SUSAN COMBS

TEXAS COMPTROLLER of PUBLIC ACCOUNTS

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

March 17, 2014

Randy Hoyer
Superintendent
Kenedy County Wide Common School District
P.O. Box 100
Sarita, Texas 78385

Dear Superintendent Hoyer:

On Dec. 17, 2013, the Comptroller received the completed application (Application # 388) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted in November 2013 to the Kenedy County Wide Common School District (the school district) by Stella Wind Farm, 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 1 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 ($450 million) is consistent with the proposed appraised value limitation sought ($30 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 Kenedy 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

[1] 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.

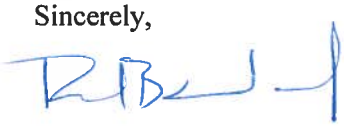
Note that any new building or other improvement existing as of the application review start date of Dec. 17, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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 me by email at 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,



Robert Wood
Director
Economic Development & Analysis Division

Enclosure

Economic Impact for Chapter 313 Project

Applicant	Stella Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Kenedy County-Wide CSD
2012-13 Enrollment in School District	83
County	Kenedy
Total Investment in District	$450,000,000
Qualified Investment	$450,000,000
Limitation Amount	$30,000,000
Number of total jobs committed to by applicant	6*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	$1,011
Minimum Weekly Wage Required Tax Code, 313.051(b)	$1,011
Minimum Annual Wage committed to by applicant for qualified jobs	$52,555
Investment per Qualifying Job	$75,000,000
Estimated 15 year M&O levy without any limit or credit:	$49,459,600
Estimated gross 15 year M&O tax benefit	$33,199,200
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):	$31,346,007
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	$4,452,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	$18,113,593
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	63.4%
Percentage of tax benefit due to the limitation	86.6%
Percentage of tax benefit due to the credit	13.4%
** 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 Stella Wind Farm, LLC (the project) applying to Kenedy County-Wide Common 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 six new jobs when fully operational. All 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 Coastal Bend Council of Governments Region, where Kenedy County is located was $47,786 in 2012. There was not sufficient data available to calculate the annual average manufacturing wage for Kenedy County in 2012. From 2012-2013, the county annual average wage for all industries was $62,712. In addition to an annual average salary of $52,555 each qualifying position will receive benefits such as medical insurance, prescription insurance, dental insurance, vision insurance, life & personal accident insurance, short- and long-term disability benefits, free instructor led and online training, tuition reimbursement, employee assistance program, adoption assistance, health care flexible spending account plan, dependent care flexible spending account plan, commuter benefits plan, purchasing advantages through Insperity's MarketPlace, 401(K) plan, Making Friends International exchange program for children of employees, 15 to 25 days of paid vacation, 12 paid holidays per year, paid family and medical leave, and paid military leave. The project's total investment is $450 million, resulting in a relative level of investment per qualifying job of $75 million.

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

According to Stella Wind Farm, LLC's application, "E.ON Climate & Renewables is an international company that develops, constructs, and operates wind energy projects. E.ON Climate & Renewables has a proven history of success across the United States evidenced by the development, construction and operation of over 2,700 MWs of wind farms." The application also states "We have the ability to locate projects of this type across several regions within the United States, Canada, and Europe."

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

During the past two years, nineteen projects in the Coastal Bend Council of Governments 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 Stella Wind Farm, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified renewable energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the renewable energy industry.

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

Table 1 depicts Stella Wind Farm, 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 16 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 Stella Wind Farm, LLC

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	15	17	32	$788,325	$1,211,675	$2,000,000
2015	100	103	203	$5,255,500	$7,744,500	$13,000,000
2016	6	10	16	$315,330	$1,684,670	$2,000,000
2017	6	20	26	$315,330	$1,684,670	$2,000,000
2018	6	15	21	$315,330	$1,684,670	$2,000,000
2019	6	19	25	$315,330	$1,684,670	$2,000,000
2020	6	25	31	$315,330	$2,684,670	$3,000,000
2021	6	29	35	$315,330	$2,684,670	$3,000,000
2022	6	27	33	$315,330	$2,684,670	$3,000,000
2023	6	27	33	$315,330	$3,684,670	$4,000,000
2024	6	25	31	$315,330	$2,684,670	$3,000,000
2025	6	31	37	$315,330	$3,684,670	$4,000,000
2026	6	21	27	$315,330	$2,684,670	$3,000,000
2027	6	17	23	$315,330	$1,684,670	$2,000,000
2028	6	12	18	$315,330	$1,684,670	$2,000,000
2029	6	8	14	$315,330	$1,684,670	$2,000,000

