GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 29, 2016

Ronnie Golson
Superintendent
McCamey Independent School District
100 E. 11th Street
McCamey, Texas 79752

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between McCamey Independent School District and Morada del Sol, LLC, Application 1151

Dear Superintendent Golson:

On October 31, 2016, the Comptroller issued written notice that Morada del Sol, LLC (applicant) submitted a completed application (Application 1151) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on August 30, 2016, to the McCamey 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.
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 1151.

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.

[1] All statutory references are to the Texas Tax Code, unless otherwise noted.

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 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, 2016.

Note that any building or improvement existing as of the application review start date of October 31, 2016, 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,

Mike Reissig
Deputy Comptroller
Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Morada del Sol, LLC (project) applying to McCamey 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 Morada del Sol, LLC.

Applicant	Morada del Sol, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	McCamey ISD
2015-2016 Average Daily Attendance	516
County	Upton
Proposed Total Investment in District	$206,691,000
Proposed Qualified Investment	$205,000,000
Limitation Amount	$25,000,000
Qualifying Time Period (Full Years)	2017-2018
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	$1,108
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,108
Minimum annual wage committed to by applicant for qualified jobs	$57,620.20
Minimum weekly wage required for non-qualifying jobs	$1,307
Minimum annual wage required for non-qualifying jobs	$67,952
Investment per Qualifying Job	$103,345,500
Estimated M&O levy without any limit (15 years)	$14,924,149
Estimated M&O levy with Limitation (15 years)	$4,695,360
Estimated gross M&O tax benefit (15 years)	$10,228,790
** 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 Morada del Sol, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	402	342	744	$15,875,240	$28,802,494	$44,677,734
2019	2	23	25.391	$115,240	$5,011,713	$5,126,953
2020	2	6	8	$115,240	$3,424,799	$3,540,039
2021	2	(2)	0	$115,240	$2,082,025	$2,197,266
2022	2	(8)	-6	$115,240	$983,392	$1,098,633
2023	2	(8)	-6	$115,240	$373,041	$488,281
2024	2	(10)	-8	$115,240	$128,900	$244,141
2025	2	(6)	-4	$115,240	$6,830	$122,070
2026	2	(8)	-6	$115,240	-$115,240	$0
2027	2	(6)	-4	$115,240	-$359,381	-$244,141
2028	2	(2)	0	$115,240	-$359,381	-$244,141
2029	2	(8)	-6	$115,240	-$115,240	$0
2030	2	(8)	-6	$115,240	-$603,522	-$488,281
2031	2	(4)	-2	$115,240	-$359,381	-$244,141
2032	2	(2)	0	$115,240	-$359,381	-$244,141
2033	2	(2)	0	$115,240	-$359,381	-$244,141

