GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 23, 2015

Johnny Johnson
Superintendent
Kenedy County Wide Common School District
PO Box 100
Sarita, TX 78385

Dear Superintendent Johnson:

On June 26, 2014, the Comptroller issued written notice that Stella Wind Farm I, LLC (the applicant) submitted a completed application (Application #1053) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on December 10, 2014, to the Kenedy County-Wide Common School District (the 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 #1053.

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 50-286) 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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of June 26, 2014, 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 Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Stella Wind Farm, LLC (the project) applying to Kenedy County-Wide Common School District (the 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 Stella Wind Farm, LLC.

Applicant	Stella Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Kenedy County-Wide CSD
2011-12 Enrollment in School District	78
County	Kenedy
Proposed Total Investment in District	$275,675,150
Proposed Qualified Investment	$275,675,150
Limitation Amount	$30,000,000
Number of new qualifying jobs committed to by applicant	5*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,126
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$1,046
Minimum annual wage committed to by applicant for qualified jobs	$58,565
Minimum weekly wage required for non-qualifying jobs	$1,127
Minimum annual wage required for non-qualifying jobs	$58,565
Investment per Qualifying Job	$55,135,030
Estimated M&O levy without any limit (15 years)	$25,758,000
Estimated M&O levy with Limitation (15 years)	$9,381,000
Estimated gross M&O tax benefit (15 years)	$16,377,000
** 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 Stella Wind Farm, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	0	0	0	$0	$0	$0
2016	155	178	333	$9,077,575	$14,922,425	$24,000,000
2017	5	28	33	$292,825	$3,707,175	$4,000,000
2018	5	23	28	$292,825	$2,707,175	$3,000,000
2019	5	18	23	$292,825	$2,707,175	$3,000,000
2020	5	15	20	$292,825	$2,707,175	$3,000,000
2021	5	13	18	$292,825	$1,707,175	$2,000,000
2022	5	12	17	$292,825	$1,707,175	$2,000,000
2023	5	12	17	$292,825	$1,707,175	$2,000,000
2024	5	12	17	$292,825	$1,707,175	$2,000,000
2025	5	12	17	$292,825	$1,707,175	$2,000,000
2026	5	12	17	$292,825	$1,707,175	$2,000,000
2027	5	9	14	$292,825	$1,707,175	$2,000,000
2028	5	7	12	$292,825	$1,707,175	$2,000,000
2029	5	6	11	$292,825	$1,707,175	$2,000,000
2030	5	6	11	$292,825	$1,707,175	$2,000,000
2031	5	6	11	$292,825	$707,175	$1,000,000

