$401,922	\$538,658	\$130,043	\$38,360	\$11,983	\$719,044
2038	\$41,848,072	\$41,848,072		\$136,718	\$401,867	\$538,585	\$130,025	\$38,355	\$11,981	\$718,946
2039	\$41,842,668	\$41,842,668		\$136,700	\$401,815	\$538,515	\$130,009	\$38,350	\$11,980	\$718,853
2040	\$41,837,535	\$41,837,535		\$136,683	\$401,766	\$538,449	\$129,993	\$38,345	\$11,978	\$718,765
			Total	\$4,370,680	\$12,847,151	\$17,217,831	\$4,156,735	\$1,226,158	\$383,020	\$22,983,745

Source: CPA, Oystercatcher Solar, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Ellis 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		Italy ISD I&S Tax Levy	Italy ISD M&O Tax Levy	Italy ISD M&O and I&S Tax Levies	Ellis County Tax Levy	EC ESD #3 Tax Levy	Ellis County Lateral Road Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.3267	0.9603		0.3107	0.0917	0.0286	
2026	\$192,204,000	\$40,000,000		\$627,930	\$384,120	\$1,012,050	\$597,193	\$176,161	\$55,028	\$1,840,432
2027	\$175,498,000	\$40,000,000		\$573,352	\$384,120	\$957,472	\$545,286	\$160,849	\$50,245	\$1,713,853
2028	\$158,792,500	\$40,000,000		\$518,775	\$384,120	\$902,895	\$493,381	\$145,538	\$45,462	\$1,587,276
2029	\$140,000,475	\$40,000,000		\$457,382	\$384,120	\$841,502	\$434,993	\$128,315	\$40,082	\$1,444,891
2030	\$121,208,901	\$40,000,000		\$395,989	\$384,120	\$780,109	\$376,606	\$111,092	\$34,702	\$1,302,509
2031	\$102,417,756	\$40,000,000		\$334,599	\$384,120	\$718,719	\$318,220	\$93,869	\$29,322	\$1,160,130
2032	\$81,540,018	\$40,000,000		\$266,391	\$384,120	\$650,511	\$253,351	\$74,734	\$23,345	\$1,001,941
2033	\$62,749,667	\$40,000,000		\$205,003	\$384,120	\$589,123	\$194,968	\$57,512	\$17,965	\$859,569
2034	\$50,220,684	\$40,000,000		\$164,071	\$384,120	\$548,191	\$156,040	\$46,029	\$14,378	\$764,638
2035	\$43,953,050	\$40,000,000		\$143,595	\$384,120	\$527,715	\$136,566	\$40,284	\$12,584	\$717,148
2036	\$41,859,747	\$41,859,747		\$136,756	\$401,979	\$538,735	\$130,062	\$38,366	\$11,984	\$719,147
2037	\$41,853,760	\$41,853,760		\$136,736	\$401,922	\$538,658	\$130,043	\$38,360	\$11,983	\$719,044
2038	\$41,848,072	\$41,848,072		\$136,718	\$401,867	\$538,585	\$130,025	\$38,355	\$11,981	\$718,946
2039	\$41,842,668	\$41,842,668		\$136,700	\$401,815	\$538,515	\$130,009	\$38,350	\$11,980	\$718,853
2040	\$41,837,535	\$41,837,535		\$136,683	\$401,766	\$538,449	\$129,993	\$38,345	\$11,978	\$718,765
			Total	\$4,370,680	\$5,850,549	\$10,221,229	\$4,156,735	\$1,226,158	\$383,020	\$15,987,142
			Diff	\$0	\$6,996,602	\$6,996,602	\$0	\$0	\$0	\$6,996,602
Assumes School Value Limitation.										

Source: CPA, Oystercatcher 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 Oystercatcher 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 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	2023	\$0	\$0	\$0	\$0
	2024	\$0	\$0	\$0	\$0
	2025	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2026	\$384,120	\$384,120	\$1,461,615	\$1,461,615
	2027	\$384,120	\$768,240	\$1,301,187	\$2,762,802
	2028	\$384,120	\$1,152,360	\$1,140,764	\$3,903,567
	2029	\$384,120	\$1,536,480	\$960,305	\$4,863,871
	2030	\$384,120	\$1,920,600	\$779,849	\$5,643,720
	2031	\$384,120	\$2,304,720	\$599,398	\$6,243,118
	2032	\$384,120	\$2,688,840	\$398,909	\$6,642,027
	2033	\$384,120	\$3,072,960	\$218,465	\$6,860,492
	2034	\$384,120	\$3,457,080	\$98,149	\$6,958,641
	2035	\$384,120	\$3,841,200	\$37,961	\$6,996,602
Maintain Viable Presence (5 Years)	2036	\$401,979	\$4,243,179	\$0	\$6,996,602
	2037	\$401,922	\$4,645,101	\$0	\$6,996,602
	2038	\$401,867	\$5,046,968	\$0	\$6,996,602
	2039	\$401,815	\$5,448,783	\$0	\$6,996,602
	2040	\$401,766	\$5,850,549	\$0	\$6,996,602
Additional Years as Required by 313.026(c)(1) (10 Years)	2041	\$401,719	\$6,252,268	\$0	\$6,996,602
	2042	\$401,675	\$6,653,942	\$0	\$6,996,602
	2043	\$401,632	\$7,055,575	\$0	\$6,996,602
	2044	\$401,592	\$7,457,167	\$0	\$6,996,602
	2045	\$401,554	\$7,858,721	\$0	\$6,996,602
	2046	\$401,518	\$8,260,238	\$0	\$6,996,602
	2047	\$401,483	\$8,661,722	\$0	\$6,996,602
	2048	\$401,451	\$9,063,172	\$0	\$6,996,602
	2049	\$401,420	\$9,464,592	\$0	\$6,996,602
	2050	\$401,390	\$9,865,982	\$0	\$6,996,602
		\$9,865,982	is greater than	\$6,996,602	
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

Source: CPA, Oystercatcher Solar, LLC

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 Oystercatcher 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:

- This project was originally submitted to the Comptroller by Oystercatcher Solar, LLC on December 21, 2020 and assigned application number 1549. The certification letter was issued April 21, 2021. The agreement was executed on August 23, 2021. On May 9, 2022, the Comptroller’s office received notice regarding the termination of Agreement stating, “Oystercatcher has filed an application for consideration by Italy ISD of a new value limitation agreement. The new application better reflects the expected timeline for construction, given uncertainties in the supply chain for key materials. It is our understanding that we must terminate the existing Agreement for Limitation of Appraised Value between Oystercatcher Solar, LLC and Italy ISD, Oystercatcher (the “Agreement”) prior to the Board considering a new one.”
- Per Oystercatcher Solar, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The applicant is evaluating other renewable energy locations, projects in development, and other investments, such as real estate and biotech for capital deployment. Oystercatcher's sponsor holds a diversified portfolio of investments in excess of \$500MM, in which the proposed 220MW solar farm is just one alternative. The expected economic return for the project is measured and evaluated against returns of other solar projects, renewable generation projects, and other investments with a similar risk profile both in Texas and other regions of the country.”
 - B. “An important driver of economic returns for the project and key determinant of project viability of the Oystercatcher solar farm is its ability to obtain state and local incentives. Many of the competing investment alternatives offer tax incentives or lower property taxes, making them highly attractive for capital deployment.”
 - C. “As part of the initial project development process, Oystercatcher has entered into an interconnection agreement with Oncor. This agreement does not bind Oystercatcher to completing the proposed project if it is uneconomical to do so.”

D. "We believe that the Oystercatcher project offers Ellis County, Italy ISD, and the local community at large significant economic development benefits even with the proposed tax incentives. Without a value limitation on qualified property, the economics of the project become far less attractive than alternative investment opportunities in and out of Texas and the likelihood of completing the project and selling the electricity at competitive prices becomes unlikely. If Oystercatcher Solar, LLC, is not able to obtain a value limitation agreement, the project will most likely be terminated and those resources allocated to projects with more favorable economics."

- Comptroller questions and applicant responses (via email on July 11, 2022):

Is this project known by any other name? the project has not been known by any other name

Has this project applied to ERCOT at this time? If so, please provide the project IGNR number. The ERCOT IGNR number is 21INR0362

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**

Texas Comptroller of Public Accounts

Data Analysis and
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 Q4 2022
 2. Estimated commencement of construction Q4 2023
 3. Beginning of qualifying time period (MM/DD/YYYY) 01/02/2023
 4. First year of limitation (YYYY) 2026
- 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 Q2 2025

SECTION 10: The Property

1. County or counties in which the proposed project will be located Ellis County, TX
2. Central Appraisal District (CAD) that will be responsible for appraising the property Ellis County Appraisal District
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>Italy ISD, 0.96030, 100%</u> <small>(Name, tax rate and percent of project)</small>	I&S (ISD): <u>Italy ISD, 0.32670, 100%</u> <small>(Name, tax rate and percent of project)</small>
County: <u>Ellis County, 0.310708, 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>EC ESD #3 (Italy), 0.091653, 100%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Ellis County Lateral Road, 0.028630, 100%</u> <small>(Name, tax rate and percent of project)</small>

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

CHECKLIST ITEM #5

Documentation to assist in determining if limitation is a determining factor

Section 7, 8, & 10: Is the applicant evaluating other locations not in Texas for the proposed project?

The applicant is evaluating other renewable energy locations, projects in development, and other investments, such as real estate and biotech for capital deployment. Oystercatcher's sponsor holds a diversified portfolio of investments in excess of \$500MM, in which the proposed 220MW solar farm is just one alternative. The Oystercatcher development team has over 30 years of experience in renewable energy and alternative asset investing. The expected economic return for the project is measured and evaluated against returns of other solar projects, renewable generation projects, and other investments with a similar risk profile both in Texas and other regions of the country.

Renewable energy is a highly competitive investment sector with property taxes representing a significant portion of the operating budget of solar farms. An important driver of economic returns for the project and key determinant of project viability of the Oystercatcher solar farm is its ability to obtain state and local incentives. Many of the competing investment alternatives offer tax incentives or lower property taxes, making them highly attractive for capital deployment.

As part of the initial project development process, Oystercatcher has entered into an interconnection agreement with Oncor. This agreement does not bind Oystercatcher to completing the proposed project if it is uneconomical to do so.

We believe that the Oystercatcher project offers Ellis County, Italy ISD, and the local community at large significant economic development benefits even with the proposed tax incentives. Without a value limitation on qualified property, the economics of the project become far less attractive than alternative investment opportunities in and out of Texas and the likelihood of completing the project and selling the electricity at competitive prices becomes unlikely. If Oystercatcher Solar, LLC, is not able to obtain a value limitation agreement, the project will most likely be terminated and those resources allocated to projects with more favorable economics.