Source: CPA, REMI, Stella Wind Farm, LLC

The statewide average ad valorem tax base for school districts in Texas was $1.65 billion in 2012-2013. Kenedy County-Wide CSD's ad valorem tax base in 2012-2013 was $960 million. The statewide average wealth per WADA was estimated at $343,155 for fiscal 2012-2013. During that same year, Kenedy County-Wide ISD's estimated wealth per WADA was $6,577,297. 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, Kenedy County, Kenedy County ESD #1 and Kenedy County Groundwater Conservation Distrct with all property tax incentives sought being granted using estimated market value from Stella Wind Farm, LLC's application. Stella Wind Farm, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Stella Wind Farm, LLC project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Kenedy County-Wide CSD I&S Levy	Kenedy County-Wide CSD M&O Levy	County-Wide CSD M&O and I&S Tax Levies (Before Credit Credited)	County-Wide CSD M&O and I&S Tax Levies (After Credit Credited)	Kenedy County Tax Levy	Kenedy County ESD #1 District Tax Levy	Kenedy County Goundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.3500	1.0600			0.3500	0.0516	0.0153	
2015	$4,000,000	$4,000,000		$14,000	$42,400	$56,400	$56,400	$14,000	$2,065	$6	$72,471
2016	$450,000,000	$450,000,000		$1,575,000	$4,770,000	$6,345,000	$6,345,000	$0	$232,268	$689	$6,577,956
2017	$432,000,000	$30,000,000		$1,512,000	$318,000	$1,830,000	$1,830,000	$0	$222,977	$661	$2,053,638
2018	$414,000,000	$30,000,000		$1,449,000	$318,000	$1,767,000	$1,535,550	$0	$213,686	$633	$1,749,870
2019	$396,000,000	$30,000,000		$1,386,000	$318,000	$1,704,000	$1,475,700	$0	$204,395	$606	$1,680,701
2020	$378,000,000	$30,000,000		$1,323,000	$318,000	$1,641,000	$1,415,850	$0	$195,105	$578	$1,611,533
2021	$360,000,000	$30,000,000		$1,260,000	$318,000	$1,578,000	$1,356,000	$0	$185,814	$551	$1,542,365
2022	$342,000,000	$30,000,000		$1,197,000	$318,000	$1,515,000	$1,296,150	$0	$176,523	$523	$1,473,197
2023	$324,000,000	$30,000,000		$1,134,000	$318,000	$1,452,000	$1,236,300	$0	$167,233	$496	$1,404,028
2024	$306,000,000	$30,000,000		$1,071,000	$318,000	$1,389,000	$1,176,450	$0	$157,942	$468	$1,334,860
2025	$288,000,000	$288,000,000		$1,008,000	$3,052,800	$4,060,800	$1,162,800	$0	$148,651	$441	$1,311,892
2026	$270,000,000	$270,000,000		$945,000	$2,862,000	$3,807,000	$3,807,000	$945,000	$139,361	$413	$4,891,774
2027	$252,000,000	$252,000,000		$882,000	$2,671,200	$3,553,200	$3,553,200	$882,000	$130,070	$386	$4,565,655
2028	$234,000,000	$234,000,000		$819,000	$2,480,400	$3,299,400	$3,299,400	$819,000	$120,779	$358	$4,239,537
2029	$216,000,000	$216,000,000		$756,000	$2,289,600	$3,045,600	$3,045,600	$756,000	$111,488	$330	$3,913,419
						Total	$32,591,400	$3,416,000	$2,408,356	$7,139	$38,422,895
Assumes School Value Limitation and Tax Abatements with the County.											

Source: CPA, Stella Wind Farm, LLC
[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Kenedy County-Wide CSD I&S Levy	Kenedy County-Wide CSD M&O Levy		Kenedy County-Wide CSD M&O and I&S Tax Levies (After Credit Credited)	Kenedy County Tax Levy	Kenedy County ESD #1 District Tax Levy	Kenedy County Goundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.3500	1.0600			0.3500	0.0516	0.0153	
2015	$4,000,000	$4,000,000		$14,000	$42,400		$56,400	$14,000	$2,065	$6	$72,471
2016	$450,000,000	$450,000,000		$1,575,000	$4,770,000		$6,345,000	$1,575,000	$232,268	$689	$8,152,956
2017	$432,000,000	$432,000,000		$1,512,000	$4,579,200		$6,091,200	$1,512,000	$222,977	$661	$7,826,838
2018	$414,000,000	$414,000,000		$1,449,000	$4,388,400		$5,837,400	$1,449,000	$213,686	$633	$7,500,720
2019	$396,000,000	$396,000,000		$1,386,000	$4,197,600		$5,583,600	$1,386,000	$204,395	$606	$7,174,601
2020	$378,000,000	$378,000,000		$1,323,000	$4,006,800		$5,329,800	$1,323,000	$195,105	$578	$6,848,483
2021	$360,000,000	$360,000,000		$1,260,000	$3,816,000		$5,076,000	$1,260,000	$185,814	$551	$6,522,365
2022	$342,000,000	$342,000,000		$1,197,000	$3,625,200		$4,822,200	$1,197,000	$176,523	$523	$6,196,247
2023	$324,000,000	$324,000,000		$1,134,000	$3,434,400		$4,568,400	$1,134,000	$167,233	$496	$5,870,128
2024	$306,000,000	$306,000,000		$1,071,000	$3,243,600		$4,314,600	$1,071,000	$157,942	$468	$5,544,010
2025	$288,000,000	$288,000,000		$1,008,000	$3,052,800		$4,060,800	$1,008,000	$148,651	$441	$5,217,892
2026	$270,000,000	$270,000,000		$945,000	$2,862,000		$3,807,000	$945,000	$139,361	$413	$4,891,774
2027	$252,000,000	$252,000,000		$882,000	$2,671,200		$3,553,200	$882,000	$130,070	$386	$4,565,655
2028	$234,000,000	$234,000,000		$819,000	$2,480,400		$3,299,400	$819,000	$120,779	$358	$4,239,537
2029	$216,000,000	$216,000,000		$756,000	$2,289,600		$3,045,600	$756,000	$111,488	$330	$3,913,419
						Total	$65,790,600	$16,331,000	$2,408,356	$7,139	$84,537,095

Source: CPA, Stella Wind Farm, LLC
[1]Tax Rate per $100 Valuation

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. The last table in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be $44,689,600. The estimated gross 13 year M&O tax benefit, or levy loss, is $33,199,200.

Attachment 3 is an economic overview of Kenedy 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.

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

Applicant Name Stella Wind

ISD Name Kenedy County ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS

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

		Year	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 of building (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)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013-2014	2013	300,000				
	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	3,700,000		4,000,000		4,000,000
	Complete tax years of qualifying time period	1	2015-2016	2015	450,000,000		450,000,000		450,000,000
		2	2016-2017	2016					
	Value Limitation Period	3	2017-2018	2017					
Tax Credit Period (with 50% cap on credit)		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 Settle-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 §313.021(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].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: 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).
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: 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 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.