Source: CPA, REMI, Stella Wind Farm, 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		Kenedy County-Wide CSD I&S Tax Levy	Kenedy County-Wide CSD M&O Tax Levy	Kenedy County-Wide CSD M&O and I&S Tax Levies	Kendey County Tax Levy	Kendey County ESD #1 Tax Levy	Kenedy County Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0327	1.0600		0.5565	0.0516	0.0153	
2018	$ 225,000,000	$ 225,000,000		$73,575	$2,385,000	$2,458,575	$1,252,022	$116,134	$34,425	$3,861,155
2019	$ 216,000,000	$ 216,000,000		$70,632	$2,289,600	$2,360,232	$1,201,941	$111,488	$33,048	$3,706,709
2020	$ 207,000,000	$ 207,000,000		$67,689	$2,194,200	$2,261,889	$1,151,860	$106,843	$31,671	$3,552,263
2021	$ 198,000,000	$ 198,000,000		$64,746	$2,098,800	$2,163,546	$1,101,779	$102,198	$30,294	$3,397,817
2022	$ 189,000,000	$ 189,000,000		$61,803	$2,003,400	$2,065,203	$1,051,698	$97,552	$28,917	$3,243,370
2023	$ 180,000,000	$ 180,000,000		$58,860	$1,908,000	$1,966,860	$1,001,617	$92,907	$27,540	$3,088,924
2024	$ 171,000,000	$ 171,000,000		$55,917	$1,812,600	$1,868,517	$951,536	$88,262	$26,163	$2,934,478
2025	$ 162,000,000	$ 162,000,000		$52,974	$1,717,200	$1,770,174	$901,455	$83,616	$24,786	$2,780,032
2026	$ 153,000,000	$ 153,000,000		$50,031	$1,621,800	$1,671,831	$851,375	$78,971	$23,409	$2,625,586
2027	$ 144,000,000	$ 144,000,000		$47,088	$1,526,400	$1,573,488	$801,294	$74,326	$22,032	$2,471,139
2028	$ 135,000,000	$ 135,000,000		$44,145	$1,431,000	$1,475,145	$751,213	$69,680	$20,655	$2,316,693
2029	$ 126,000,000	$ 126,000,000		$41,202	$1,335,600	$1,376,802	$701,132	$65,035	$19,278	$2,162,247
2030	$ 117,000,000	$ 117,000,000		$38,259	$1,240,200	$1,278,459	$651,051	$60,390	$17,901	$2,007,801
2031	$ 108,000,000	$ 108,000,000		$35,316	$1,144,800	$1,180,116	$600,970	$55,744	$16,524	$1,853,355
2032	$ 99,000,000	$ 99,000,000		$32,373	$1,049,400	$1,081,773	$550,889	$51,099	$15,147	$1,698,908
					Total	$26,552,610	$13,521,832	$1,254,245	$371,790	$41,700,477

Source: CPA, Stella Wind Farm, LLC

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Kenedy 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 the county.

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		Kenedy County-Wide CSD I&S Tax Levy	Kenedy County-Wide CSD M&O Tax Levy	Kenedy County-Wide CSD M&O and I&S Tax Levies	Kendey County Tax Levy	Kendey County ESD #1 Tax Levy	Kenedy County Groundwater Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.0327	1.0600		0.5565	0.0516	0.0153	
2018	$ 225,000,000	$30,000,000		$73,575	$318,000	$391,575	$0	$116,134	$34,425	$542,134
2019	$ 216,000,000	$30,000,000		$70,632	$318,000	$388,632	$0	$111,488	$33,048	$533,168
2020	$ 207,000,000	$30,000,000		$67,689	$318,000	$385,689	$0	$106,843	$31,671	$524,203
2021	$ 198,000,000	$30,000,000		$64,746	$318,000	$382,746	$0	$102,198	$30,294	$515,238
2022	$ 189,000,000	$30,000,000		$61,803	$318,000	$379,803	$0	$97,552	$28,917	$506,272
2023	$ 180,000,000	$30,000,000		$58,860	$318,000	$376,860	$0	$92,907	$27,540	$497,307
2024	$ 171,000,000	$30,000,000		$55,917	$318,000	$373,917	$0	$88,262	$26,163	$488,342
2025	$ 162,000,000	$30,000,000		$52,974	$318,000	$370,974	$0	$83,616	$24,786	$479,376
2026	$ 153,000,000	$30,000,000		$50,031	$318,000	$368,031	$0	$78,971	$23,409	$470,411
2027	$ 144,000,000	$30,000,000		$47,088	$318,000	$365,088	$0	$74,326	$22,032	$461,446
2028	$ 135,000,000	$135,000,000		$44,145	$1,431,000	$1,475,145	$751,213	$69,680	$20,655	$2,316,693
2029	$ 126,000,000	$126,000,000		$41,202	$1,335,600	$1,376,802	$701,132	$65,035	$19,278	$2,162,247
2030	$ 117,000,000	$117,000,000		$38,259	$1,240,200	$1,278,459	$651,051	$60,390	$17,901	$2,007,801
2031	$ 108,000,000	$108,000,000		$35,316	$1,144,800	$1,180,116	$600,970	$55,744	$16,524	$1,853,355
2032	$ 99,000,000	$99,000,000		$32,373	$1,049,400	$1,081,773	$550,889	$51,099	$15,147	$1,698,908
					Total	$10,175,610	$3,255,256	$1,254,245	$371,790	$15,056,900
					Diff	$16,377,000	$10,266,576	$0	$0	$26,643,576
Assumes School Value Limitation and a Tax Abatement with Kenedy County.										

