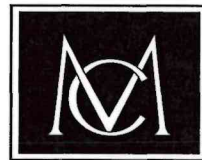


**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Stetson Renewables Holdings, LLC**

June 23, 2022



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**Summary of Nursery ISD Financial Impact
of the
Limited Appraised Value Application
from
Stetson Renewables Holdings, LLC**

Introduction

Stetson Renewables Holdings applied for a property value limitation from Nursery Independent School District under Chapter 313 of the Tax Code. The application was submitted on March 29, 2022 and subsequently approved for consideration by the Nursery ISD Board of Trustees. Stetson Renewables Holdings, LLC (“Stetson Renewables”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007 and additionally House Bill 3390 from the 83rd Legislative Session.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below:

Nursery ISD Financial Impact of Chapter 313 Agreement

The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company.

Years Prior to Start of Value Limitation Period:

The tax years prior to the start of the value limitation period are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2023 & 2024 are the years that are Prior to the Start of Value Limitation Period.

Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the Minimum Limitation Amount for the applicable school district as determined by the State Comptroller’s Office. Nursery ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$90 million but less than \$200 million. Thus, Nursery ISD has a Minimum Qualified Investment amount of \$20 million and a Minimum Limitation Amount of \$25 million. A qualifying entity’s taxable value would be reduced to \$25 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Nursery ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2025 and continue through tax year 2034.

Final Five Years of the Agreement – Continue to Maintain a Viable Presence:

Tax years 2035 through 2039 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

Nursery ISD Financial Impact of Chapter 313 Agreement

Taxable Value Projections from Application

The following data shows the projected taxable values that Stetson Renewables reported in the application to the District:

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value with Agreement
Each Year Prior to Start of Value Limitation Period	0	2023-2024	2023	\$0	\$0
	0	2024-2025	2024	\$25,000,000	\$25,000,000
Value Limitation Period	1	2025-2026	2025	\$200,000,000	\$25,000,000
	2	2026-2027	2026	\$450,000,000	\$25,000,000
	3	2027-2028	2027	\$373,567,450	\$25,000,000
	4	2028-2029	2028	\$337,591,250	\$25,000,000
	5	2029-2030	2029	\$298,618,283	\$25,000,000
	6	2030-2031	2030	\$260,394,508	\$25,000,000
	7	2031-2032	2031	\$222,170,733	\$25,000,000
	8	2032-2033	2032	\$183,946,958	\$25,000,000
	9	2033-2034	2033	\$145,723,183	\$25,000,000
	10	2034-2035	2034	\$107,499,408	\$25,000,000
Continue to Maintain Viable Presence	11	2035-2036	2035	\$90,253,000	\$90,253,000
	12	2036-2037	2036	\$90,238,000	\$90,238,000
	13	2037-2038	2037	\$90,223,000	\$90,223,000
	14	2038-2039	2038	\$90,208,000	\$90,208,000
	15	2039-2040	2039	\$90,193,000	\$90,193,000
Additional Years for 25 Year Economic Impact Study	16	2040-2041	2040	\$90,178,000	\$90,178,000
	17	2041-2042	2041	\$90,163,000	\$90,163,000
	18	2042-2043	2042	\$90,148,000	\$90,148,000
	19	2043-2044	2043	\$90,133,000	\$90,133,000
	20	2044-2045	2044	\$90,118,000	\$90,118,000
	21	2045-2046	2045	\$90,103,000	\$90,103,000
	22	2046-2047	2046	\$90,088,000	\$90,088,000
	23	2047-2048	2047	\$90,073,000	\$90,073,000
	24	2048-2049	2048	\$90,058,000	\$90,058,000
	25	2049-2050	2049	\$90,043,000	\$90,043,000