MB

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3/17/14

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name: Stella Wind Farm, LLC

ISD Name: Kenedy County-Wide CSD

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible 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			-			
	Complete tax years of qualifying time period	1	2015-2016	2015			4,000,000		4,000,000	4,000,000
		2	2016-2017	2016			450,000,000		450,000,000	450,000,000
	Value Limitation Period	3	2017-2018	2017			432,000,000		432,000,000	30,000,000
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018			414,000,000		414,000,000	30,000,000
		5	2019-2020	2019			396,000,000		396,000,000	30,000,000
		6	2020-2021	2020			378,000,000		378,000,000	30,000,000
		7	2021-2022	2021			360,000,000		360,000,000	30,000,000
		8	2022-2023	2022			342,000,000		342,000,000	30,000,000
		9	2023-2024	2023			324,000,000		324,000,000	30,000,000
		10	2024-2025	2024			306,000,000		306,000,000	30,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025			288,000,000		288,000,000	288,000,000
		12	2026-2027	2026			270,000,000		270,000,000	270,000,000
		13	2027-2028	2027			252,000,000		252,000,000	252,000,000
Post- Settle-Up Period		14	2028-2029	2028			234,000,000		234,000,000	234,000,000
Post- Settle-Up Period		15	2029-2030	2029			216,000,000		216,000,000	216,000,000

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

11-18-13

DATE

Schedule C- Application: Employment Information

Applicant Name Stella Wind Farm, LLC
ISD Name Kenedy County-Wide CSD

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	15 FTE	52,555				
	Complete tax years of qualifying time period	1	2015-2016	2015	100 FTE	52,555				
		2	2016-2017	2016			6	52,555	6	52,555
	Value Limitation Period	3	2017-2018	2017			6	52,555	6	52,555
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018			6	52,555	6	52,555
		5	2019-2020	2019			6	52,555	6	52,555
		6	2020-2021	2020			6	52,555	6	52,555
		7	2021-2022	2021			6	52,555	6	52,555
		8	2022-2023	2022			6	52,555	6	52,555
		9	2023-2024	2023			6	52,555	6	52,555
		10	2024-2025	2024			6	52,555	6	52,555
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025			6	52,555	6	52,555
		12	2026-2027	2026			6	52,555	6	52,555
		13	2027-2028	2027			6	52,555	6	52,555
Post- Settle-Up Period		14	2028-2029	2028			6	52,555	6	52,555
Post- Settle-Up Period		15	2029-2030	2029			6	52,555	6	52,555

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

11-18-13
DATE

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

Applicant Name: Stella Wind Farm, LLC

ISD Name: Kenedy County-Wide CSD

Form 50-296

					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							
	Complete tax years of qualifying time period	1	2015-2016	2015	$0.00	$0.00	$0.00	0%	0%	0%	0%
		2	2016-2017	2016	$33,187,590.00	$514,462,410.00	$0.00	100%	0%	0%	0%
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	$0.00	$0.00	$0.00	100%	0%	0%	0%
		4	2018-2019	2018	$0.00	$0.00	$0.00	100%	0%	0%	0%
		5	2019-2020	2019	$0.00	$0.00	$0.00	100%	0%	0%	0%
		6	2020-2021	2020	$0.00	$0.00	$0.00	100%	0%	0%	0%
		7	2021-2022	2021	$0.00	$0.00	$0.00	100%	0%	0%	0%
		8	2022-2023	2022	$0.00	$0.00	$118,000.00	100%	0%	0%	0%
		9	2023-2024	2023	$0.00	$0.00	$129,000.00	100%	0%	0%	0%
		10	2024-2025	2024	$0.00	$0.00	$149,000.00	100%	0%	0%	0%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	$0.00	$0.00	$163,000.00	100%	0%	0%	0%
		12	2026-2027	2026	$0.00	$0.00	$172,000.00	0%	0%	0%	0%
		13	2027-2028	2027	$0.00	$0.00	$177,000.00	0%	0%	0%	0%
Post- Settle-Up Period		14	2028-2029	2028	$0.00	$0.00	$200,000.00	0%	0%	0%	0%
Post- Settle-Up Period		15	2029-2030	2029	$0.00	$0.00	$216,000.00	0%	0%	0%	0%

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

11-28-23

DATE

Attachment 2

WALSH, ANDERSON,
GALLEGOS, GREEN
and TREVIÑO, P.C.
ATTORNEYS AT LAW

December 2, 2013

Mr. Gary Price
Regional Fiscal Analysis
Local Government Assistance and
Economic Development Division
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

VIA EMAIL DELIVERY: Gary.Price@cpa.state.tx.us

Re: Kenedy County Wide Common School District ("District") / Tax Limitation Agreement: Stella Wind Farm, LLC ("Applicant")

Dear Mr. Price:

Pursuant to 34 TAC Rules §9.105(c)(3) attached is the Final Report Summary of the Financial Impact of the Stella Wind Farm, LLC Application on the Kenedy County Wide Common School District prepared by Larry Stavinoha dated November 25, 2013.

Please call if you have any questions.

Very truly yours,

GEORGE E. GRIMES, JR.

GEG/paw
Enclosure

cc: Rich Saunders, Development Manger, EC&R Development, Inc.
(Via Email Delivery: Richard.saunders@eon.com)
Randy Hoyer, Superintendent of Schools
(Via Email Delivery: rhoyer@saritaschool.net)
Larry Stavinoha
(Via Email Delivery: larry.stavinoha@esc20.net)

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FINAL REPORT

Summary of the Financial Impact of

The Stella Wind Farm LLC on the Kenedy County Wide School District

Under a Requested Chapter 313 Property Value Limitation

Prepared By

Larry Stavinoha

School Finance Consultant

November 25, 2013

Introduction

E.ON Climate and Renewables, LLC has submitted an application to the Kenedy County Wide School District Board of Trustees requesting a tax limitation agreement under Chapter 313 of the Texas Tax Code also known as the Texas Economic Development Act. The company proposes to construct the Stella Wind Farm, LLC that would invest $450,000,000 in the Kenedy County Wide School District.

The Texas Economic Development Act was enacted by the Texas Legislature in 2001 to "encourage large scale capital investments" in the State of Texas. Entering into these tax limitation agreements gives Texas School Districts the ability to attract new taxable property and create jobs. Projects that are eligible for a tax limitation under the Texas Economic Development Act are projects devoted to manufacturing, research and development, clean coal projects as defined by Section 5.001, Water Code, an advanced clean energy project as defined by Section 382.003, Health and Safety Code, renewable energy electric generation, electric power generation using integrated gasification combined cycle technology, nuclear electric power generation, or a computer center used primarily in connection to one of the other categories. The Stella Wind Farm, LLC project proposes wind powered electric production, a renewable energy electric generation project, and thus qualifies as an eligible project under the Texas Economic Development Act.

The proposed agreement calls for a two year qualifying period which would occur during the 2015-2016 and 2016-2017 school years. The entire value of the project will be fully taxable for both maintenance and operation (M&O) and interest and sinking (I&S) during the two year qualifying period. The proposal calls for the limitation period to span eight years beginning with the 2017-2018 school fiscal year and ending with the conclusion of the 2024-2025 school fiscal year. The full value of the project will remain fully taxable for I&S levies. The full value of the project, $450,000,000, will be invested during the 2016-2017 school year and will be reduced by depreciation in subsequent years.

The proposed agreement calls for a calculation of the revenue impact of the value limitation on the school district in years three through ten under the school finance and property tax laws which would apply during that period. It is

estimated that Kenedy County Wide School District would suffer a revenue loss of $1,853,193 during the years that the tax limitation applies.

The total tax savings to the applicant is estimated to be $33,199,200 over the course of the agreement. These tax savings would result from the limits placed on the value of the project for M&O taxes from the 2017-2018 school year through the 2024-2025 school year and from a credit for taxes paid during the two year qualifying period that would be over and above the limitation amount. The net savings to the company would be an estimated $31,346,007 when revenue protection payments are considered.

Texas Public School Funding

Texas school districts are financed by some combination of local property tax revenue and state aid. All Texas School Districts collect ad valorem property taxes to use for the maintenance and operation of the school district and taxes to pay the principal and interest on bonded debt approved by district voters. While taxes are collected by the district on the current year County Appraisal District (CAD) value, the state funding formulas use the Comptroller's Property Tax Division (CPTD) value for the purpose of calculating the district's required local shares within the funding tiers of that formula. The CPTD is a reflection of last year's CAD value; therefore, it lags behind the CAD value in all years. Texas School Finance Law establishes the Foundation School Program that determines how much state and local aid a school district is due and how much of this revenue is provided by the state. The program is administered by the Texas Education Agency. The Foundation School Program is meant to ensure that all school districts, regardless of property wealth, receive "substantially equal access to similar revenues per student at similar levels of tax effort, considering all state and local tax revenues of districts after acknowledging all legitimate student and district cost differences." In other words, the system seeks to provide the same dollars for the same kids for the same tax effort. In an effort to provide school funding equity, the laws require that property taxes collected on appraised value over certain limits be recaptured by the state. Currently the equalization level for taxes collected at the district's compressed tax rate is $495,000 per Weighted ADA. A second equalization level of $319,500 per weighted ADA is imposed on taxes collected on pennies in excess of six pennies above the compressed tax rate.

The operations component of the Foundation School Program provides funding for school districts in two tiers. Tier 1 provides districts a basic level of funding with allotments for special programs. The revenue that a school district is guaranteed in Tier 1, at the compressed tax rate, is determined by either the target revenue/hold harmless formulas or the state share of Tier 1 plus local taxes collected at the compressed rate, whichever is greater. In 2006, the legislature mandated that school districts compress maintenance and operation tax rates by one third. The legislation held districts harmless at revenue totals derived from formulas that took into account revenues generated during the 2005-2006 school year. This placed virtually all school districts under target revenue/hold harmless formulas. To replace local tax revenue lost due to tax compression, the state provided Additional State Aid for Tax Reduction. Subsequent legislation in 2009, 2011, and 2013 moved many districts out of target revenue/hold harmless funding and into formula funding. The 2011 legislative session cut $4 billion dollars from the Foundation School Program and formulas were adjusted accordingly. Some of these cuts were restored by the recently completed 2013 legislative session. A statement of legislative intent adopted in 2011 calls for the complete elimination of Additional State Aid for Tax Reduction by the 2017-2018 school year.

The other tier of the operations component of the Foundation School Program is Tier 2. Tier 2 of the FSP is intended to supplement the funding provided in Tier 1. Currently this tier provides for a guaranteed yield of $59.97 per penny per Weighted ADA for the first six pennies levied and collected above the district compressed tax rate and a yield of $31.95 per penny per weighted ADA for pennies collected above the first six pennies up to a maximum M&O tax rate of $1.17. There is no recapture on the first six pennies levied above the compressed rate. For pennies levied above the first six pennies in excess of the compressed rate, a recapture level of $319,500 per weighted ADA is imposed. Kenedy County Wide School District currently levies an M&O tax rate of $1.06. The revenue that the district collects on the six pennies levied above the compressed rate of $1 benefits only the residents of the district as this revenue is not subject to recapture.

The other component of the Foundation School Program is Tier 3 which assists eligible school districts with state aid to pay debt service. These programs provide for a guaranteed yield of $35 per Average Daily Attendance per penny of tax effort. Kenedy County Wide School District does not qualify for this program

because the local yield per penny derived from the current tax base is greater than the guaranteed yield per penny guarantee. The additional property value that would result from this proposed agreement would allow the district to finance current bonded debt with a slightly lower I&S tax rate.

The Kenedy County Wide School District has wealth per weighted ADA that far exceeds the first equalization level of $495,000 per weighted ADA. This classifies the small school district as "Chapter 41" subject to the recapture provisions of the Texas School Funding Law. It is estimated that over 92% of the tax revenue that Kenedy County Wide School District will collect at the compressed tax rate will be returned to the Foundation School Program as recapture payments in the current school year. No recapture will be imposed on revenue generated by the six pennies levied by Kenedy County Wide School District over the compressed rate.

Project Assumptions

Chapter 313 applications require that 15 years of data be analyzed to project the impact of the proposed limitation agreement on the school district and on the taxes paid by the project applicant. In analyzing this data for the Kenedy County Wide School District, the following assumptions were made:

1. School funding formulas under Senate Bill 1 enacted by the 83rd Legislature, Regular Session, will be in place throughout the proposed limitation agreement.
2. The limitation period on the current Chapter 313 agreement, Penascal Wind Power II, will expire with the 2018-2019 school year. In years after 2018-2019 the full value of the Penascal Wind Power II project is recognized in these tax appraisal estimates.
3. Student counts for both Average Daily Attendance and Weighted ADA will remain constant during the 15 year agreement period.
4. The local property value, as certified by the County Appraisal District on or about July 25, 2013, was used as the base value for both subsequent CAD and CPTD property values.
5. Tax collections for each year of the projections were based on an M&O tax rate of $1.06 and I&S tax rates ranging from $.024 to $.037. Collection rates of 100% were used throughout the 15 years.

Utilizing these assumptions makes it possible to isolate the effects of the value limitation agreement on both the applicant company and the Kenedy County Wide School District. A summary of the data used in this analysis is illustrated in Table 1.

School Funding Impact on Kenedy County Wide School District

In order to predict the financial impact that the property tax limitation agreement would have on the Kenedy County Wide School District, two funding models were prepared using the data assumptions noted earlier.

The first model developed adds the value of the proposed Stella Wind Farm, LLC project to the baseline property value but assumes that no tax limitation agreement is in place. A summary of these calculations can be seen in Exhibit A.

The second model developed adds the Stella Wind Farm, LLC value but imposes the limitation of $30,000,000 starting in the third year of the agreement, which is the 2017-2018 school year, and continuing through the tenth year of the agreement, which is the 2024-2025 school year. The results of this model can also be seen in Exhibit A.

These models estimate that the property tax limitation agreement would result in a loss of total M&O revenue of $1,853,193 during the tax limitation period. The Revenue Protection clauses in the tax limitation agreement will hold the district harmless on this potential loss of revenue. A small gain in total revenue is indicated in years five and eleven.

Impact on the Taxpayer

In the first two years of the value limitation agreement, the full value of the project is taxable. In years three through ten of the agreement, the taxable value of the project would be limited to $30,000,000 for M&O purposes. The full value of the project would remain taxable for I&S levies.

It is estimated that the Stella Wind Farm, LLC will benefit from tax savings resulting from the tax limitation in years three through ten of the agreement in the amount of $28,747,200. In addition under current law, the company could also be entitled to a tax credit for any taxes paid during the two qualifying years

of the agreement over and above the limitation amount. Schedule B of the application submitted for the Stella Wind Farm, LLC project shows the company could be eligible for a credit in the amount of $4,452,000. Net savings to the district when Revenue Protection Payments are considered would be $31,346,007.

A separate spreadsheet is included with this report entitled the "Comptroller's BETA Spreadsheet". Tax benefits to the district, as well as tax credit calculations, are illustrated on this spreadsheet.

Impact on Kenedy County Wide School District Facilities Funding

The total value of the Stella Wind Farm, LLC project will remain fully taxable for the I&S part of the district tax rate. This applies not only to the debt currently being financed by Kenedy County Wide School District but also to future bonded debt that might be approved by district voters.

The Instructional Facilities Allotment and the Existing Debt Allotment are provisions of the state funding laws that provide state money to help districts pay the principal and interest on bonded debt. These programs provide a guaranteed yield per penny of $35 per ADA per penny of tax effort. Kenedy County Wide School District is not eligible for either of these state programs because their current tax base provides more than the state guarantees per student.

Estimates produced by these calculations predict that the added taxable value that will be available to Kenedy County Wide School District during this agreement period will allow the district to finance debt currently on bond payment schedules with tax rates of between $.024 and $.037. Debt service schedules provided by the district show that Kenedy County Wide School District will completely pay off current debt in the 2019-2020 school fiscal year.

Summary

The proposed Chapter 313 tax limitation agreement has potential benefits for both the Stella Wind Farm, LLC and the Kenedy County Wide School District. Under the above outlined assumptions, the potential tax savings to the company could reach an estimated $31,346,007. This amount is net of any anticipated M&O revenue losses incurred by Kenedy County Wide School District. The

proposed wind farm would enhance the school district tax base and assist the district in meeting both current and future bonded debt obligations. It should be noted that all school funding calculations that are used in this report are based on current Texas School Funding Law. This law has been found unconstitutional by a district court judge and it is anticipated that the Texas Supreme Court will soon review the case. A win by the plaintiffs in this case is expected and will likely result in the Texas Legislature enacting significant changes in Texas School Funding Law.

Table 1- Data Assumptions for Stella Wind Farm LLC

Year of Agreement	School Year	Tax Year	ADA	WADA	M & O Tax Rate	I & S Tax Rate	CAD VALUE with Project LIMITATION	CAD Value WITHOUT Limitation	CPTD with LIMITATION	CPTD VALUE WITHOUT Limitation
0	2014-2015	2014	73.00	127.00	$1.06	$0.037	$ 823,160,268.00	$ 823,160,268.00	$ 823,160,268.00	$ 823,160,268.00
1	2015-2016	2015	73.00	127.00	$1.06	$0.037	$ 827,160,268.00	$ 827,160,268.00	$ 823,160,268.00	$ 823,160,268.00
2	2016-2017	2016	73.00	127.00	$1.06	$0.024	$ 1,273,160,268.00	$ 1,273,160,268.00	$ 827,160,268.00	$ 827,160,268.00
3	2017-2018	2017	73.00	127.00	$1.06	$0.024	$ 853,160,268.00	$ 1,255,160,268.00	$ 1,273,160,268.00	$ 1,273,160,268.00
4	2018-2019	2018	73.00	127.00	$1.06	$0.024	$ 853,160,268.00	$ 1,237,160,268.00	$ 853,160,268.00	$ 1,255,160,268.00
5	2019-2020	2019	73.00	127.00	$1.06	$0.024	$ 941,315,000.00	$ 1,307,315,000.00	$ 853,160,268.00	$ 1,237,160,268.00
6	2020-2021	2020	73.00	127.00	$1.06	$0.000	$ 934,444,169.00	$ 1,282,444,169.00	$ 941,315,000.00	$ 1,307,315,000.00
7	2021-2022	2021	73.00	127.00	$1.06	$0.000	$ 928,054,296.00	$ 1,258,054,296.00	$ 934,444,169.00	$ 1,282,444,169.00
8	2022-2023	2022	73.00	127.00	$1.06	$0.000	$ 922,111,714.00	$ 1,234,111,714.00	$ 928,054,296.00	$ 1,258,054,296.00
9	2023-2024	2023	73.00	127.00	$1.06	$0.000	$ 916,585,113.00	$ 1,210,585,113.00	$ 922,111,714.00	$ 1,234,111,714.00
10	2024-2025	2024	73.00	127.00	$1.06	$0.000	$ 911,445,373.00	$ 1,187,445,373.00	$ 916,585,113.00	$ 1,210,585,113.00
11	2025-2026	2025	73.00	127.00	$1.06	$0.000	$ 1,164,665,416.00	$ 1,164,665,416.00	$ 911,445,373.00	$ 1,187,445,373.00
12	2026-2027	2026	73.00	127.00	$1.06	$0.000	$ 1,146,665,416.00	$ 1,146,665,416.00	$ 1,164,665,416.00	$ 1,164,665,416.00
13	2027-2028	2027	73.00	127.00	$1.06	$0.000	$ 1,128,665,416.00	$ 1,128,665,416.00	$ 1,146,665,416.00	$ 1,146,665,416.00
14	2028-2029	2028	73.00	127.00	$1.06	$0.000	$ 1,110,665,416.00	$ 1,110,665,416.00	$ 1,128,665,416.00	$ 1,128,665,416.00
15	2029-2030	2029	73.00	127.00	$1.06	$0.000	$ 1,092,665,416.00	$ 1,092,665,416.00	$ 1,110,665,416.00	$ 1,110,665,416.00