Source: CPA REMI, Morada del Sol, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital District Tax Levy	Upton County Emergency Services District #2 Tax Levy	Upton County Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2980	1.0400		0.3522	0.6129	0.0600	0.0040	
2019	$198,856,000	$198,856,000		$592,591	$2,068,102	$2,660,693	$700,371	$1,218,788	$119,314	$7,954	$4,707,120
2020	$182,960,520	$182,960,520		$545,222	$1,902,789	$2,448,012	$644,387	$1,121,365	$109,776	$7,318	$4,330,858
2021	$167,065,085	$167,065,085		$497,854	$1,737,477	$2,235,331	$588,403	$1,023,942	$100,239	$6,683	$3,954,598
2022	$149,183,134	$149,183,134		$444,566	$1,551,505	$1,996,070	$525,423	$914,343	$89,510	$5,967	$3,531,314
2023	$131,301,227	$131,301,227		$391,278	$1,365,533	$1,756,810	$462,443	$804,745	$78,781	$5,252	$3,108,031
2024	$113,419,363	$113,419,363		$337,990	$1,179,561	$1,517,551	$399,463	$695,147	$68,052	$4,537	$2,684,750
2025	$93,550,982	$93,550,982		$278,782	$972,930	$1,251,712	$329,487	$573,374	$56,131	$3,742	$2,214,445
2026	$75,669,202	$75,669,202		$225,494	$786,960	$1,012,454	$266,507	$463,777	$45,402	$3,027	$1,791,166
2027	$63,747,143	$63,747,143		$189,966	$662,970	$852,937	$224,517	$390,706	$38,248	$2,550	$1,508,959
2028	$57,784,805	$57,784,805		$172,199	$600,962	$773,161	$203,518	$354,163	$34,671	$2,311	$1,367,824
2029	$41,889,706	$41,889,706		$124,831	$435,653	$560,484	$147,536	$256,742	$25,134	$1,676	$991,571
2030	$39,900,567	$39,900,567		$118,904	$414,966	$533,870	$140,530	$244,551	$23,940	$1,596	$944,486
2031	$39,898,026	$39,898,026		$118,896	$414,939	$533,836	$140,521	$244,535	$23,939	$1,596	$944,426
2032	$39,895,524	$39,895,524		$118,889	$414,913	$533,802	$140,512	$244,520	$23,937	$1,596	$944,367
2033	$39,893,059	$39,893,059		$118,881	$414,888	$533,769	$140,503	$244,505	$23,936	$1,596	$944,309
			Total	$4,276,343	$14,924,149	$19,200,492	$5,054,121	$8,795,203	$861,009	$57,401	$33,968,225

Source: CPA, Morada del Sol, LLC

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Upton 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 Upton County, McCamey Hospital District and Upton County Emergency Services District #2.

The difference noted in the last line is the difference between the totals in 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		McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital District Tax Levy	Upton County Emergency Services District #2 Tax Levy	Upton County Water District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2980	1.0400		0.3522	0.6129	0.0600	0.0040	
2019	$198,856,000	$25,000,000		$592,591	$260,000	$852,591	$70,037	$0	$59,657	$7,954	$990,239
2020	$182,960,520	$25,000,000		$545,222	$260,000	$805,222	$64,439	$0	$54,888	$7,318	$931,868
2021	$167,065,085	$25,000,000		$497,854	$260,000	$757,854	$58,840	$0	$50,120	$6,683	$873,496
2022	$149,183,134	$25,000,000		$444,566	$260,000	$704,566	$52,542	$0	$44,755	$5,967	$807,830
2023	$131,301,227	$25,000,000		$391,278	$260,000	$651,278	$46,244	$0	$39,390	$5,252	$742,164
2024	$113,419,363	$25,000,000		$337,990	$260,000	$597,990	$59,919	$69,515	$68,052	$4,537	$800,012
2025	$93,550,982	$25,000,000		$278,782	$260,000	$538,782	$49,423	$57,337	$56,131	$3,742	$705,415
2026	$75,669,202	$25,000,000		$225,494	$260,000	$485,494	$39,976	$46,378	$45,402	$3,027	$620,276
2027	$63,747,143	$25,000,000		$189,966	$260,000	$449,966	$33,678	$39,071	$38,248	$2,550	$563,513
2028	$57,784,805	$25,000,000		$172,199	$260,000	$432,199	$30,528	$35,416	$34,671	$2,311	$535,125
2029	$41,889,706	$41,889,706		$124,831	$435,653	$560,484	$147,536	$256,742	$25,134	$1,676	$991,571
2030	$39,900,567	$39,900,567		$118,904	$414,966	$533,870	$140,530	$244,551	$23,940	$1,596	$944,486
2031	$39,898,026	$39,898,026		$118,896	$414,939	$533,836	$140,521	$244,535	$23,939	$1,596	$944,426
2032	$39,895,524	$39,895,524		$118,889	$414,913	$533,802	$140,512	$244,520	$23,937	$1,596	$944,367
2033	$39,893,059	$39,893,059		$118,881	$414,888	$533,769	$140,503	$244,505	$23,936	$1,596	$944,309
			Total	$4,276,343	$4,695,360	$8,971,702	$1,215,228	$1,482,569	$612,199	$57,401	$12,339,098
			Diff	$0	$10,228,790	$10,228,790	$3,838,892	$7,312,634	$248,810	$0	$21,629,126
Assumes School Value Limitation and Tax Abatements with the County.											

Source: CPA, Morada del Sol, LLC

[1]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 Morada del Sol, 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	2016	$0	$0	$0	$0
	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
Limitation Period (10 Years)	2019	$260,000	$260,000	$1,808,102	$1,808,102
	2020	$260,000	$520,000	$1,642,789	$3,450,892
	2021	$260,000	$780,000	$1,477,477	$4,928,369
	2022	$260,000	$1,040,000	$1,291,505	$6,219,873
	2023	$260,000	$1,300,000	$1,105,533	$7,325,406
	2024	$260,000	$1,560,000	$919,561	$8,244,967
	2025	$260,000	$1,820,000	$712,930	$8,957,898
	2026	$260,000	$2,080,000	$526,960	$9,484,857
	2027	$260,000	$2,340,000	$402,970	$9,887,828
	2028	$260,000	$2,600,000	$340,962	$10,228,790
Maintain Viable Presence (5 Years)	2029	$435,653	$3,035,653	$0	$10,228,790
	2030	$414,966	$3,450,619	$0	$10,228,790
	2031	$414,939	$3,865,558	$0	$10,228,790
	2032	$414,913	$4,280,472	$0	$10,228,790
	2033	$414,888	$4,695,360	$0	$10,228,790
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	$414,863	$5,110,222	$0	$10,228,790
	2035	$414,838	$5,525,060	$0	$10,228,790
	2036	$414,813	$5,939,873	$0	$10,228,790
	2037	$414,789	$6,354,662	$0	$10,228,790
	2038	$414,765	$6,769,427	$0	$10,228,790
	2039	$414,742	$7,184,169	$0	$10,228,790
	2040	$414,719	$7,598,888	$0	$10,228,790
	2041	$414,696	$8,013,584	$0	$10,228,790
	2042	$414,674	$8,428,258	$0	$10,228,790
	2043	$414,652	$8,842,910	$0	$10,228,790

$8,842,910 is less than **$10,228,790**

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, Morada del Sol, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	402	342	744	$15,875,240	$28,802,494	$44,677,734	2388000.5	-1350402.8	$3,738,403
2019	2	23	25.391	$115,240	$5,011,713	$5,126,953	236511.2	541687	-$305,176
2020	2	6	8	$115,240	$3,424,799	$3,540,039	183105.5	511169.4	-$328,064
2021	2	(2)	0	$115,240	$2,082,025	$2,197,266	114440.9	450134.3	-$335,693
2022	2	(8)	-6	$115,240	$983,392	$1,098,633	76293.9	389099.1	-$312,805
2023	2	(8)	-6	$115,240	$373,041	$488,281	45776.4	312805.2	-$267,029
2024	2	(10)	-8	$115,240	$128,900	$244,141	53405.8	267028.8	-$213,623
2025	2	(6)	-4	$115,240	$6,830	$122,070	38147	205993.7	-$167,847
2026	2	(8)	-6	$115,240	-$115,240	$0	30517.6	129699.7	-$99,182
2027	2	(6)	-4	$115,240	-$359,381	-$244,141	22888.2	53405.8	-$30,518
2028	2	(2)	0	$115,240	-$359,381	-$244,141	22888.2	0	$22,888
2029	2	(8)	-6	$115,240	-$115,240	$0	22888.2	-22888.2	$45,776
2030	2	(8)	-6	$115,240	-$603,522	-$488,281	7629.4	-53405.8	$61,035
2031	2	(4)	-2	$115,240	-$359,381	-$244,141	22888.2	-106811.5	$129,700
2032	2	(2)	0	$115,240	-$359,381	-$244,141	30517.6	-106811.5	$137,329
2033	2	(2)	0	$115,240	-$359,381	-$244,141	7629.4	-175476.1	$183,106
2034	2	(8)	-6	$115,240	-$603,522	-$488,281	-22888.2	-175476.1	$152,588
2035	2	(6)	-4	$115,240	-$847,662	-$732,422	-45776.4	-236511.2	$190,735
2036	2	(6)	-4	$115,240	-$1,091,803	-$976,563	-61035.2	-305175.8	$244,141
2037	2	(4)	-2	$115,240	-$1,091,803	-$976,563	-68664.6	-335693.4	$267,029
2038	2	(12)	-10	$115,240	-$2,068,365	-$1,953,125	-76293.9	-358581.5	$282,288
2039	2	(8)	-6	$115,240	-$1,091,803	-$976,563	-45776.4	-404357.9	$358,582
2040	2	(10)	-8	$115,240	-$2,556,647	-$2,441,406	-122070.3	-457763.7	$335,693
2041	2	(10)	-8	$115,240	-$2,312,506	-$2,197,266	-137329.1	-495910.6	$358,582
2042	2	(10)	-8	$115,240	-$1,824,225	-$1,708,984	-61035.2	-503540	$442,505
2043	2	(12)	-10	$115,240	-$2,068,365	-$1,953,125	-45776.4	-534057.6	$488,281
2044	2	(14)	-12	$115,240	-$2,068,365	-$1,953,125	-61035.2	-526428.2	$465,393
2045	2	(12)	-10	$115,240	-$3,044,928	-$2,929,688	-91552.7	-587463.4	$495,911
						Total	**$2,464,294**	**-$3,875,732**	**$6,340,027**
							$15,182,937	**is greater than**	**$10,228,794**