Nursery ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from Stetson Renewables” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2025 through 2034, the company’s taxable value will be limited to the \$25,000,000 Minimum Limitation Amount of Nursery ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Stetson Renewables	Minimum Limitation Amount	Abated Value	Taxable Value
Jan. 1, 2022	0	n/a	0	0
Jan. 1, 2023	0	n/a	0	0
Jan. 1, 2024	25,000,000	n/a	0	25,000,000
Jan. 1, 2025	200,000,000	(25,000,000)	175,000,000	25,000,000
Jan. 1, 2026	450,000,000	(25,000,000)	425,000,000	25,000,000
Jan. 1, 2027	373,567,450	(25,000,000)	348,567,450	25,000,000
Jan. 1, 2028	337,591,250	(25,000,000)	312,591,250	25,000,000
Jan. 1, 2029	298,618,283	(25,000,000)	273,618,283	25,000,000
Jan. 1, 2030	260,394,508	(25,000,000)	235,394,508	25,000,000
Jan. 1, 2031	222,170,733	(25,000,000)	197,170,733	25,000,000
Jan. 1, 2032	183,946,958	(25,000,000)	158,946,958	25,000,000
Jan. 1, 2033	145,723,183	(25,000,000)	120,723,183	25,000,000
Jan. 1, 2034	107,499,408	(25,000,000)	82,499,408	25,000,000
Jan. 1, 2035	90,253,000	n/a	0	90,253,000
Jan. 1, 2036	90,238,000	n/a	0	90,238,000
Jan. 1, 2037	90,223,000	n/a	0	90,223,000
Jan. 1, 2038	90,208,000	n/a	0	90,208,000
Jan. 1, 2039	90,193,000	n/a	0	90,193,000

Nursery ISD Financial Impact of Chapter 313 Agreement

Stetson Renewables's Tax Benefit from Agreement

The projected amount of the net tax savings for Stetson Renewables is \$17.04 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

Nursery ISD projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election and the study projects that it will maintain the maximum M&O tax rate allowable that doesn't require an additional voter election for the life of this agreement.
- The district current does have outstanding bonds that are scheduled to payoff in 2032, and currently have a .0953 I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	M&O Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2022-2023	0.9441	0.083	0	0	0	0
2023-2024	0.9398	0.080	0	0	0	0
2024-2025	0.9354	0.072	233,860	0	0	0
2025-2026	0.9311	0.046	1,862,284	1,629,499	(1,445,930)	183,569
2026-2027	0.9269	0.030	4,170,892	3,939,176	(2,114,377)	1,824,799
2027-2028	0.9226	0.033	3,446,564	3,215,912	(157,093)	3,058,819
2028-2029	0.9184	0.034	3,100,344	2,870,751	(139,485)	2,731,266
2029-2030	0.9142	0.036	2,729,840	2,501,300	(120,408)	2,380,892
2030-2031	0.9100	0.038	2,369,491	2,142,000	(101,699)	2,040,301
2031-2032	0.9058	0.041	2,012,394	1,785,948	(82,990)	1,702,958
2032-2033	0.9016	0.000	1,658,527	1,433,118	(64,282)	1,368,836
2033-2034	0.8975	0.000	1,307,864	1,083,489	(45,574)	1,037,915
2034-2035	0.8934	0.000	960,383	737,037	(26,867)	710,170
2035-2036	0.8893	0.000	802,612	0	0	0
2036-2037	0.8852	0.000	798,802	0	0	0
2037-2038	0.8812	0.000	795,011	0	0	0
2038-2039	0.8771	0.000	791,239	0	0	0
2039-2040	0.8731	0.000	787,486	0	0	0
Totals			27,827,592	21,338,231	(4,298,705)	17,039,526

Nursery ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Nursery ISD. First, a seventeen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a seventeen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a seventeen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas were used for state aid and recapture calculation purposes
 - Tier I - Basic Allotment of \$6,160 multiplied by the number of students in average daily attendance (ADA).
 - Level 1 of Tier II yield - \$98.56 - per weighted student in average daily attendance (WADA) per penny of tax effort
 - Level 2 of Tier II yield - \$49.28 – per WADA per penny of tax effort
- Use of current year property values for state funding calculations.
- Use of prior year property values for revenue protection payment calculations in accordance with Article IV of the Agreement.
- The district's tax rate for maintenance & operations (M&O) for 2021-2022 of \$.9483 is projected to decrease based on estimated local and statewide property tax growth. No future tax ratification elections are projected in the calculations.
- An annual taxable value increase of 2.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2021 taxable value was used as a baseline for all projections.
- The district's enrollment is projected to increase; therefore, the projected ADA and WADA for school year 21-22 was increased by 1.0% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the years of this proposed agreement. Also, Legislative changes to the school finance formulas are almost certain during the life of this agreement.