Revenue with Agreement

Line 6 / 7 / 8 / 9 / 10 / 11	Column B Agreement Year	Column C School Year	Column D Tax Year	Column E District Taxable Value Not Including Project	Column F M&O Taxes Not Including Project	Column G State Funds Not Including Project	Column H Taxable Value Per Stella	Column I Total Taxable Value	Column J Total M&O Funds Combined Value	Column K Recapture	Column L Total State Funds with Combined Values	Column M Total Funds Combined Values	Column N Net Projected (Loss) / Gain From Agreement
14	0	2014-15	2014	$823,160,268	$8,725,499	$32,483	$0	$823,160,268	$8,725,499	-$7,245,909	$32,483	$1,512,073	$0
15	1	2015-16	2015	$823,160,268	$8,725,499	$21,675	$4,000,000	$827,160,268	$8,767,899	-$7,282,783	$21,675	$1,506,791	$0
16	2	2016-17	2016	$823,160,268	$8,725,499	$32,625	$450,000,000	$1,273,160,268	$13,495,499	-$11,398,201	$32,625	$2,129,923	$0
17	3	2017-18	2017	$823,160,268	$8,725,499	$32,625	$30,000,000	$853,160,268	$9,043,499	-$7,582,591	$32,625	$1,393,533	($444,412)
18	4	2018-19	2018	$823,160,268	$8,725,499	$32,625	$30,000,000	$853,160,268	$9,043,499	-$7,540,730	$32,625	$1,535,394	($288,653)
19	5	2019-20	2019	$911,315,000	$9,659,939	$32,625	$30,000,000	$941,315,000	$9,977,939	-$7,540,730	$32,625	$2,469,834	$560,941
20	6	2020-21	2020	$904,444,169	$9,587,108	$32,625	$30,000,000	$934,444,169	$9,905,108	-$8,292,253	$32,625	$1,645,480	($211,311)
21	7	2021-22	2021	$898,054,296	$9,519,376	$32,625	$30,000,000	$928,054,296	$9,837,376	-$8,280,171	$32,625	$1,589,830	($248,239)
22	8	2022-23	2022	$892,111,714	$9,456,384	$32,625	$30,000,000	$922,111,714	$9,774,384	-$8,221,552	$32,625	$1,585,457	($234,218)
23	9	2023-24	2023	$886,585,113	$9,397,802	$32,625	$30,000,000	$916,585,113	$9,715,802	-$8,167,034	$32,625	$1,581,393	($220,194)
24	10	2024-25	2024	$881,445,373	$9,343,321	$32,625	$30,000,000	$911,445,373	$9,661,321	-$8,118,329	$32,625	$1,577,617	($208,166)
25	11	2025-26	2025	$876,665,416	$9,292,653	$32,625	$288,000,000	$1,164,665,416	$12,345,453	-$10,466,895	$32,625	$1,911,083	$144,844
26	12	2026-27	2026	$876,665,416	$9,292,653	$32,625	$270,000,000	$1,146,665,416	$12,154,653	-$10,433,216	$32,625	$1,754,062	$0
27	13	2027-28	2027	$876,665,416	$9,292,653	$32,625	$252,000,000	$1,128,665,416	$11,963,853	-$10,256,361	$32,625	$1,740,117	$0
28	14	2028-29	2028	$876,665,416	$9,292,653	$32,625	$234,000,000	$1,110,665,416	$11,773,053	-$10,079,516	$32,625	$1,726,162	$3,558
29	15	2029-30	2029	$876,665,416	$9,292,653	$32,625	$216,000,000	$1,092,665,416	$11,582,253	-$9,902,679	$32,625	$1,712,199	$0
30									$167,787,091				($1,143,850)

