

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 6, 2014

Jeff Byrd  
Superintendent  
Claude Independent School District  
500 W. 5<sup>th</sup> St.  
Claude, Texas 79019

Dear Superintendent Byrd:

On Dec. 13, 2013 the Comptroller received the completed application (Application #392) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in December 2013 to the Claude Independent School District (the school district) by Pullman Road Wind Power, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 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 make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$237.5 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a wind power electric generation facility in Armstrong County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by the applicant, the Comptroller's recommendation is that this application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date of Dec. 13, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025..

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

**Economic Impact for Chapter 313 Project**

Applicant	Pullman Road Wind Power, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Claude ISD
2011- 2012 Enrollment in School District	364
County	Armstrong
Total Investment in District	\$237,500,000
Qualified Investment	\$237,500,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	7*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$885
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$885
Minimum Annual Wage committed to by applicant for qualified jobs	\$46,035
Investment per Qualifying Job	\$39,583,333
Estimated 15 year M&O levy without any limit or credit:	\$21,850,599
Estimated gross 15 year M&O tax benefit	\$15,281,456
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$13,367,686
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,086,356
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$8,482,913
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	61.2%
Percentage of tax benefit due to the limitation	86.3%
Percentage of tax benefit due to the credit.	13.7%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Pullman Road Wind Power, LLC (the project) applying to Claude Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
  - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
  - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

### **Wages, salaries and benefits [313.026(6-8)]**

After construction, the project will create seven new jobs when fully operational. Six jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Armstrong County is located was \$41,850 in 2012. There was no annual average manufacturing wage for 2011-2012 for Armstrong County. That same year, the county annual average wage for all industries was \$31,980. In addition to a salary of \$46,035, each qualifying position will receive: At least 80% of employees of the operator of the Pullman Road Wind Project will be employed in qualifying jobs pursuant to Texas Tax Code 313.024(d). Qualifying jobs will meet the definition of Texas Tax Code Section 313.051(b). Employees will be offered a group health benefit plan for which the operator of the Pullman Road Wind Project will pay at least 80% of the premiums or other charges assessed for employee-only coverage under the plan or as necessary to be in compliance with the Affordable Care Act. In addition, each qualifying employee will receive area wide competitive 401(k) Retirement Savings Plan, vacation time, sick leave and skills training. The project's total investment is \$237.5 million, resulting in a relative level of investment per qualifying job of \$39.6 million.

### **Ability of applicant to locate to another state and [313.026(9)]**

According to Pullman Road Wind Power, LLC's application, "Pullman Road Wind Power, LLC is a Delaware limited liability company formed to develop, build, own and operate the Pullman Road Wind Power Project. Pullman Road is wholly owned by Westerly Wind, LLC ("Westerly"). Westerly, is also a Delaware limited liability company based in Braintree, Massachusetts. It was formed in 2009 to provide development capital, management expertise and commercial assistance to independent wind power developers.

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6500 MW of independent power assets, including over 1500 MW of wind power projects in Texas. The development resources necessary to advance the subject 150 MW Pullman Road Wind Power Project could be redeployed to other renewable energy development projects in other power markets in the United States. So far, Westerly is selecting Texas – and in particular Armstrong and Carson Counties – for its favorable wind resource, access to the ERCOT market as a result of the new CREZ transmission lines, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Westerly is keen to develop and build the proposed Pullman Road Wind Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects."

### **Number of new facilities in region [313.026(12)]**

During the past two years, 34 projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

### **Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]**

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Pullman Road Wind Power, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry

### **Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]**

Table 1 depicts Pullman Road Wind Power, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software

from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Pullman Road Wind Power, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	130	126	256	\$6,220,000	\$8,780,000	\$15,000,000
2016	7	9	16	\$308,000	\$1,692,000	\$2,000,000
2017	7	8	15	\$308,000	\$1,692,000	\$2,000,000
2018	7	9	16	\$308,000	\$692,000	\$1,000,000
2019	7	7	14	\$308,000	\$692,000	\$1,000,000
2020	7	7	14	\$308,000	\$1,692,000	\$2,000,000
2021	7	11	18	\$308,000	\$1,692,000	\$2,000,000
2022	7	9	16	\$308,000	\$1,692,000	\$2,000,000
2023	7	13	20	\$308,000	\$1,692,000	\$2,000,000
2024	7	13	20	\$308,000	\$1,692,000	\$2,000,000
2025	7	18	25	\$308,000	\$1,692,000	\$2,000,000
2026	7	9	16	\$308,000	\$1,692,000	\$2,000,000
2027	7	9	16	\$308,000	\$1,692,000	\$2,000,000
2028	7	11	18	\$308,000	\$1,692,000	\$2,000,000
2029	7	5	12	\$308,000	\$1,692,000	\$2,000,000

Source: CPA, REMI, Pullman Road Wind Power, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Claude ISD’s ad valorem tax base in 2012-2013 was \$114.5 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Claude ISD’s estimated wealth per WADA was \$176,196. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Armstrong County, High Plains Underground Water Conservation District #1, and Panhandle Groundwater Conservation District #3, with all property tax incentives sought being granted using estimated market value from Pullman Road Wind Power, LLC’s application. Pullman Road Wind Power, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with Armstrong County. Table 3 illustrates the estimated tax impact of the Pullman Road Wind Power, LLC project on the region if all taxes are assessed.



Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$19,585,164. The estimated gross 13 year M&O tax benefit, or levy loss, is \$15,281,457.

Attachment 3 is an economic overview of Armstrong County.

**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.

Schedule A (Rev. January 2013): Investment

Applicant Name: LUB-LINE CORP  
 EEO Name: LA PORTE LED

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals)									
	Year	School Year (YYYY-YYYY)	Tax Year (Fiscal year below) YYYY	Column A: Tangible Personal Property (The amount of new investment (original cost) placed in service during the year)	Column B: Building or permanent nonremovable component of building (Balance only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)			\$ -	\$ -	\$ -	\$ -	\$ -	
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)			\$ 28,834,000	\$ -	\$ 28,834,000	\$ -	\$ 28,834,000	
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	1	2015-2016	2015	\$ 48,841,000	\$ 1,463,000	\$ 51,968,000	\$ -	\$ 51,968,000
		2	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -
		3	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -
		4	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -
		5	2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -
		6	2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -
		7	2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -
		8	2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -
		9	2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -
		10	2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -
Credit Set-As-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -
		12	2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -
		13	2027-2028	2027	\$ -	\$ -	\$ -	\$ -	\$ -
Post-Settle-Up Period		14	2028-2029	2028	\$ -	\$ -	\$ -	\$ -	\$ -
Post-Settle-Up Period		15	2029-2030	2029	\$ -	\$ -	\$ -	\$ -	\$ -

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

**Column A** This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.]

**Column B** Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.02(1)(B).

**Column D** For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

**Notes:** For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with most approved district data for past years and update estimates for current and future years, if original estimates have not changed, enter those amounts for those years.

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
 DATE

**Schedule B (Rev. January 2013): Estimated Market And Taxable Value**  
**LUB-LINE CORP.**

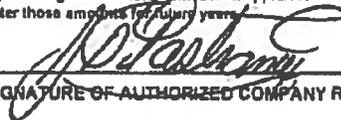
Applicant Name  
 ISD Name

LAPORTE ISD

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fid in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
					Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of long term personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
		pre-year 1	2014-2015	2014	\$ 2,005,818	\$ -	\$ -	\$ -	\$ -	\$ -
	Complete tax years of qualifying time period	1	2015-2018	2015	\$ 2,005,818	\$ -	\$ 14,467,000	\$ -	\$ 16,472,818	\$ 16,472,818
		2	2016-2017	2018	\$ 2,005,818	\$ 1,465,000	\$ 78,535,000	\$ 1,953,375	\$ 80,042,241	\$ 80,042,241
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ 2,005,818	\$ 1,435,700	\$ 76,179,000	\$ 1,004,475	\$ 77,716,841	\$ 30,000,000
		4	2018-2019	2018	\$ 2,005,818	\$ 1,407,000	\$ 73,894,000	\$ 1,647,350	\$ 75,459,288	\$ 30,000,000
		5	2019-2020	2019	\$ 2,005,818	\$ 1,378,900	\$ 71,677,000	\$ 1,791,925	\$ 73,269,591	\$ 30,000,000
		6	2020-2021	2020	\$ 2,005,818	\$ 1,351,300	\$ 69,527,000	\$ 1,738,176	\$ 71,145,741	\$ 30,000,000
		7	2021-2022	2021	\$ 2,005,818	\$ 1,324,300	\$ 67,441,000	\$ 1,686,075	\$ 69,084,881	\$ 30,000,000
		8	2022-2023	2022	\$ 2,005,818	\$ 1,297,800	\$ 65,418,000	\$ 1,635,450	\$ 67,065,966	\$ 30,000,000
		9	2023-2024	2023	\$ 2,005,818	\$ 1,271,800	\$ 63,455,000	\$ 1,588,375	\$ 65,146,041	\$ 30,000,000
		10	2024-2025	2024	\$ 2,005,818	\$ 1,246,400	\$ 61,551,000	\$ 1,538,775	\$ 63,284,241	\$ 30,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ 2,005,818	\$ 1,221,500	\$ 59,704,000	\$ 1,492,600	\$ 61,438,518	\$ 61,438,518
		12	2026-2027	2026	\$ 2,005,818	\$ 1,197,100	\$ 57,813,000	\$ 1,447,825	\$ 59,667,891	\$ 59,667,891
		13	2027-2028	2027	\$ 2,005,818	\$ 1,173,200	\$ 56,176,000	\$ 1,404,400	\$ 57,950,418	\$ 57,950,418
Post- Settle-Up Period		14	2028-2029	2028	\$ 2,005,818	\$ 1,148,700	\$ 54,491,000	\$ 1,362,275	\$ 56,284,041	\$ 56,284,041
Post- Settle-Up Period		15	2029-2030	2029	\$ 2,005,818	\$ 1,126,700	\$ 52,858,000	\$ 1,321,400	\$ 54,668,918	\$ 54,668,918

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation  
 This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
 DATE

**Schedule C- Application: Employment Information**

Applicant Name **LUB-LINE CORP**  
 ISD Name **LA PORTE ISD**

Form 80-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs		
					Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
		pre-year 1	2014-2015	2014	500 FTE's	\$ 50 000	0	\$ -	0	\$ -	
	Complete tax years of qualifying time period	1	2015-2016	2015	500 FTE's	\$ 50 000	0	\$ -	0	\$ -	
		2	2016-2017	2016			10	\$ 60 849	8	\$ 60 849	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017			10	\$ 60 849	8	\$ 60 849
			4	2018-2019	2018			10	\$ 60 849	8	\$ 60 849
			5	2019-2020	2019			10	\$ 60 849	8	\$ 60 849
			6	2020-2021	2020			10	\$ 60 849	8	\$ 60 849
			7	2021-2022	2021			10	\$ 60 849	8	\$ 60 849
			8	2022-2023	2022			10	\$ 60 849	8	\$ 60 849
			9	2023-2024	2023			10	\$ 60 849	8	\$ 60 849
			10	2024-2025	2024			10	\$ 60 849	8	\$ 60 849
	Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025			10	\$ 60 849	8	\$ 60 849
			12	2026-2027	2026			10	\$ 60 849	8	\$ 60 849
			13	2027-2028	2027			10	\$ 60 849	8	\$ 60 849
	Post-Settle-Up Period	14	2028-2029	2028			10	\$ 60 849	8	\$ 60 849	
	Post-Settle-Up Period	15	2029-2030	2029			10	\$ 60 849	8	\$ 60 849	

Notes: For job definitions see TAC §9 1051(14) and Tax Code §313.021(3)

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for those years.

  
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
 DATE

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name

LUB-LINE CORP

ISD Name

LA PORTE ISD

Form 50-288

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2014-2015	2014							
					3,816,750	25,317,250	\$ -	n/a	n/a	n/a	n/a
Complete tax years of qualifying time period	1	2015-2016	2015		6,383,250	44,082,750	\$ -	n/a	n/a	n/a	n/a
	2	2016-2017	2016		\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		4	2018-2019	2018	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		5	2019-2020	2019	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		6	2020-2021	2020	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		7	2021-2022	2021	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		8	2022-2023	2022	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		9	2023-2024	2023	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		10	2024-2025	2024	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		12	2026-2027	2026	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
		13	2027-2028	2027	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
Post-Settle-Up Period		14	2028-2029	2028	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a
Post-Settle-Up Period		15	2029-2030	2029	\$ -	\$ -	\$ 10,000	n/a	n/a	n/a	n/a

\*For planning considerations only, not subject to liability

  
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

NOV-7-13  
DATE

# Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

# **Attachment 1**

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name  
ISD Name  
Pulman Road Wind Power, LLC  
Claude ISD

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -
	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -
	2015-2016	2015	\$ 236,800,000	\$ 700,000	\$ 237,500,000	\$ -	\$ 237,500,000
Complete tax years of qualifying time period	1	2015	\$ -	\$ -	\$ -	\$ -	\$ -
	2	2016	\$ -	\$ -	\$ -	\$ -	\$ -
	3	2017	\$ -	\$ -	\$ -	\$ -	\$ -
	4	2018	\$ -	\$ -	\$ -	\$ -	\$ -
	5	2019	\$ -	\$ -	\$ -	\$ -	\$ -
	6	2020	\$ -	\$ -	\$ -	\$ -	\$ -
	7	2021	\$ -	\$ -	\$ -	\$ -	\$ -
	8	2022	\$ -	\$ -	\$ -	\$ -	\$ -
	9	2023	\$ -	\$ -	\$ -	\$ -	\$ -
	10	2024	\$ -	\$ -	\$ -	\$ -	\$ -
	11	2025	\$ -	\$ -	\$ -	\$ -	\$ -
	12	2026	\$ -	\$ -	\$ -	\$ -	\$ -
	13	2027	\$ -	\$ -	\$ -	\$ -	\$ -
	14	2028	\$ -	\$ -	\$ -	\$ -	\$ -
	15	2029	\$ -	\$ -	\$ -	\$ -	\$ -
Value Limitation Period							
Continue to Maintain Viable Presence							
Credit Settle-Up Period							
Post-Settle-Up Period							

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.  
Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).  
For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.  
The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.  
Dollar value of other investment that may affect economic impact and total value-for planning, construction and operation of the facility.  
The most significant example for many projects would be land. Other examples may be items such as professional services, etc.  
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column D: Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.  
This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Column E: SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 12/4/2013