Nursery ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Stetson Renewables (Table III), the addition of Stetson Renewables taxable values without a Chapter 313 Agreement (Table IV), and the addition of Stetson Renewables taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Stetson Renewables:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State	State	Total State Revenue	Recapture Payment	Total District Revenue
			Revenue Tier I	Revenue Tier II			
2022-2023	277,539,261	2,587,843	63,450	0	63,450	(845,751)	1,805,542
2023-2024	283,090,047	2,627,271	57,200	0	57,200	(860,919)	1,823,552
2024-2025	288,751,847	2,666,965	64,350	0	64,350	(882,067)	1,849,248
2025-2026	294,526,884	2,707,493	57,200	0	57,200	(900,541)	1,864,152
2026-2027	300,417,422	2,748,878	57,521	0	57,521	(924,604)	1,881,795
2027-2028	306,425,771	2,790,542	59,600	0	59,600	(947,824)	1,902,318
2028-2029	312,554,286	2,833,089	67,500	0	67,500	(973,482)	1,927,107
2029-2030	318,805,372	2,876,228	60,000	0	60,000	(989,376)	1,946,852
2030-2031	325,181,479	2,919,968	67,500	0	67,500	(1,016,032)	1,971,436
2031-2032	331,685,109	2,964,316	51,130	0	51,130	(1,033,445)	1,982,001
2032-2033	338,318,811	3,009,277	70,200	0	70,200	(1,071,906)	2,007,571
2033-2034	345,085,187	3,055,197	63,200	0	63,200	(1,092,228)	2,026,169
2034-2035	351,986,891	3,101,758	71,100	0	71,100	(1,120,185)	2,052,673
2035-2036	359,026,629	3,148,967	63,200	0	63,200	(1,137,442)	2,074,725
2036-2037	366,207,161	3,196,832	57,521	0	57,521	(1,255,411)	1,998,942
2037-2038	373,531,304	3,245,727	62,400	0	62,400	(1,282,908)	2,025,219
2038-2039	381,001,931	3,294,933	71,100	0	71,100	(1,322,204)	2,043,829
2039-2040	388,621,969	3,345,197	63,200	0	63,200	(1,337,676)	2,070,721

Nursery ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues *with Stetson Renewables without Chpt. 313 Agreement:*

Fiscal Year	Total Taxable Value	Total M&O Taxes	State	State	Total State Revenue	Recapture Payment	Total District Revenue
			Revenue Tier I	Revenue Tier II			
2022-2023	277,539,261	2,587,843	63,450	0	63,450	(845,751)	1,805,542
2023-2024	283,090,047	2,627,271	57,200	0	57,200	(860,919)	1,823,552
2024-2025	313,751,847	2,703,965	64,350	0	64,350	(906,716)	1,861,599
2025-2026	494,526,884	4,105,484	57,200	0	57,200	(2,200,223)	1,962,461
2026-2027	750,417,422	6,191,553	57,521	0	57,521	(4,146,666)	2,102,408
2027-2028	679,993,221	5,612,373	59,600	0	59,600	(3,586,802)	2,085,171
2028-2029	650,145,536	5,366,901	67,500	0	67,500	(3,342,389)	2,092,012
2029-2030	617,423,655	5,097,791	60,000	0	60,000	(3,065,462)	2,092,329
2030-2031	585,575,987	4,835,871	67,500	0	67,500	(2,805,211)	2,098,160
2031-2032	553,855,842	4,574,999	51,130	0	51,130	(2,535,177)	2,090,952
2032-2033	522,265,769	4,315,197	70,200	0	70,200	(2,287,610)	2,097,787
2033-2034	490,808,370	4,056,487	63,200	0	63,200	(2,022,377)	2,097,310
2034-2035	459,486,299	3,798,889	71,100	0	71,100	(1,765,264)	2,104,725
2035-2036	449,279,629	3,714,948	63,200	0	63,200	(1,659,839)	2,118,309
2036-2037	456,445,161	3,773,878	57,521	0	57,521	(1,788,178)	2,043,221
2037-2038	463,754,304	3,833,990	62,400	0	62,400	(1,827,273)	2,069,117
2038-2039	471,209,931	3,895,306	71,100	0	71,100	(1,878,699)	2,087,707
2039-2040	478,814,969	3,957,851	63,200	0	63,200	(1,906,855)	2,114,196

