

Ector County Independent School District

Memorandum

TO: Board of Trustees

FROM: Tom Crowe, Superintendent of Schools

SUBJECT: DISCUSSION AND POSSIBLE ACTION TO: ACCEPT THE APPLICATION FOR OBERON SOLAR PROJECT FOR AN APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY; AUTHORIZE THE SUPERINTENDENT TO REVIEW THE APPLICATION FOR COMPLETENESS AND SUBMIT TO THE COMPTROLLER; AND AUTHORIZE THE SUPERINTENDENT TO ENTER INTO ANY AGREEMENT TO EXTEND THE DEADLINE FOR BOARD ACTION BEYOND 150 DAYS SUBJECT TO BOARD RATIFICATION

DATE: July 24, 2018

Oberon Solar Project will be submitting an application for an appraised value limitation on qualified property to the Ector County Independent School District ("ECISD") pursuant to Chapter 313 of the Texas Tax Code and District Policy CCG (Local). The Board action tonight does not obligate the Board to any further action on this project. The Board vote is simply to accept the application to gather more information to determine whether or not an agreement with Oberon is in the best interest of the District.

The Board vote also authorizes the Superintendent to extend time for Board consideration in order to ensure that no special Board meetings need to be called to address any pending matters related to this application.

The stated purpose of Chapter 313 is to encourage large-scale capital investments in the state, to create new, high paying jobs in the state, to attract new large-scale businesses to the state, to enable local government officials and economic development professionals to compete with other states, and to enhance the state's economic development efforts by providing school district with the option of granting property value limitations. The amount of the minimum property value limitation is determined by a district's demographics, which includes any finding by the Texas Comptroller that a county is located in a Strategic Investment Area ("SIA"). The Comptroller has determined that Ector County is a SIA. Therefore, under state law, the minimum investment that an applicant may make and qualify for the value limitation is \$30 million in a district with the tax base the size of ECISD's. The minimum value limitation that they District may approve is \$30 million.

Oberon Solar Project proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Ector County Independent School District.

A value limitation may be granted to company in good standing as a state franchise taxpayer that is engaged in manufacturing, research and development, or renewable energy production for property located in a properly designated reinvestment zone. This project is a qualifying activity.

The limit would apply for maintenance and operations (M&O) tax rates only. The full value of the property is taxed for debt services purposes throughout the Agreement. The value of the project, under the provisions of state law, will be taxed at a value of \$30 million during the 10 years that the value limit is in place.

FISCAL IMPLICATIONS:

Tax Limitation Request:	\$30,000,000 per application
Loss of Local Tax Rev:	Zero, with properly drafted agreements to protect revenue from state and local funds
Potential District Benefit:	To be negotiated with Company. The Legislature adopted new limits on the amount of payments in lieu of taxes that can be negotiated between the company and the school district.

It is recommended that the Board of Trustees accept the Application of Oberon Solar Project for an Appraised Value Limitation on Qualified Property; Authorize the Superintendent to review the Application for completeness and submit to the Comptroller; and Authorize the Superintendent to enter into any agreement to extend the deadline for Board Action beyond 150 days, subject to Board Ratification.

Respectfully submitted,

Tom Crowe
Superintendent of Schools

David Harwell
Chief Financial Officer