REVENUE without Agreement

Line		School Year	Tax Year	District Taxable Value Not Including Project	M&O Taxes On Value Not Including Project	State Funds Not Including Project	Taxable Value Per Stella	Total Taxable Value	Total M&O Funds Combined Value	Recapture	Total State Funds with Combined Value	Total Funds Combined Values
37	0	2014-15	2014	$823,160,268	$8,725,499	$32,483	$0	$823,160,268	$8,725,499	-$7,245,909	$32,483	$1,512,073
38	1	2015-16	2015	$823,160,268	$8,725,499	$21,675	$4,000,000	$827,160,268	$8,767,899	-$7,282,783	$21,675	$1,506,791
39	2	2016-17	2016	$823,160,268	$8,725,499	$32,625	$450,000,000	$1,273,160,268	$13,495,499	-$11,398,201	$32,625	$2,129,923
40	3	2017-18	2017	$823,160,268	$8,725,499	$32,625	$432,000,000	$1,255,160,268	$13,304,699	-$11,499,379	$32,625	$1,837,945
41	4	2018-19	2018	$823,160,268	$8,725,499	$32,625	$414,000,000	$1,237,160,268	$13,113,899	-$11,322,477	$32,625	$1,824,047
42	5	2019-20	2019	$911,315,000	$9,659,939	$32,625	$396,000,000	$1,307,315,000	$13,857,539	-$11,981,271	$32,625	$1,908,893
43	6	2020-21	2020	$904,444,169	$9,587,108	$32,625	$378,000,000	$1,282,444,169	$13,593,908	-$11,769,742	$32,625	$1,856,791
44	7	2021-22	2021	$898,054,296	$9,519,376	$32,625	$360,000,000	$1,258,054,296	$13,335,376	-$11,529,932	$32,625	$1,838,069
45	8	2022-23	2022	$892,111,714	$9,456,384	$32,625	$342,000,000	$1,234,111,714	$13,081,584	-$11,294,534	$32,625	$1,819,675
46	9	2023-24	2023	$886,585,113	$9,397,802	$32,625	$324,000,000	$1,210,585,113	$12,832,202	-$11,063,240	$32,625	$1,801,587
47	10	2024-25	2024	$881,445,373	$9,343,321	$32,625	$306,000,000	$1,187,445,373	$12,586,921	-$10,835,763	$32,625	$1,783,783
48	11	2025-26	2025	$876,665,416	$9,292,653	$32,625	$288,000,000	$1,164,665,416	$12,345,453	-$10,611,639	$32,625	$1,766,239
49	12	2026-27	2026	$876,665,416	$9,292,653	$32,625	$270,000,000	$1,146,665,416	$12,154,653	-$10,433,216	$32,625	$1,754,062
50	13	2027-28	2027	$876,665,416	$9,292,653	$32,625	$252,000,000	$1,128,665,416	$11,963,853	-$10,256,361	$32,625	$1,740,117
51	14	2028-29	2028	$876,665,416	$9,292,653	$32,625	$234,000,000	$1,110,665,416	$11,773,053	-$10,083,074	$32,625	$1,722,604
52	15	2029-30	2029	$876,665,416	$9,292,653	$32,625	$216,000,000	$1,092,665,416	$11,582,253	-$9,902,679	$32,625	$1,712,199
53									196,514,291			

Notes:

1. Assumes no increase or decrease to the student population
2. Assumes no increase or decrease to the base year (2011-12) certified taxable value

Year of Project	Year of Tax Credit	Year of Tax Credit Settle-Up	Year of Limit	School Year	Tax Year	Market Value with no Exemptions	I&S Taxable Value of Investment	Difference from previous year's value	Annual Depreciation Rate	M&O Property Value Limitation Amount	M&O Exempt Value of Property
School District:			Kenedy County Wide								
Project:			Stella Wind Farm LLC								
County:			Kenedy County Wide								
Eligibility Category:											
Master App. Number:											
Limitation Amount:			$30,000,000				$30,000,000				
0				2014-15	2014	$0	$0			$0	$0
1				2015-16	2015	$4,000,000	$4,000,000			$0	$0
2				2016-17	2016	$450,000,000	$450,000,000	-$446,000,000	-11150.00%	$0	$0
3			1	2017-18	2017	$432,000,000	$432,000,000	$18,000,000	4.00%	$30,000,000	$402,000,000
4	1		2	2018-19	2018	$414,000,000	$414,000,000	$18,000,000	4.17%	$30,000,000	$384,000,000
5	2		3	2019-20	2019	$396,000,000	$396,000,000	$18,000,000	4.35%	$30,000,000	$366,000,000
6	3		4	2020-21	2020	$378,000,000	$378,000,000	$18,000,000	4.55%	$30,000,000	$348,000,000
7	4		5	2021-22	2021	$360,000,000	$360,000,000	$18,000,000	4.76%	$30,000,000	$330,000,000
8	5		6	2022-23	2022	$342,000,000	$342,000,000	$18,000,000	5.00%	$30,000,000	$312,000,000
9	6		7	2023-24	2023	$324,000,000	$324,000,000	$18,000,000	5.26%	$30,000,000	$294,000,000
10	7		8	2024-25	2024	$306,000,000	$306,000,000	$18,000,000	5.56%	$30,000,000	$276,000,000
11		1		2025-26	2025	$288,000,000	$288,000,000			$0	$0
12		2		2026-27	2026	$270,000,000	$270,000,000			$0	$0
13		3		2027-28	2027	$252,000,000	$252,000,000			$0	$0

NOTE: This is a BETA test estin
period . Variables to plug in ar
HERE ARE SAMPLES. This gene
payments to district for Reven

2014 market value of the qualified property as reported by company	NA
M&O Taxable Value of Qualified Property (in 2009) if limitation were not in effect (I&S Value)	NA
Dollar amount of M&O levy that would have been imposed without the limitation (through 2009)	NA
M&O Taxable Value of Qualified Property (in 2009) with limitation in effect (Limited M&O Value)	NA
Dollar amount of M&O levy imposed with the limitation (through 2009)	NA
Estimated tax benefit (school levy loss) from value limitation through 2009 (Diff. between...)	NA
Estimated 13 year total M&O levy without any limit or credit (11 years for projects starting in 2003 & 2004)	$44,689,600
Estimated 13 (or 11) year total gross tax benefit to company/levy loss to district (through limitation and tax credit)	$33,199,200
Amt. of Gross 13 (or 11) Year Tax Benefit ÷ Est. 13 (or 11) year total levy without any limit or credit = Percentage Exempted	74.29%

Number of qualifying jobs committed to:	
CDNO Value:	
Subchapter B or Subchapter C:	#N/A

M&O Tax Base Years 1-13	M&O Tax Rate	M&O Tax Levy without Limitation	M&O Tax Levy with Limitation	I&S Tax Rate	I&S Tax Levy	Sum of M&O and I&S Tax Levies BEFORE CREDIT CREDITED	Sum of M&O and I&S Tax Levies AFTER CREDIT CREDITED	Tax Savings Due to Limitation	Value upon which tax credits are based

nating spreadsheet for Chapter 313 for a first complete tax year of 2014 in the qualifying time
e (estimated market values), I&S taxable values, limitation amout, M&O and I&S tax rates. VALUES
rates estimated tax benefit figures BEFORE any further reductions in benefit negotiated due to
ue Protection, Extraordinary Educational Expenses, or other supplemental payment in lieu of taxes.