TABLE V – District Revenues *with Stetson Renewables with Chapter 313 Agreement:*

Fiscal Year	Total Taxable Value	Total M&O Taxes	State	State	Total State Revenue	Recapture Payment	Payment	Total District Revenue
			Revenue Tier I	Revenue Tier II			for District Losses	
2022-2023	277,539,261	2,587,843	63,450	0	63,450	(845,751)	0	1,805,542
2023-2024	283,090,047	2,627,271	57,200	0	57,200	(860,919)	0	1,823,552
2024-2025	313,751,847	2,703,965	64,350	0	64,350	(906,716)	0	1,861,599
2025-2026	319,526,884	2,753,367	57,200	0	57,200	(934,068)	1,445,930	3,322,429
2026-2027	325,417,422	2,803,757	57,521	0	57,521	(967,167)	2,114,377	4,008,488
2027-2028	331,425,771	2,855,155	59,600	0	59,600	(1,000,428)	157,093	2,071,420
2028-2029	337,554,286	2,907,581	67,500	0	67,500	(1,036,285)	139,485	2,078,281
2029-2030	343,805,372	2,961,056	60,000	0	60,000	(1,062,845)	120,408	2,078,619
2030-2031	350,181,479	3,015,599	67,500	0	67,500	(1,100,329)	101,699	2,084,469
2031-2032	356,685,109	3,071,234	51,130	0	51,130	(1,128,072)	82,990	2,077,282
2032-2033	363,318,811	3,127,982	70,200	0	70,200	(1,178,324)	64,282	2,084,140
2033-2034	370,085,187	3,185,864	63,200	0	63,200	(1,210,954)	45,574	2,083,684
2034-2035	376,986,891	3,244,904	71,100	0	71,100	(1,251,750)	26,867	2,091,121
2035-2036	449,279,629	3,863,327	63,200	0	63,200	(1,808,264)	0	2,118,263
2036-2037	456,445,161	3,924,624	57,521	0	57,521	(1,938,970)	0	2,043,175
2037-2038	463,754,304	3,987,149	62,400	0	62,400	(1,980,478)	0	2,069,071
2038-2039	471,209,931	4,050,928	71,100	0	71,100	(2,034,367)	0	2,087,661
2039-2040	478,814,969	4,115,984	63,200	0	63,200	(2,065,034)	0	2,114,150

Nursery ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 3 of the 86th Legislative Session and became effective for the 2019-2020 school year. The primary intent of the new legislation is to reduce maintenance & operations "M&O" tax rate and cooperatively reduce district's recapture payments; thus, increasing the State's share of school district funding. The maximum M&O tax rate prior to the Legislative Session was \$1.17 and that rate was reduced to a maximum rate of \$1.06835 for the 2019-2020 school year. The maximum tax rate is expected to continue to be compressed lower when statewide property values increase at a rate greater than 2.5% per year or also when a school district's property values increase by more than 2.5%. However, a school district's M&O tax rate can't be reduced to a rate lower than 90% of the maximum allowable Tier I rate for the respective year.

Prior to the 86th Legislative Session and the passage of House Bill 3, school finance law required the use of a district's prior year property values for the calculation of property wealth. House Bill 3 changed school finance law and now requires a district's current year property values for the property wealth calculation; however, it also contains language for the calculation of revenue protection payments for Chapter 313 Agreements using prior year values in Section 48.256(d) as follows:

(d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year.

Nursery ISD Financial Impact of Chapter 313 Agreement

Supplemental Payments

Assuming that the District and Stetson Renewables mutually agree in the LAVA that the greater of \$100 per student in average daily attendance (ADA) or \$50,000, the projected amount of these payments over the life of the agreement is \$750,000 of the \$17.04 million net tax savings amount. This amount will be computed annually according to Section VI of the Agreement.