Source: CPA, Stella Wind Farm, 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 over 25 Years

This represents the Comptroller's determination that Stella Wind Farm (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	2014	$0	$0	$0	$0
	2015	$0	$0	$0	$0
	2016	$0	$0	$0	$0
Limitation Period (10 Years)	2017	$318,000	$318,000	$2,067,000	$2,067,000
	2018	$318,000	$636,000	$1,971,600	$4,038,600
	2019	$318,000	$954,000	$1,876,200	$5,914,800
	2020	$318,000	$1,272,000	$1,780,800	$7,695,600
	2021	$318,000	$1,590,000	$1,685,400	$9,381,000
	2022	$318,000	$1,908,000	$1,590,000	$10,971,000
	2023	$318,000	$2,226,000	$1,494,600	$12,465,600
	2024	$318,000	$2,544,000	$1,399,200	$13,864,800
	2025	$318,000	$2,862,000	$1,303,800	$15,168,600
	2026	$318,000	$3,180,000	$1,208,400	$16,377,000
Maintain Viable Presence (5 Years)	2027	$1,431,000	$4,611,000	$0	$16,377,000
	2028	$1,335,600	$5,946,600	$0	$16,377,000
	2029	$1,240,200	$7,186,800	$0	$16,377,000
	2030	$1,144,800	$8,331,600	$0	$16,377,000
	2031	$1,049,400	$9,381,000	$0	$16,377,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	$954,000	$10,335,000	$0	$16,377,000
	2033	$858,600	$11,193,600	$0	$16,377,000
	2034	$763,200	$11,956,800	$0	$16,377,000
	2035	$667,800	$12,624,600	$0	$16,377,000
	2036	$667,800	$13,292,400	$0	$16,377,000
	2037	$667,800	$13,960,200	$0	$16,377,000
	2038	$667,800	$14,628,000	$0	$16,377,000
	2039	$667,800	$15,295,800	$0	$16,377,000
	2040	$667,800	$15,963,600	$0	$16,377,000
	2041	$667,800	$16,631,400	$0	$16,377,000
		$16,631,400	is greater than	**$16,377,000**	

Analysis Summary	
Is the project reasonably likely to generate school M & O tax revenue in an amount sufficient to offset the school M&O levy loss as a result of the limitation agreement within a 25 year period?	Yes

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, STELLA WIND FARM

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 Stella Wind Farm, LLC 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:

> **Note: This project was originally submitted to the Comptroller on November 22, 2013 and assigned application number 388. A completeness letter from the Comptroller was issued December 17, 2013 with a favorable recommendation following on March 17, 2014. After one approved extension and a request by the applicant for another the District inadvertently failed to include action on their board meeting agenda. The no action to the additional extension deadline before the expiration of the first left the application void. The application was re-submitted as two applications.*

- According to the company Texas, Oklahoma, Indiana and Illinois are being considered for this project.
- Per the company, it has received tax incentives on several projects which are considered favorable in the analysis of the investment.

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.

Supporting Information

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

Stella Wind Farm, LLC

Application for Appraised Value Limitations on Qualified Property

Tab 5

Section 8 — Limitation as Determining Factor

1) N/A

2) Stella Wind Farm, LLC has entered into contracts for work for preliminary land work.

3) N/A

4) N/A

5) N/A

6) Stella Wind Farm, LLC is located in Kenedy County. The property is in a Reinvestment Zone. The project has received a property tax abatement for 10 years from Kenedy County.

7) The Company is considering several projects in Texas, Oklahoma, Indiana, and Illinois. The Company has received tax incentives on several projects which are considered favorably in the analysis of the investment.

8) N/A

9) N/A

10) N/A

Supporting Information

Additional information located by the Comptroller

NONE