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

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 Morada del Sol 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 Morada del Sol, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "First Solar Development, LLC ("First Solar"), the parent of Morada del Sol, LLC, is a national solar developer with project opportunities across the United States, including California, Arizona, Georgia and elsewhere. The ability to enter into a value limitation agreement with McCamey ISD is a determining factor for constructing the project in Upton County, Texas, as opposed to building and investing in another county, state or region. First Solar is considering investing in Louisiana, Alabama, Georgia, Florida, North Carolina, Virginia, California, Arizona, New Mexico, and Colorado."
  B. "First Solar is actively developing and constructing other projects throughout the US and internationally through its affiliates. The applicant requires this value limitation agreement in order to move forward with constructing this project in Texas."
  C. "Specifically, 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 McCamey 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. We want to avoid a situation where the applicant would be forced to have its development capital and prospective investment funds spent in other states where the rate of return is higher on a project basis."
  D. "However, the proposed site in Upton County is a desirable business location and can provide electricity at a price that is competitive with other projects in Upton County and elsewhere in Texas, assuming that the expected tax incentives, including a value limitation agreement, are obtained. Electric utilities and other wholesale electricity buyers are focused on providing lowcost energy to their customers, and contracting for the sale of solar electricity is highly

competitive. Receiving a value limitation agreement from McCamey ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Upton County."

- According to Firstsolar.com Annual Report dated February 24, 2016, "We continually seek to make additions to our advanced-stage project pipeline. New addition includes project East Pecos Solar, Texas with a project size of 119 MW AC."

Supporting Information

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

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☑ Yes ☐ No
2. The property will be used for one of the following activities:
   - (1) manufacturing ☐ Yes ☑ No
   - (2) research and development ☐ Yes ☑ No
   - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No
   - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☑ No
   - (5) renewable energy electric generation ☑ Yes ☐ No
   - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☑ No
   - (7) nuclear electric power generation ☐ Yes ☑ No
   - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No
   - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☑ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
   - ☑ Land has no existing improvements *
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

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.

* There are no solar energy related improvements on the land

Supporting Information

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

TAB 5

<u>Documentation to assist in determining if limitation is a determining factor.</u>

First Solar Development, LLC ("First Solar"), the parent of Morada del Sol, LLC, is a national solar developer with project opportunities across the United States, including California, Arizona, Georgia and elsewhere. The ability to enter into a value limitation agreement with McCamey ISD is a determining factor for constructing the project in Upton County, Texas, as opposed to building and investing in another county, state or region. First Solar is considering investing in Louisiana, Alabama, Georgia, Florida, North Carolina, Virginia, California, Arizona, New Mexico, and Colorado.