TABLE VI - Calculation of the Supplemental Payments:

Fiscal Year	Net Tax Savings	Nursery ISD Supplemental	Stetson Renewables Share
2022-2023	0	0	0
2023-2024	0	50,000	(50,000)
2024-2025	0	50,000	(50,000)
2025-2026	183,569	50,000	133,569
2026-2027	1,824,799	50,000	1,774,799
2027-2028	3,058,819	50,000	3,008,819
2028-2029	2,731,266	50,000	2,681,266
2029-2030	2,380,892	50,000	2,330,892
2030-2031	2,040,301	50,000	1,990,301
2031-2032	1,702,958	50,000	1,652,958
2032-2033	1,368,836	50,000	1,318,836
2033-2034	1,037,915	50,000	987,915
2034-2035	710,170	50,000	660,170
2035-2036	0	50,000	(50,000)
2036-2037	0	50,000	(50,000)
2037-2038	0	50,000	(50,000)
2038-2039	0	0	0
2039-2040	0	0	0
Totals	17,039,526	750,000	16,289,526

Nursery ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Nursery School	EE-5	7	154	136	18
	Total	7	154	136	18

The building capacities are based on 22 students per classroom for early education through 5th grade. Nursery ISD is an early-education through 5th grade district.

Stetson Renewables provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that two new employees. It is not known whether these would be new employees to the Nursery ISD, or if current resident would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 1 new student.

This projected student growth can be accommodated with the current facilities of Nursery ISD as displayed in Table VII above.

Nursery ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Stetson Renewables Holdings, LLC, would be beneficial to both Stetson Renewables and Nursery ISD under the current school finance system.

Stetson Renewables would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and supplemental payments to the District, Stetson Renewables is projected to benefit from a 90% tax savings during that ten year period of this Agreement. Stetson Renewables also has the option of terminating the Agreement if the amount paid to the District during a tax year following the first year of the Limitation Period is greater than the amount of taxes that would have been paid without the Agreement; therefore, there is limited risk for the company from entering into the Agreement.

Nursery ISD would have no inherent risk under the current school finance system and with the provisions in the LAVA that require Stetson Renewables to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.



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Estimated Financial Impact of Chapter 313 Agreement with Stetson Renewable Holdings, LLC
As Submitted in Chapter 313 Application

Qualifying Time Period	Year of Agreement	School Year	Tax Year	Project's M&O Taxable Value w/o 313 Agreement	Project's M&O Taxable Value with 313 Agreement	Estimated M&O Tax Rate	Stetson Renewable Holdings, LLC M&O Tax Savings	Nursery/ISD Estimated Revenue Protection Payments	Estimated Net Tax Benefit under 313 Agreement	Estimated Supplemental Payments \$100/ADA	Estimated Net Savings to Company under 313 Agreement
Qualifying Time Period	0	2023-2024	2023	\$0	\$0	0.9398	\$0	\$0	\$0	\$50,000	(\$50,000)
	0	2024-2025	2024	\$25,000,000	\$25,000,000	0.9354	\$0	\$0	\$0	\$50,000	(\$50,000)
Value Limitation Period	1	2025-2026	2025	\$200,000,000	\$25,000,000	0.9311	\$1,629,499	\$1,445,930	\$183,569	\$50,000	\$133,569
	2	2026-2027	2026	\$450,000,000	\$25,000,000	0.9269	\$3,939,176	\$2,114,377	\$1,824,799	\$50,000	\$1,774,799
	3	2027-2028	2027	\$373,567,450	\$25,000,000	0.9226	\$3,215,912	\$157,093	\$3,058,819	\$50,000	\$3,008,819
	4	2028-2029	2028	\$337,591,250	\$25,000,000	0.9184	\$2,870,751	\$139,485	\$2,731,266	\$50,000	\$2,681,266
	5	2029-2030	2029	\$298,618,283	\$25,000,000	0.9142	\$2,501,300	\$120,408	\$2,380,892	\$50,000	\$2,330,892
	6	2030-2031	2030	\$260,394,508	\$25,000,000	0.9100	\$2,142,000	\$101,699	\$2,040,301	\$50,000	\$1,990,301
	7	2031-2032	2031	\$222,170,733	\$25,000,000	0.9058	\$1,785,948	\$82,990	\$1,702,958	\$50,000	\$1,652,958
	8	2032-2033	2032	\$183,946,958	\$25,000,000	0.9016	\$1,433,118	\$64,282	\$1,368,836	\$50,000	\$1,318,836
	9	2033-2034	2033	\$145,723,183	\$25,000,000	0.8975	\$1,083,489	\$45,574	\$1,037,915	\$50,000	\$987,915
	10	2034-2035	2034	\$107,499,408	\$25,000,000	0.8934	\$737,037	\$26,867	\$710,170	\$50,000	\$660,170
Maintain Viable	11	2035-2036	2035	\$90,253,000	\$90,253,000	0.8893	\$0	\$0	\$0	\$50,000	(\$50,000)
	12	2036-2037	2036	\$90,238,000	\$90,238,000	0.8852	\$0	\$0	\$0	\$50,000	(\$50,000)
	13	2037-2038	2037	\$90,223,000	\$90,223,000	0.8812	\$0	\$0	\$0	\$50,000	(\$50,000)
	14	2038-2039	2038	\$90,208,000	\$90,208,000	0.8771	\$0	\$0	\$0	\$0	\$0
	15	2039-2040	2039	\$90,193,000	\$90,193,000	0.8731	\$0	\$0	\$0	\$0	\$0
Totals					\$21,338,231	\$4,298,705	\$17,039,526	\$750,000	\$16,289,526		