SAURE

**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**  
**Pullman Road Wind Power, LLC**

Claude ISD

Form 50-296

Applicant Name  
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of new improvements*			Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	pre-year 2	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2015-2016	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	2	2016-2017	2016	\$ -	\$ 229,696,000	\$ 686,000	\$ -	\$ -	\$ 230,382,000	\$ 230,382,000
	3	2017-2018	2017	\$ -	\$ 213,617,300	\$ 668,850	\$ -	\$ -	\$ 214,286,150	\$ 10,000,000
	4	2018-2019	2018	\$ -	\$ 198,664,100	\$ 652,100	\$ -	\$ -	\$ 199,316,200	\$ 10,000,000
	5	2019-2020	2019	\$ -	\$ 184,757,600	\$ 635,800	\$ -	\$ -	\$ 185,393,400	\$ 10,000,000
Tax Credit Period (with 50% cap on credit)	6	2020-2021	2020	\$ -	\$ 171,824,600	\$ 610,400	\$ -	\$ -	\$ 172,435,000	\$ 10,000,000
	7	2021-2022	2021	\$ -	\$ 159,796,900	\$ 582,900	\$ -	\$ -	\$ 160,379,800	\$ 10,000,000
	8	2022-2023	2022	\$ -	\$ 148,611,100	\$ 556,700	\$ -	\$ -	\$ 149,167,800	\$ 10,000,000
	9	2023-2024	2023	\$ -	\$ 138,208,300	\$ 531,600	\$ -	\$ -	\$ 138,739,900	\$ 10,000,000
	10	2024-2025	2024	\$ -	\$ 128,533,700	\$ 507,700	\$ -	\$ -	\$ 129,041,400	\$ 10,000,000
Credit Settle-Up Period	11	2025-2026	2025	\$ -	\$ 119,536,300	\$ 484,900	\$ -	\$ -	\$ 120,021,200	\$ 120,021,200
	12	2026-2027	2026	\$ -	\$ 111,168,800	\$ 463,100	\$ -	\$ -	\$ 111,631,900	\$ 111,631,900
	13	2027-2028	2027	\$ -	\$ 103,387,000	\$ 442,300	\$ -	\$ -	\$ 103,829,300	\$ 103,829,300
Post-Settle-Up Period	14	2028-2029	2028	\$ -	\$ 96,149,900	\$ 422,400	\$ -	\$ -	\$ 96,572,300	\$ 96,572,300
	15	2029-2030	2029	\$ -	\$ 89,419,400	\$ 403,400	\$ -	\$ -	\$ 89,822,800	\$ 89,822,800

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

12/4/2013

**Schedule C- Application: Employment Information**

Pullman Road Wind Power, LLC  
Claude ISD

Applicant Name  
ISD Name

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify [FTE])	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	-	\$ -	0	\$ -	0	\$ -
	pre-year 2	2014-2015	2014	-	\$ -	0	\$ -	0	\$ -
Complete tax years of qualifying time period	1	2015-2016	2015	125	\$ 48,000	5	\$ 44,000	4	\$ 46,035
	2	2016-2017	2016	-	\$ -	7	\$ 44,000	6	\$ 46,035
	3	2017-2018	2017	-	\$ -	7	\$ 44,000	6	\$ 46,035
	4	2018-2019	2018	-	\$ -	7	\$ 44,000	6	\$ 46,035
	5	2019-2020	2019	-	\$ -	7	\$ 44,000	6	\$ 46,035
Value Limitation Period	6	2020-2021	2020	-	\$ -	7	\$ 44,000	6	\$ 46,035
	7	2021-2022	2021	-	\$ -	7	\$ 44,000	6	\$ 46,035
	8	2022-2023	2022	-	\$ -	7	\$ 44,000	6	\$ 46,035
	9	2023-2024	2023	-	\$ -	7	\$ 44,000	6	\$ 46,035
	10	2024-2025	2024	-	\$ -	7	\$ 44,000	6	\$ 46,035
Continue to Maintain Viable Presence	11	2025-2026	2025	-	\$ -	7	\$ 44,000	6	\$ 46,035
	12	2026-2027	2026	-	\$ -	7	\$ 44,000	6	\$ 46,035
	13	2027-2028	2027	-	\$ -	7	\$ 44,000	6	\$ 46,035
Post-Settle-Up Period	14	2028-2029	2028	-	\$ -	7	\$ 44,000	6	\$ 46,035
Post-Settle-Up Period	15	2029-2030	2029	-	\$ -	7	\$ 44,000	6	\$ 46,035

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12/4/2013  
DATE

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name

Pullman Road Wind Power, LLC

ISD Name

Claude ISD

Form 50-296

Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought				
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas, NOT subject to sales tax		County	City	Hospital	Other=Water Dist	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2013-2014	2013	\$ -	\$ -	\$ -	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
		2014-2015	2014	\$ -	\$ -	\$ -	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
Complete tax years of qualifying time period	1	2015-2016	2015	\$ 29,687,500	\$ 207,812,500	\$ -	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	2	2016-2017	2016	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	3	2017-2018	2017	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	4	2018-2019	2018	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	5	2019-2020	2019	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
Value Limitation Period	6	2020-2021	2020	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	7	2021-2022	2021	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	8	2022-2023	2022	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	9	2023-2024	2023	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	10	2024-2025	2024	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
Credit Settle-Up Period	11	2025-2026	2025	\$ 30,000	\$ 207,000	\$ 200,000	100%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	12	2026-2027	2026	\$ 30,000	\$ 207,000	\$ 200,000	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	13	2027-2028	2027	\$ 30,000	\$ 207,000	\$ 200,000	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
Post-Settle-Up Period	14	2028-2029	2028	\$ 30,000	\$ 207,000	\$ 200,000	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement
	15	2029-2030	2029	\$ 30,000	\$ 207,000	\$ 200,000	0%	n/a	n/a	n/a	Fill in percentage exemption requested or granted in each year of the Agreement

\*For planning, construction and operation of the facility.

*Signature*

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12/4/2013

DATE

# **Attachment 2**

March 3, 2014

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Pullman Road Wind Power LLC project for the Claude Independent School District (CISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by McDowell & Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Pullman Road Wind Power LLC project on CISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information about this issue.

Sincerely,



Al McKenzie, Manager  
Foundation School Program Support

AM/rk



## TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

March 3, 2014

Mr. Robert Wood  
Director, Economic Development and Analysis  
Texas Comptroller of Public Accounts  
Lyndon B. Johnson State Office Building  
111 East 17th Street  
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Pullman Road Wind Power LLC project on the number and size of school facilities in Claude Independent School District (CISD). Based on the analysis prepared by McDowell & Brown for the school district and a conversation with the CISD business manager, Rhonda Siefker, the TEA has found that the Mariah North West LLC project would not have a significant impact on the number or size of school facilities in CISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Al McKenzie', is written over a light blue horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

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# Claude ISD Financial Impact of Chapter 313 Agreement

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## **Summary of the District's Financial Impact of Chapter 313 Agreement with Pullman Road Wind Power, LLC**

Prepared by

**Randy McDowell, RTSBA**

**&**

**Neal Brown**

**School Finance Consultants**

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# Claude ISD Financial Impact of Chapter 313 Agreement

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**Summary of Claude ISD Financial Impact  
of the  
Limited Appraised Value Application  
from  
Pullman Road Wind Power, LLC**

## **Introduction**

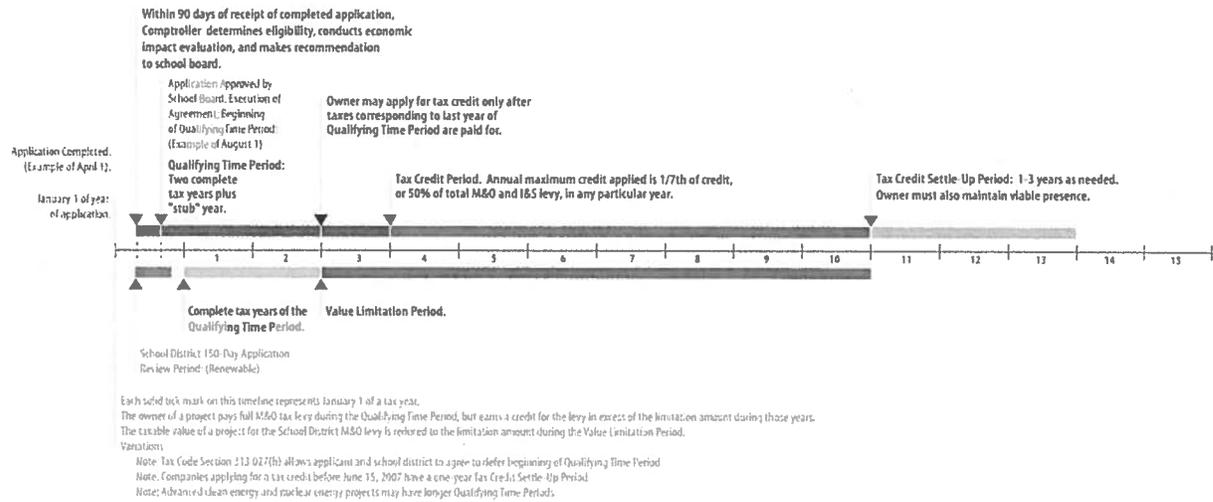
Pullman Road Wind Power, LLC applied for a property value limitation from Claude Independent School District under Chapter 313 of the Tax Code. The application was submitted on December 6, 2013 and subsequently approved for consideration by the Claude ISD Board of Trustees. Pullman Road Wind Power, LLC ("Pullman Road Wind"), 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 77<sup>th</sup> Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80<sup>th</sup> Texas Legislative Session in 2007.

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.

# Claude ISD Financial Impact of Chapter 313 Agreement

## Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



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. The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Claude ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Claude ISD

## Claude ISD Financial Impact of Chapter 313 Agreement

has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Claude ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

### Taxable Value Impact from LAVA

The "Additional Value from Pullman Road Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Claude ISD.

**TABLE I- Calculation of Taxable Value:**

Tax Year	Additional Value From Pullman Road Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	0	n/a	0	0
Jan. 1, 2016	230,382,000	n/a	0	230,382,000
Jan. 1, 2017	214,286,150	(10,000,000)	204,286,150	10,000,000
Jan. 1, 2018	199,316,200	(10,000,000)	189,316,200	10,000,000
Jan. 1, 2019	185,393,400	(10,000,000)	175,393,400	10,000,000
Jan. 1, 2020	172,435,000	(10,000,000)	162,435,000	10,000,000
Jan. 1, 2021	160,379,800	(10,000,000)	150,379,800	10,000,000
Jan. 1, 2022	149,167,800	(10,000,000)	139,167,800	10,000,000
Jan. 1, 2023	138,739,900	(10,000,000)	128,739,900	10,000,000
Jan. 1, 2024	129,041,400	(10,000,000)	119,041,400	10,000,000
Jan. 1, 2025	120,021,200	n/a	0	120,021,200
Jan. 1, 2026	111,631,900	n/a	0	111,631,900
Jan. 1, 2027	103,829,300	n/a	0	103,829,300

# Claude ISD Financial Impact of Chapter 313 Agreement

## Pullman Road Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Pullman Road Wind is \$13.367 million over the life of the Agreement. This net savings is after all tax credits have been applied 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. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Claude ISD's 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 that would approve a M&O tax rate in excess of \$1.04; therefore, the study assumes that they will maintain a M&O tax rate of \$1.04. The M&O rate for 2016-2017 & 2025-2026 is projected to drop to \$.9467 due to the rollback tax rate calculations.
- The district has outstanding bonds that are scheduled to payoff in 2030 and currently have a \$.16 I&S tax rate. The district has annual debt payments of just over \$170,000 per year through 2030 and the debt rates below are the calculated rates using the projected taxable values with the addition of Pullman Road Wind's estimated taxable values. 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	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.0400	0.131	0	0	n/a	0	0
2016-2017	0.9467	0.047	2,181,026	0	n/a	0	0
2017-2018	1.0400	0.049	2,228,576	2,124,576	n/a	(1,913,771)	210,805
2018-2019	1.0400	0.051	2,072,888	1,968,888	102,826	0	2,071,714
2019-2020	1.0400	0.053	1,928,091	1,824,091	101,129	0	1,925,221
2020-2021	1.0400	0.055	1,793,324	1,689,324	99,420	0	1,788,744
2021-2022	1.0400	0.057	1,667,950	1,563,950	97,708	0	1,661,658
2022-2023	1.0400	0.059	1,551,345	1,447,345	96,005	0	1,543,350
2023-2024	1.0400	0.061	1,442,895	1,338,895	94,316	0	1,433,211
2024-2025	1.0400	0.063	1,342,031	1,238,031	92,648	0	1,330,679
2025-2026	0.9467	0.064	1,136,241	0	1,213,054	0	1,213,054
2026-2027	1.0400	0.066	1,160,972	0	189,251	0	189,251
2027-2028	1.0400	0.068	1,079,825	0	0	0	0
<b>Totals</b>			<b>19,585,164</b>	<b>13,195,100</b>	<b>2,086,356</b>	<b>(1,913,771)</b>	<b>13,367,686</b>

# Claude ISD Financial Impact of Chapter 313 Agreement

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## Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Claude ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen 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 (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
  - Level 2 of Tier II yield - \$61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2013 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was increased by .25% 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 thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

# Claude 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 Pullman Road Wind (Table III), the addition of Pullman Road Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Pullman Road Wind's taxable values with a Chapter 313 Agreement (Table V).

**TABLE III – District Revenues *without* Pullman Road Wind:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2015-2016	132,854,182	1,204,589	1,989,610	0	3,194,199	403,461	3,597,661
2016-2017	134,182,724	1,216,635	1,989,125	0	3,205,759	405,879	3,611,639
2017-2018	135,524,551	1,228,801	1,981,239	0	3,210,040	406,749	3,616,789
2018-2019	136,879,797	1,241,089	1,977,882	0	3,218,971	407,622	3,626,593
2019-2020	138,248,595	1,253,500	1,974,394	0	3,227,894	408,498	3,636,393
2020-2021	139,631,081	1,266,035	1,966,134	0	3,232,169	409,378	3,641,546
2021-2022	141,027,392	1,278,695	1,959,764	0	3,238,459	410,261	3,648,720
2022-2023	142,437,665	1,291,482	1,958,516	0	3,249,998	411,147	3,661,145
2023-2024	143,862,042	1,304,397	1,949,865	0	3,254,262	412,036	3,666,297
2024-2025	145,300,663	1,317,441	1,945,725	0	3,263,166	412,928	3,676,094
2025-2026	146,753,669	1,330,616	1,941,452	0	3,272,068	413,824	3,685,892
2026-2027	148,221,206	1,343,922	1,932,397	0	3,276,318	414,723	3,691,042
2027-2028	149,703,418	1,357,361	1,926,860	0	3,284,220	415,625	3,699,846

## Claude ISD Financial Impact of Chapter 313 Agreement

**TABLE IV- District Revenues with Pullman Road Wind without Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	132,854,182	1,204,589	1,989,610	0	3,194,199	403,461	3,597,661
2016-2017	364,564,724	3,305,508	1,909,866	0	5,215,374	441,090	5,656,464
2017-2018	349,810,701	3,171,734	86,631	341,837	2,916,528	481,434	3,397,962
2018-2019	336,195,997	3,048,289	87,232	196,054	2,939,466	472,942	3,412,408
2019-2020	323,641,995	2,934,462	99,956	80,652	2,953,766	465,206	3,418,972
2020-2021	312,066,081	2,829,503	222,634	71,812	2,980,325	458,162	3,438,486
2021-2022	301,407,192	2,732,859	338,129	63,609	3,007,379	451,775	3,459,154
2022-2023	291,605,465	2,643,987	450,253	56,004	3,038,235	445,999	3,484,234
2023-2024	282,601,942	2,562,352	547,041	48,958	3,060,435	440,789	3,501,223
2024-2025	274,342,063	2,487,459	640,969	42,434	3,085,994	436,105	3,522,098
2025-2026	266,774,869	2,418,848	727,904	36,398	3,110,354	431,908	3,542,262
2026-2027	259,853,106	2,356,088	803,677	30,816	3,128,949	428,163	3,557,113
2027-2028	253,532,718	2,298,781	878,397	25,660	3,151,518	424,839	3,576,357

**TABLE V – District Revenues with Pullman Road Wind with Chapter 313 Agreement:**

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold	M&O	Payment for District Losses	Total District Revenue
					Harmless Revenue	Taxes > Comp Rate		
2015-2016	132,854,182	1,204,589	1,989,610	0	3,194,199	403,461	0	3,597,661
2016-2017	364,564,724	3,305,508	1,909,866	0	5,215,374	441,090	0	5,656,464
2017-2018	145,524,551	1,319,471	101,779	141,308	1,279,942	204,250	1,913,771	3,397,962
2018-2019	146,879,797	1,331,759	1,883,585	0	3,215,344	406,366	0	3,621,710
2019-2020	148,248,595	1,344,170	1,880,097	0	3,224,267	407,260	0	3,631,528
2020-2021	149,631,081	1,356,705	1,871,837	0	3,228,542	408,158	0	3,636,699
2021-2022	151,027,392	1,369,365	1,865,468	0	3,234,833	409,058	0	3,643,891
2022-2023	152,437,665	1,382,152	1,864,219	0	3,246,371	409,961	0	3,656,333
2023-2024	153,862,042	1,395,067	1,855,568	0	3,250,635	410,868	0	3,661,503
2024-2025	155,300,663	1,408,111	1,851,428	0	3,259,539	411,777	0	3,671,316
2025-2026	266,774,869	2,418,848	1,811,549	0	4,230,397	283,935	0	4,514,332
2026-2027	259,853,106	2,356,088	803,677	30,816	3,128,949	428,163	0	3,557,113
2027-2028	253,532,718	2,298,781	878,397	25,660	3,151,518	424,839	0	3,576,357

# Claude ISD Financial Impact of Chapter 313 Agreement

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## Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79<sup>th</sup> Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses in year three of the LAVA offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82<sup>nd</sup> Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

# Claude ISD Financial Impact of Chapter 313 Agreement

## Payments in Lieu of Taxes

Assuming that the District and Pullman Road Wind Power, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Claude ISD by Pullman Road Wind, the projected amount of these payments over the life of the agreement is \$453,394 of the \$13.367 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

**TABLE VI - Calculation of the Payment in Lieu of Taxes:**

Fiscal Year	Net Tax Savings	Claude ISD Share \$100/ADA	Pullman Road Wind's Share
2015-2016	0	34,356	(34,356)
2016-2017	0	34,442	(34,442)
2017-2018	210,805	34,528	176,277
2018-2019	2,071,714	34,615	2,037,099
2019-2020	1,925,221	34,701	1,890,519
2020-2021	1,788,744	34,788	1,753,956
2021-2022	1,661,658	34,875	1,626,783
2022-2023	1,543,350	34,962	1,508,387
2023-2024	1,433,211	35,050	1,398,161
2024-2025	1,330,679	35,137	1,295,541
2025-2026	1,213,054	35,225	1,177,829
2026-2027	189,251	35,313	153,938
2027-2028	0	35,401	(35,401)
<b>Totals</b>	<b>13,367,686</b>	<b>453,394</b>	<b>12,914,291</b>

# Claude ISD Financial Impact of Chapter 313 Agreement

## Impact of Projected Student Growth On District Facilities

**TABLE VII – Campus Capacity and Available Growth**

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
PreK thru 5	14	308	164	144
6-12	20	400	196	204
<b>Total</b>	<b>34</b>	<b>708</b>	<b>360</b>	<b>348</b>

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the secondary school. Claude ISD is a pre-kindergarten through 12<sup>th</sup> grade district.

Pullman Road Wind Power, LLC 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 seven full-time employees are expected. It is not known whether these would be new employees to the Claude ISD, or if current residents 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 seven positions equates to 4 new students.

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

# Claude ISD Financial Impact of Chapter 313 Agreement

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## Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Pullman Road Wind Power, LLC, would be beneficial to both Pullman Road Wind and Claude ISD under the current school finance system.