First Solar is actively developing and constructing other projects throughout the US and internationally through its affiliates. The applicant requires this value limitation agreement in order to move forward with constructing this project in Texas. Specifically, 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 McCamey 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. We want to avoid a situation where the applicant would be forced to have its development capital and prospective investment funds spent in other states where the rate of return is higher on a project basis.

However, the proposed site in Upton County is a desirable business location and can provide electricity at a price that is competitive with other projects in Upton County and elsewhere in Texas, assuming that the expected tax incentives, including a value limitation agreement, are obtained. 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 McCamey ISD is vital to ensuring the economics justify building the project and placing it into commercial operation in Upton County.

About First Solar

Through its affiliates, First Solar is the leading global provider of comprehensive photovoltaic (PV) solar energy solutions. With vertically integrated capabilities improving every aspect of the solar value chain, the company delivers power plant solutions that maximize value and mitigate risk for customers worldwide.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

Construction of Some of the World's Largest PV Solar Power Systems

We continue to execute on our advanced-stage utility-scale project pipeline and expect a substantial portion of our consolidated net sales, operating income, and cash flows through 2016 to be derived from several large projects in this pipeline, including the following contracted projects which will be among the world's largest PV solar power systems: the 300 MW Desert Stateline project, located in San Bernardino County, California; the 250 MW McCoy Solar Energy Project, located in Riverside County, California; the 250 MW Silver State South project, located in Clark County, Nevada; the 175 MW Astoria Project, located in Kern County, California; and the 150 MW Imperial Solar Energy Center West project, located in Imperial County, California. Our advanced stage utility-scale project pipeline also includes the following projects which are not yet sold or contracted: the 280 MW California Flats project, located in Monterey County, California; the 250 MW Moapa project, located in Clark County, Nevada; the 150 MW Rosamond project located in Kern County, California; the 150 MW Sun Streams project, located in Maricopa County, Arizona; and the 141 MW Luz del Norte project located near Copiapó, Chile. Please see the tables under "Management's Discussion and Analysis of Financial Condition and Results of Operations –`Systems Project Pipeline" for additional information about these and other projects within our systems business advanced-stage project pipeline. The construction progress of these projects is subject to risks and delays as described in Item 1A: "Risk Factors," and elsewhere in this Annual Report on Form 10-K. Revenue recognition for these and other system projects is in many cases not linear in nature due to the timing of when all revenue recognition criteria are met, and consequently, period-over-period comparisons of results of operations may not be meaningful. Expected revenue from projects without a PPA, for which electricity will be sold on an open contract basis, may be subject to greater variability and uncertainty based on market factors compared to projects with a PPA.

Systems Project Pipeline

The following tables summarize, as of February 23, 2016 , our approximately 3.8 GW systems business advanced-stage project pipeline. As of December 31, 2015 , for the Projects Sold/Under Contract in our advanced-stage project pipeline of approximately 1.6 GW , we have recognized revenue with respect to the equivalent of approximately 0.9 GW . Such MW equivalent amount refers to the ratio of revenue recognized for the Projects Sold/Under Contract compared to the total contracted revenue for such projects, multiplied by the total MW for such projects. The remaining revenue to be recognized subsequent to December 31, 2015 for the Projects Sold/Under Contract is expected to be approximately $1.7 billion . The majority of such amount is expected to be recognized as revenue through the later of the substantial completion or closing dates of the projects. The remaining revenue to be recognized does not have a direct correlation to expected remaining module shipments for such Projects Sold/Under Contract as expected module shipments do not represent total systems revenues and do not consider the timing of when all revenue recognition criteria are met, including the timing of module installation. The actual volume of modules installed in our Projects Sold/Under Contract will be greater than the project size in MW AC as module volumes required for a project are based upon MW DC, which will be greater than the MW AC size pursuant to a DC-AC ratio typically ranging from 1.2 to 1.3 . Such ratio varies across different projects due to various system design factors. Projects are removed from our advanced-stage project pipeline tables below once we have substantially completed construction and after substantially all revenue has been recognized. Projects or portions of projects may also be removed from the tables below in the event an EPC-contracted or partner-developed project does not get permitting or financing or an unsold or uncontracted project does not get sold or contracted due to the changing economics of the project or other factors.

We continually seek to make additions to our advanced-stage project pipeline. We are actively developing our early to mid-stage project pipeline in order to secure PPAs and are also pursuing opportunities to acquire advanced-stage projects, which already have PPAs in place. New additions to our project pipeline during the period from February 25, 2015 to February 23, 2016 included 250 MW AC of solar power projects in California, 279 MW AC of solar power projects in Nevada, a 150 MW AC solar power project in Arizona, a 119 MW AC solar power project in Texas, a 103 MW AC solar power project in Georgia, 99 MW AC of solar power projects in Japan, 55 MW AC of solar power projects in India, a 26 MW AC solar power project in Honduras, and an 18 MW AC solar power project in Turkey.

Projects with Executed PPA Not Sold/Not Contracted

Project/Location	Fully Permitted	Project Size in MW AC (1)	PPA Contracted Partner	Expected or Actual Substantial Completion Year	Percentage Complete as of December 31, 2015
Tribal Solar	No	310	SCE	2019	1%
California Flats, California	No	280	PG&E/Apple Inc. (8)	2018	11%
Moapa, Nevada	Yes	250	LADWP	2016	71%
India (Multiple Locations)	No	190	TSSPDCL / APSPDCL (9)	2016	20%
Rosamond, California	Yes	150	SCE	2019	7%
Sun Streams, Arizona	Yes	150	SCE	2019	2%
Luz del Norte, Chile	Yes	141	(10)	2016	96%
East Pecos Solar, Texas	No	119	Austin Energy	2016	2%
Willow Springs, California	No	100	SCE	2019	15%
Sunshine Valley, Nevada	Yes	100	SCE	2019	1%
Switch Station 1, Nevada	No	100	Nevada Power Company	2017	9%
Switch Station 2, Nevada	No	79	Nevada Power Company / Sierra Pacific Power Company	2017	—%
Japan	Yes	59	(3)	2017/2018	4%
Miyagi, Japan	No	40	Tohoku Electric Power Company	2018	7%
Cuyama, California	Yes	40	PG&E	2017	22%
Kingbird, California	Yes	40	SCPPA / City of Pasadena (11)	2016	91%
Turkey (Multiple Locations)	No	31	(12)	2018	3%
Total		2,179			

(1) The volume of modules installed in MW DC will be higher than the MW AC size pursuant to a DC-AC ratio typically ranging from 1.2 to 1.3 ; such ratio varies across different projects due to various system design factors
(2) Controlling interest in the project sold to Southern Company in August 2015
(3) Contracted but not specified
(4) PPA contracted partners include Cobb Electric Membership Corporation, Flint Electric Membership Corporation, and Sawnee Electric Membership Corporation
(5) NEPCO is defined as National Electric Power Company, the country of Jordan's regulatory authority for power generation and distribution and a consortium of investors
(6) UOG is defined as Utility Owned Generation
(7) Project sold under a development agreement in February 2016
(8) PG&E 150 MW AC and Apple Inc. 130 MW AC
(9) TSSPDCL is defined as Southern Power Distribution Company of Telangana State Ltd and consists of 110 MW AC of projects; and APSPDCL is defined as Andhra Pradesh Southern Power Distribution Company Ltd and consists of 80 MW AC of projects
(10) No PPA – Electricity to be sold on an open contract basis
(11) SCPPA is defined as Southern California Public Power Authority; SCPPA 20 MW AC and City of Pasadena 20 MW AC
(12) Electricity expected to be sold under feed-in-tariff structure for ten years, pending acquisition of certain licenses
(13) PG&E 11 MW AC and SCE 20 MW AC