FREQUENTLY ASKED QUESTIONS OF MEDIA/COMMUNITY

What happens now that Nursery ISD has accepted an Application from Stetson Renewables Holdings, LLC

- ➔ Accepting an Application from a company interested in a 313 Agreement is the first step in the Chapter 313 process. Accepting an Application does not mean that the District is bound to enter an Agreement. Instead, it authorizes the Superintendent to work with legal counsel and school finance consultants to assess the Application, facilitate its submission to the Comptroller's office for review, and collect additional information for the District's consideration regarding the legal and financial implications of a potential Value Limitation Agreement. The Application and Agreement process will play out over the next 4-6 months and will require additional Board consideration and action before an Agreement is finalized.

What does 313 mean for the District?

- ➔ First and foremost, entering into a Value Limitation Agreement ("313 Agreement") would mean growing the District's tax base by encouraging development of a major solar project within the District's boundaries. As the project is developed, property values will increase and generate additional revenue for the District. In the next few months, we will be working to better understand exactly how much of a benefit the District will receive from a potential 313 Agreement, but from the District's perspective, a growing tax base means additional revenue. The 313 process also allows for Supplemental Payments from the Company to the District, which allow the District to receive an additional financial benefit from the proposed project.
- ➔ In exchange for developing a project of this size in the District, the District may agree to limit the property's value for Maintenance and Operations (M&O) Taxes, but the District will be able to tax the property at its full value for Interest and Sinking (I&S) purposes.

Will this effect taxpayers anytime in the process?

- ➔ Part of what the District will be researching in the next few months is what the impact of a 313 Agreement will be on the District, including our taxpayers. We anticipate that by growing the District's tax base, a 313 Agreement can help ease the general tax burden for our community by increasing M&O revenues up to the limitation amount and I&S revenues by the total value of the project. School funding calculations are complicated, so we cannot say for sure how much of a benefit the District will receive from an Agreement at this time. However, we will have a much better idea before the Board considers a final Agreement in the next few months.

What is the Superintendent's role in the process?

- ➔ The Superintendent's role is to facilitate the Application process and work with legal and financial consultants to put together a clear picture of what an Agreement will mean for Nursery ISD. Once we know exactly what a 313 Agreement will mean, the Board will make a final determination whether such an Agreement is in the District's best interest.

How long do you suspect the process to take?

- ➔ The Application process usually take 5-6 months. Once in place, a 313 Agreement will remain in effect for approximately 17 years—a two-year Qualifying Time Period, ten-year limitation period, and five-year period in which the Company is required to maintain a viable presence in the District.

Do you think this is a good step for the District?

A few additional points:

1. **The 313 Application and Agreement process is transparent.** The 313 Application process is overseen by the Texas Comptroller’s Office and every document submitted to the District will be published on the Comptroller’s Website. For examples of other Districts who have considered and adopted Agreements, you can go to:
<https://comptroller.texas.gov/economy/local/ch313/agreement-docs.php>
2. **Chapter 313 of the Tax Code and its related processes are designed to protect the District’s interest.** The Comptroller’s certification process will not allow the District to enter an Agreement if the project is not likely to generate more revenue for the state than it costs in the long-run. In addition, the Company will be responsible for any projected drops in revenue to the District resulting from the District’s participation in a 313 Agreement.