

Barton Community College Study Session

April 9, 2019

Land Lease

Detail: Tenaska is an energy company based out of Omaha Nebraska. They are in the initial stages of developing a 150-megawatt solar project in Barton County. They are currently reaching out to landowners within Barton County to discuss lease agreements for their farm ground. Tenaska's need will be for approximately 700-1,000 acres of ground for the solar project.

Tenaska is a company that has been in business since 1987 and has offices throughout the United States and Canada. They have developed natural gas-fueled power plants, as well as wind and solar energy projects. Their desire to place a solar project in Barton County stems from the central location and access to transmission lines which can deliver the power to any of the states in the mid-west.

Leasing the land is the first step in the process. Not all land that is leased will be used for the project. Their goal is to get as much land as needed in a continuous connectivity location. Once the land has been leased, they then start their engineering and environmental phase of the project. Assuming that they get the required land, their engineering and environmental studies are positive, and they are able to secure a long term purchase agreement for the power, the project would move forward. This typically takes 3-5 years to accomplish.

The typical lease provides the landowner a minimal annual payment for the “Option Period” which is typically up to 5 years. During this time, the landowner can continue to use the ground for farming/pasture/etc. Assuming the project is determined to be feasible, and once Tenaska determines which pieces of ground it will want for the project, those landowners are then notified that they plan to start construction. From that point on, the land moves to the construction and operational portion of the lease. The payments for the land dramatically increase from this point until the end of the lease. These leases typically extend to 30 years with a number of options to extend up to 50 years.

There are a number of hurdles for Tenaska to overcome prior to this project moving forward. Items to consider for this project include:

- Both County and City zoning regulations
- Floodplains
- Change of use from Agriculture to Commercial resulting in much higher taxes on the ground
- Construction costs in the range of \$150 million
- Increase revenue to local units of the government (due to increase in tax revenue)
- Possible increase in tax revenue due to energy generation tax
- Increase income to landowners
- Create 500 jobs during the construction phase & 5-6 jobs to maintain the facility
- Local vendors can provide goods and services during the construction phase
- Renewable energy

The type of solar project that Tenaska is proposing for this project is pictured below:



The college owns approximately 230 acres of farm ground that was purchased for the sole purpose of securing water rights for the college. We have been approached by Tenaska and they have inquired about leasing our property for the project. We currently lease this ground for farming operations and transfer water allocations to the campus water system as needed.

If we decide to lease our ground, this does not guarantee that our ground will be included in the project. We would receive minimal annual payments during the option period (3-5 years). If our ground is selected, then the full lease would extend the construction and operation of the project to 30-50 years. Our financial gain on the project would greatly exceed what the land can be leased for farming operations.

Below is a map of the ground and area that Tenaska is looking at:

