



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 10, 2015

Carl Krug
Superintendent
Hale Center Independent School District
103 W. Cleveland
Hale Center, Texas 79401

Dear Superintendent Krug:

On August 12, 2015, the Comptroller issued written notice that Hale Wind Energy Project 2, LLC (the applicant) submitted a completed application (Application #1074) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on June 8, 2015, to the Hale Center Independent 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 for 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 #1074.

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).

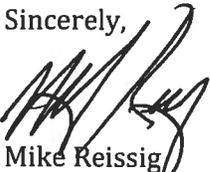
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 August 12, 2015, 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 Hale Wind Energy Project 2, LLC (the project) applying to Hale Center Independent 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 Hale Wind Energy Project 2, LLC.

Applicant	Hale Wind Energy Project 2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation – Wind
School District	Hale Center ISD
2011-12 Enrollment in School District	614
County	Hale
Proposed Total Investment in District	\$200,000,000
Proposed Qualified Investment	\$200,000,000
Limitation Amount	\$20,000,000
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	\$731
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$727
Minimum annual wage committed to by applicant for qualified jobs	\$38,000
Minimum weekly wage required for non-qualifying jobs	\$631.25
Minimum annual wage required for non-qualifying jobs	\$32,825
Investment per Qualifying Job	\$40,000,000
Estimated M&O levy without any limit (15 years)	\$21,060,000
Estimated M&O levy with Limitation (15 years)	\$7,150,000
Estimated gross M&O tax benefit (15 years)	\$13,910,000
* 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 Hale Wind Energy Project 2, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	175	173	348	\$8,750,000	\$12,250,000	\$21,000,000
2017	5	16	21	\$190,000	\$2,810,000	\$3,000,000
2018	5	11	16	\$190,000	\$1,810,000	\$2,000,000
2019	5	7	12	\$190,000	\$1,810,000	\$2,000,000
2020	5	5	10	\$190,000	\$1,810,000	\$2,000,000
2021	5	9	14	\$190,000	\$810,000	\$1,000,000
2022	5	7	12	\$190,000	\$810,000	\$1,000,000
2023	5	9	14	\$190,000	\$810,000	\$1,000,000
2024	5	5	10	\$190,000	\$810,000	\$1,000,000
2025	5	13	18	\$190,000	\$810,000	\$1,000,000
2026	5	9	14	\$190,000	\$810,000	\$1,000,000
2027	5	9	14	\$190,000	\$810,000	\$1,000,000
2028	5	7	12	\$190,000	\$810,000	\$1,000,000
2029	5	7	12	\$190,000	\$810,000	\$1,000,000
2030	5	7	12	\$190,000	\$810,000	\$1,000,000
2031	5	3	8	\$190,000	\$810,000	\$1,000,000

Source: CPA, REMI, NGC Industries

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	Tax Rate ¹	Hale Center ISD I&S Tax Levy	Hale Center ISD M&O Tax Levy	Hale Center ISD M&O and I&S Tax Levies	Hale County Tax Levy	High Plains Underground Water District	Estimated Total Property Taxes	
			0.2966		1.0400	1.3366	0.4921	0.008026		
2017	\$187,500,000	\$187,500,000		\$556,125	\$1,950,000	\$2,506,125	\$922,688	\$15,049	\$3,443,861	
2018	\$180,000,000	\$180,000,000		\$533,880	\$1,872,000	\$2,405,880	\$885,780	\$14,447	\$3,306,107	
2019	\$172,500,000	\$172,500,000		\$511,635	\$1,794,000	\$2,305,635	\$848,873	\$13,845	\$3,168,352	
2020	\$165,000,000	\$165,000,000		\$489,390	\$1,716,000	\$2,205,390	\$811,965	\$13,243	\$3,030,598	
2021	\$157,500,000	\$157,500,000		\$467,145	\$1,638,000	\$2,105,145	\$775,058	\$12,641	\$2,892,843	
2022	\$150,000,000	\$150,000,000		\$444,900	\$1,560,000	\$2,004,900	\$738,150	\$12,039	\$2,755,089	
2023	\$142,500,000	\$142,500,000		\$422,655	\$1,482,000	\$1,904,655	\$701,243	\$11,437	\$2,617,335	
2024	\$135,000,000	\$135,000,000		\$400,410	\$1,404,000	\$1,804,410	\$664,335	\$10,835	\$2,479,580	
2025	\$127,500,000	\$127,500,000		\$378,165	\$1,326,000	\$1,704,165	\$627,428	\$10,233	\$2,341,826	
2026	\$120,000,000	\$120,000,000		\$355,920	\$1,248,000	\$1,603,920	\$590,520	\$9,631	\$2,204,071	
2027	\$112,500,000	\$112,500,000		\$333,675	\$1,170,000	\$1,503,675	\$553,613	\$9,029	\$2,066,317	
2028	\$105,000,000	\$105,000,000		\$311,430	\$1,092,000	\$1,403,430	\$516,705	\$8,427	\$1,928,562	
2029	\$97,500,000	\$97,500,000		\$289,185	\$1,014,000	\$1,303,185	\$479,798	\$7,825	\$1,790,808	
2030	\$90,000,000	\$90,000,000		\$266,940	\$936,000	\$1,202,940	\$442,890	\$7,223	\$1,653,053	
2031	\$82,500,000	\$82,500,000		\$244,695	\$858,000	\$1,102,695	\$405,983	\$6,621	\$1,515,299	
						Total	\$27,066,150	\$9,965,025	\$162,527	\$37,193,702

Source: CPA, Hale Wind Energy Project 2, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Hale 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 Hale County and the High Plains Underground Water District.

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	Hale Center ISD I&S Tax Levy	Hale Center ISD M&O Tax Levy	Hale Center ISD M&O and I&S Tax Levies	Hale County Tax Levy	High Plains Underground Water District	Estimated Total Property Taxes	
			0.2966	1.0400	1.3366	0.4921	0.008026		
2017	\$187,500,000	\$20,000,000	\$556,125	\$208,000	\$764,125	\$470,571	\$7,675	\$1,242,370	
2018	\$180,000,000	\$20,000,000	\$533,880	\$208,000	\$741,880	\$451,748	\$7,368	\$1,200,996	
2019	\$172,500,000	\$20,000,000	\$511,635	\$208,000	\$719,635	\$432,925	\$7,061	\$1,159,621	
2020	\$165,000,000	\$20,000,000	\$489,390	\$208,000	\$697,390	\$414,102	\$6,754	\$1,118,246	
2021	\$157,500,000	\$20,000,000	\$467,145	\$208,000	\$675,145	\$395,279	\$6,447	\$1,076,871	
2022	\$150,000,000	\$20,000,000	\$444,900	\$208,000	\$652,900	\$376,457	\$6,140	\$1,035,496	
2023	\$142,500,000	\$20,000,000	\$422,655	\$208,000	\$630,655	\$357,634	\$5,833	\$994,122	
2024	\$135,000,000	\$20,000,000	\$400,410	\$208,000	\$608,410	\$338,811	\$5,526	\$952,747	
2025	\$127,500,000	\$20,000,000	\$378,165	\$208,000	\$586,165	\$319,988	\$5,219	\$911,372	
2026	\$120,000,000	\$20,000,000	\$355,920	\$208,000	\$563,920	\$301,165	\$4,912	\$869,997	
2027	\$112,500,000	\$112,500,000	\$333,675	\$1,170,000	\$1,503,675	\$553,613	\$9,029	\$2,066,317	
2028	\$105,000,000	\$105,000,000	\$311,430	\$1,092,000	\$1,403,430	\$516,705	\$8,427	\$1,928,562	
2029	\$97,500,000	\$97,500,000	\$289,185	\$1,014,000	\$1,303,185	\$479,798	\$7,825	\$1,790,808	
2030	\$90,000,000	\$90,000,000	\$266,940	\$936,000	\$1,202,940	\$442,890	\$7,223	\$1,653,053	
2031	\$82,500,000	\$82,500,000	\$244,695	\$858,000	\$1,102,695	\$405,983	\$6,621	\$1,515,299	
					Total	\$13,156,150	\$6,257,667	\$102,061	\$19,515,877
					Diff	\$13,910,000	\$3,707,358	\$60,466	\$17,677,824

Source: CPA, Hale Wind Energy Project 2, LLC

¹Tax 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 Hale Center (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 and direct, indirect and induced tax effects from project employment 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	\$208,000	\$208,000	\$1,742,000	\$1,742,000
	2018	\$208,000	\$416,000	\$1,664,000	\$3,406,000
	2019	\$208,000	\$624,000	\$1,586,000	\$4,992,000
	2020	\$208,000	\$832,000	\$1,508,000	\$6,500,000
	2021	\$208,000	\$1,040,000	\$1,430,000	\$7,930,000
	2022	\$208,000	\$1,248,000	\$1,352,000	\$9,282,000
	2023	\$208,000	\$1,456,000	\$1,274,000	\$10,556,000
	2024	\$208,000	\$1,664,000	\$1,196,000	\$11,752,000
	2025	\$208,000	\$1,872,000	\$1,118,000	\$12,870,000
	2026	\$208,000	\$2,080,000	\$1,040,000	\$13,910,000
Maintain Viable Presence (5 Years)	2027	\$1,170,000	\$3,250,000	\$0	\$13,910,000
	2028	\$1,092,000	\$4,342,000	\$0	\$13,910,000
	2029	\$1,014,000	\$5,356,000	\$0	\$13,910,000
	2030	\$936,000	\$6,292,000	\$0	\$13,910,000
	2031	\$858,000	\$7,150,000	\$0	\$13,910,000
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$780,000	\$7,930,000	\$0	\$13,910,000
	2033	\$702,000	\$8,632,000	\$0	\$13,910,000
	2034	\$624,000	\$9,256,000	\$0	\$13,910,000
	2035	\$546,000	\$9,802,000	\$0	\$13,910,000
	2036	\$468,000	\$10,270,000	\$0	\$13,910,000
	2037	\$390,000	\$10,660,000	\$0	\$13,910,000
	2038	\$390,000	\$11,050,000	\$0	\$13,910,000
	2039	\$390,000	\$11,440,000	\$0	\$13,910,000
	2040	\$390,000	\$11,830,000	\$0	\$13,910,000
	2041	\$390,000	\$12,220,000	\$0	\$13,910,000

\$12,220,000	is less than	\$13,910,000
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Analysis Summary	
Is the project reasonably likely to generate M&O tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

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, Hale Center

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	175	173	348	\$8,750,000	\$12,250,000	\$21,000,000	1174927	-595093	\$1,770,020
2017	5	16	21	\$190,000	\$2,810,000	\$3,000,000	190735	244141	-\$53,406
2018	5	11	16	\$190,000	\$1,810,000	\$2,000,000	167847	244141	-\$76,294
2019	5	7	12	\$190,000	\$1,810,000	\$2,000,000	160217	228882	-\$68,665
2020	5	5	10	\$190,000	\$1,810,000	\$2,000,000	152588	213623	-\$61,035
2021	5	9	14	\$190,000	\$810,000	\$1,000,000	160217	175476	-\$15,259
2022	5	7	12	\$190,000	\$810,000	\$1,000,000	137329	160217	-\$22,888
2023	5	9	14	\$190,000	\$810,000	\$1,000,000	137329	129700	\$7,629
2024	5	5	10	\$190,000	\$810,000	\$1,000,000	144958	129700	\$15,258
2025	5	13	18	\$190,000	\$810,000	\$1,000,000	144958	122070	\$22,888
2026	5	9	14	\$190,000	\$810,000	\$1,000,000	129700	99182	\$30,518
2027	5	9	14	\$190,000	\$810,000	\$1,000,000	122070	68665	\$53,405
2028	5	7	12	\$190,000	\$810,000	\$1,000,000	129700	38147	\$91,553
2029	5	7	12	\$190,000	\$810,000	\$1,000,000	137329	61035	\$76,294
2030	5	7	12	\$190,000	\$810,000	\$1,000,000	99182	15259	\$83,923
2031	5	3	8	\$190,000	\$810,000	\$1,000,000	99182	-7629	\$106,811
2032	5	7	12	\$190,000	\$810,000	\$1,000,000	106812	-15259	\$122,071
2033	5	5	10	\$190,000	\$810,000	\$1,000,000	114441	-45776	\$160,217
2034	5	5	10	\$190,000	\$810,000	\$1,000,000	99182	-53406	\$152,588
2035	5	5	10	\$190,000	\$810,000	\$1,000,000	76294	-76294	\$152,588
2036	5	3	8	\$190,000	-\$190,000	\$0	30518	-122070	\$152,588
2037	5	1	6	\$190,000	-\$190,000	\$0	-15259	-129700	\$114,441
2038	5	(3)	2	\$190,000	-\$190,000	\$0	15259	-129700	\$144,959
2039	5	(1)	4	\$190,000	-\$190,000	\$0	15259	-160217	\$175,476
2040	5	(3)	2	\$190,000	-\$190,000	\$0	0	-167847	\$167,847
2041	5	(1)	4	\$190,000	-\$190,000	\$0	-15259	-198364	\$183,105
0	0	0	0	\$0	\$0	\$0	0	0	\$0
Total							\$3,715,515	\$228,883	\$3,486,632
							\$15,706,632	is greater than	\$13,910,000

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

Yes

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 Hale Wind Energy Project 2, 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:

- Per the company, Hale Wind Energy Project 2 is currently in such a period of assessment to determine whether the identified site in the Hale Center ISD represents the best location or whether redeployment of its development resources and capital to other markets in the United States is more advisable.
- Per the company, a 313 Limitation of Appraised Value Agreement is a key incentive agreement necessary to ensure the Project is on a level playing field with other wind projects with similar incentives and with alternative forms of generation that receive their own forms of economic support.
- Per the company, without the limitation the project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment.
- Comptroller research notes an article in Lubbock Avalanche-Journal, September 25, 2013, noting newly-formed Hale Community Energy to bring up to 650 turbines. Four smaller wind-energy projects – Hale County Wind Farm, Cotton Wind Farm, Lakeview Wind Farms and East Mound Renewable Energy Project – together comprise the new, larger one.

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:

<input type="checkbox"/> Land has no existing improvements	<input checked="" type="checkbox"/> Land has existing improvements (<i>complete Section 13</i>)
<input type="checkbox"/> Expansion of existing operation on the land (<i>complete Section 13</i>)	<input type="checkbox"/> 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**

Attachment 5

Documentation to assist in determining if limitation is a determining factor.

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.

Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?

Hale Wind Energy Project 2, LLC was formed in 2015.

In support of its creation the participating members, Tri Global Energy, executed documents necessary to form the entity including an Operating Agreement and a Development Agreement with Hale Community Energy, LLC.

Since its formation Hale Community Energy, LLC it and its subsidiaries have entered into the following representative agreements and contracts for the development of a project phase within the Hale Center ISD and intend to assign these assets to Hale Wind Energy Project 2, LLC:

- Grants of leases and easements covering approximately 20,000 acres with 70 landowners.
- Avian Study and contract with Turner Biological Consulting
- Bat Study and contract with Turner Biological Consulting
- Threatened & Endangered Species Studies and contract with Turner Biological Consulting
- Jurisdictional Wetland Study and contract with Turner Biological Consulting
- Wind Data Measurement & Analysis contract with Wireless Innovations for data transmission for 50m Met Tower
- Contract with V-Bar for data storage and verification met tower
- FCC & RF Studies and contract with ATDI, Inc.
- D&O Insurance Policy & Public Liability insurance contract with MHBT Marsh & McLennan Agency LLC

Does the applicant have current business activities at the location where the proposed project will occur?