Pullman Road Wind Power, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Pullman Road Wind is projected to benefit from an 83% tax savings over the first twelve year period of this agreement. Pullman Road Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Claude ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Pullman Road Wind 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.

# **Attachment 3**

## Armstrong County

### Population

- Total county population in 2010 for Armstrong County: 2,075 , up 0.1 percent from 2009. State population increased 1.8 percent in the same time period.
- Armstrong County was the state's 236th largest county in population in 2010 and the 187 th fastest growing county from 2009 to 2010.
- Armstrong County's population in 2009 was 85.1 percent Anglo (above the state average of 46.7 percent), 0.4 percent African-American (below the state average of 11.3 percent) and 13.2 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Armstrong County:

Claude: 1,253

### Economy and Income

#### Employment

- September 2011 total employment in Armstrong County: 1,022 , up 0.8 percent from September 2010. State total employment increased 0.9 percent during the same period.  
(October 2011 employment data will be available November 18, 2011).
- September 2011 Armstrong County unemployment rate: 5.7 percent, up from 4.8 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

#### Income

- Armstrong County's ranking in per capita personal income in 2009: 52nd with an average per capita income of \$37,819, down 1.4 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

#### Industry

- Agricultural cash values in Armstrong County averaged \$24.76 million annually from 2007 to 2010. County total agricultural values in 2010 were up 10.1 percent from 2009. Major agriculture related commodities in Armstrong County during 2010 included:
  - Alfalfa
  - Hay
  - Sorghum
  - Other Beef
  - Wheat
- 2011 oil and gas production in Armstrong County: barrels of oil and Mcf of gas. In September 2011, there were 0 producing oil wells and 0 producing gas wells.

### Taxes

#### Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

*Quarterly (September 2010 through December 2010)*

- Taxable sales in Armstrong County during the fourth quarter 2010: \$848,397.00, up 30.3 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Claude: \$740,138.00, up 27.3 percent from the same quarter in 2009.

*Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)*

- Taxable sales in Armstrong County through the fourth quarter of 2010: \$2.94 million, up 7.7 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Claude: \$2.63 million, up 8.8 percent from the same period in 2009.

*Annual (2010)*

- Taxable sales in Armstrong County during 2010: \$2.94 million, up 7.7 percent from 2009.
- Armstrong County sent an estimated \$183,440.06 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Claude: \$2.63 million, up 8.8 percent from 2009.

**Sales Tax – Local Sales Tax Allocations**

**(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)**

**Monthly**

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Armstrong County based on the sales activity month of August 2011: \$3,887.22, down 30.9 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:  

<b>Claude:</b>	\$3,887.22, down 30.9 percent from August 2010.
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**Fiscal Year**

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Armstrong County based on sales activity months from September 2010 through August 2011: \$49,326.07, down 0.7 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:  

<b>Claude:</b>	\$49,326.07, down 0.7 percent from fiscal 2010.
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**January 2011 through August 2011 (Sales Activity Year-To-Date)**

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Armstrong County based on sales activity months through August 2011: \$31,336.01, down 5.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:  

<b>Claude:</b>	\$31,336.01, down 5.9 percent from the same period in 2010.
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**12 months ending in August 2011**

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Armstrong County based on sales activity in the 12 months ending in August 2011: \$49,326.07, down 0.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:  

<b>Claude:</b>	\$49,326.07, down 0.7 percent from the previous 12-month period.
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**■ City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through October 2011:  

<b>Claude:</b>	\$41,263.43, down 2.5 percent from the same period in 2010.
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**Annual (2010)**

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Armstrong County based on sales activity months in 2010: \$51,291.47, up 14.6 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:  

<b>Claude:</b>	\$51,291.47, up 14.6 percent from 2009.
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**Property Tax**

- As of January 2009, property values in Armstrong County: \$192.12 million, down 6.4 percent from January 2008 values. The property tax base per person in Armstrong County is \$93,035, above the statewide average of \$85,809. About 0.0 percent of the property tax base is derived from oil, gas and minerals.

**State Expenditures**

- Armstrong County's ranking in state expenditures by county in fiscal year 2010: 216th. State expenditures in the county for FY2010: \$12.99 million, unchanged 0.0 percent from FY2009.
- In Armstrong County, 5 state agencies provide a total of 20 jobs and \$171,595.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

- Department of Transportation
- AgriLife Extension Service

- Department of Public Safety
- Health & Human Services Commission

### **Higher Education**

- Community colleges in Armstrong County fall 2010 enrollment:
  - None.
  
- Armstrong County is in the service area of the following:
  - Clarendon College with a fall 2010 enrollment of 1,583 . Counties in the service area include:
    - Armstrong County
    - Briscoe County
    - Childress County
    - Collingsworth County
    - Donley County
    - Gray County
    - Hall County
    - Wheeler County
  
- Institutions of higher education in Armstrong County fall 2010 enrollment:
  - None.

### **School Districts**

- Armstrong County had 1 school districts with 2 schools and 321 students in the 2009-10 school year.  
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
  - Claude ISD had 321 students in the 2009-10 school year. The average teacher salary was \$41,093. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.