The business activities these agreements and contracts listed above represent will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project in the Hale Center ISD.

These contracts and initial investments are preliminary in nature as Tri Global and Hale Wind Energy 2 have determined that a value limitation agreement with Hale Center ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.

Is the applicant evaluating other locations not in Texas for the proposed project?

Tri Global's management team is uniquely qualified to develop and construct wind and other energy projects throughout the United States. It has been responsible for the development, construction, and operations of approximately 3,100 MWs, or approximately 5%, of the U.S.' installed wind energy capacity. Based on this experience the management team evaluates all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities across the country.

The Hale Wind Energy 2 Project is currently in such a period of assessment to determine whether the identified site in Hale Center ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.

A 313 Limitation of Appraised Value Agreement is a key tax incentive agreement necessary to ensure the Project is on a level playing field with other wind projects with similar incentives and with alternative forms of generation that receive their own forms of economic support. Without the requested limitation. The Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$200M needed to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.

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?

The information provided in this Attachment and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the feasibility of Hale Wind Energy 2.

Supporting Information

Additional information
provided by
the Comptroller

FRIDAY, JULY 24, 2015

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World's largest wind farm coming to Hale County

Newly-formed Hale Community Energy to bring up to 650 turbines in new wind farm.

Posted: September 24, 2013 - 11:03pm | Updated: September 25, 2013 - 12:16am



AP file photo

By JOSIE MUSICO

A-J MEDIA

Hale County is slated to become the site of the world's largest wind farm, a recently formed energy partnership has announced.

Hale Community Energy says it plans to erect between 500 and 650 wind turbines on more than 122,000 acres within the next few years.

That pencils out to about 190 square miles. By comparison, Lubbock's current city limits encompass about 124 square miles.

Four smaller wind-energy projects — Hale County Wind Farm, CottonWind Farms, Lakeview Wind Farms and East Mound Renewable Energy Project — together comprise the new, larger one. The project has the potential to generate 1,100 megawatts of renewable energy, according to Tri Global Energy, its parent company.

"All of our projects are quite large, and when we combine four of them,

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it's definitely the largest at this point in time," said Rhonda Dill, a spokeswoman for Tri Global Energy.

The new wind farm will be located in the southern portion of Hale County, between Abernathy and Petersburg and north to Plainview.

Construction is scheduled for five phases, with the first set to be operational by late 2015. The entire project is anticipated for completion by mid-2018.

Curtis King, Tri Global's senior vice president of investor relations, said construction will create temporary jobs, and operating the farm will bring about 100 permanent ones.

"These will be high-paying jobs," he said in a news release. "It's not something that will be around for just 10 years — wind farms will be a permanent fixture that will go on for several generations."

Kevin Carter, executive director of the Hale County Industrial Foundation, said that because plans are still in their early stages, no incentive packages have yet been developed. He expressed enthusiasm for the farm, describing each turbine as an investment of \$2 million to \$3 million with area landowners as stakeholders.

"It's going to be a tremendous increase as far as the amount of tax base to the area," he said.

The total number of shareholders is more than 450, with more than 340 landowners, according to Tri Global.

Abernathy could see some revenue of its own from the project, according to City Manager Mike Cypert. Workers in town for the duration of construction will boost the local economy, he said, and permanent positions will benefit even further.

"If they're creating long-term jobs, it's really going to help us," he said.

Carter similarly noted jobs the farm could bring to Plainview, whose economy has struggled since Cargill Meat Solutions' closing Jan. 28 laid off nearly 10 percent of the town's population. Unemployment is down slightly this month, he said, but at 12 percent still doubles the national average.

"We're really excited," Carter said. "It's going to bring quite a few jobs to Plainview, and they're going to be good jobs."

The first phase of the wind farm is projected to interconnect with a national grid at the Briscoe County Substation, currently under construction by Sharyland Utilities. Developers anticipate this process helping deliver renewable energy to more urban areas.

"What's making all of these projects foreseeable at this time are all the transmission lines built to take wind energy from West Texas," Dill said.

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