$0	$1.0600	$0	$0	$0.0370	$0	$0	$0	$0	
$4,000,000	$1.0600	$42,400	$42,400	$0.0370	$1,480	$43,880	$43,880	$0	$0
$450,000,000	$1.0600	$4,770,000	$4,770,000	$0.0240	$108,000	$4,878,000	$4,878,000	$0	$420,000,000
$30,000,000	$1.0600	$4,579,200	$318,000	$0.0240	$103,680	$421,680	$421,680	$4,261,200	
$30,000,000	$1.0600	$4,388,400	$318,000	$0.0240	$99,360	$417,360	$208,680	$4,070,400	
$30,000,000	$1.0600	$4,197,600	$318,000	$0.0240	$95,040	$413,040	$206,520	$3,879,600	
$30,000,000	$1.0600	$4,006,800	$318,000	$0.0000	$0	$318,000	$159,000	$3,688,800	
$30,000,000	$1.0600	$3,816,000	$318,000	$0.0000	$0	$318,000	$159,000	$3,498,000	
$30,000,000	$1.0600	$3,625,200	$318,000	$0.0000	$0	$318,000	$159,000	$3,307,200	
$30,000,000	$1.0600	$3,434,400	$318,000	$0.0000	$0	$318,000	$159,000	$3,116,400	
$30,000,000	$1.0600	$3,243,600	$318,000	$0.0000	$0	$318,000	$159,000	$2,925,600	
$288,000,000	$1.0600	$3,052,800	$3,052,800	$0.0000	$0	$3,052,800	$0	$0	
$270,000,000	$1.0600	$2,862,000	$2,862,000	$0.0000	$0	$2,862,000	$2,673,000	$0	
$252,000,000	$1.0600	$2,671,200	$2,671,200	$0.0000	$0	$2,671,200	$2,671,200	$0	
		$44,689,600	$15,942,400	$0.0000			**Limitation Tax Savings:**	$28,747,200	Accrued Credits:

Credits/7:

Credits Savings:

Sum of taxes paid in first two years on base > limit:

Amount of tax credits "lost":

M&O tax levy for the two years before tax benefits result in levy loss:

13 year total levy without any limit or credit:

13 year total tax savings/Levy Loss:

Taxes actually paid:

M&O Tax amount the company is eligible to get back as credits in years 4-13	Tax Credits possible to be received by company each year based on taxes paid and 50% cap	Total Levy Loss from Tax credit amount per year	Cumulative Tax Credit Applied to Company's Total Taxes	Gross Tax Savings (Limitation Savings + Credit Savings)	Funds for Protection of Future District Revenues (from school finance model)	Educational Expenses	Net Tax Savings	PILT/PILOT	Other Supplemental Payments to District or Foundation
					NOT INCL. HERE	NOT INCL. HERE		NOT INCL. HERE	NOT INCL. HERE
	$0	$0		$0	$0	$0	$0	$0	
$0	$0	$0		$0	$0	$0	$0	$0	
$4,452,000	$0	$0		$0	$0	$0	$0	$0	
	$0	$0		$4,261,200	$0	$0	$4,261,200	$0	
	$208,680	$208,680	$208,680	$4,279,080	$0	$0	$4,279,080	$0	
	$206,520	$206,520	$415,200	$4,086,120	$0	$0	$4,086,120	$0	
	$159,000	$159,000	$574,200	$3,847,800	$0	$0	$3,847,800	$0	
	$159,000	$159,000	$733,200	$3,657,000	$0	$0	$3,657,000	$0	
	$159,000	$159,000	$892,200	$3,466,200	$0	$0	$3,466,200	$0	
	$159,000	$159,000	$1,051,200	$3,275,400	$0	$0	$3,275,400	$0	
	$159,000	$159,000	$1,210,200	$3,084,600	$0	$0	$3,084,600	$0	
	$3,052,800	$3,052,800	$4,263,000	$3,052,800	$0	$0	$3,052,800	$0	
	$2,862,000	$189,000	$4,452,000	$189,000	$0	$0	$189,000	$0	
	$2,671,200	$0	$4,452,000	$0	$0	$0	$0	$0	
$4,452,000		$4,452,000							
$636,000			**Totals:**	$33,199,200	$0	$0	$33,199,200	$0	$0
$4,452,000									
$4,452,000									
$0									
$4,812,400									
$44,689,600									
$33,199,200									
$11,490,400									
25.71%	is the percentage of taxes they pay with 313 agreement compared to what they would have paid without 313 agreement								
86.59%	is the percentage of the total savings due to the limitation								
13.41%	is the percentage of the total savings due to the credit.								

Net Net Tax Savings (Savings for Company)		Year (of the agreement)	School Year (YYYY-YYYY)	Tax Year (YYYY)	Market value of qualified property before any exemptions	Market value less any exemptions & before limitation	Taxable value of qualified property for purposes of M&O	M & O Tax Rate	I &S Tax Rate	Revenue Protection Payments	Extraordinary Educational Expenses	Supplemental Payments (Payments in Lieu of Taxes - PILT)
	School district:											
	Project name:											
	agreement-holder(s) if different:											
	County:											
	plete year of the qualifying time period:											
	Date of agreement:											
	Limitation amount:			$30,000,000								
$0	Pre-Year 1	Pre-Year 1	2010-11	2010				$1.0400	$0.2850		N/A	N/A
$0	complete tax years of	1	2011-12	2011				$1.0400	$0.2588	$0	$0	$0
$0		2	2012-13	2012				$1.0400	$0.2447	$0	$0	$0
$4,261,200	Value Limitation Period	3	2013-14	2013				$1.0400	$0.2450	$0	$0	$0
$4,279,080		4	2014-15	2014				$1.0400	$0.2453	$0	$0	$0
$4,086,120		5	2015-16	2015				$1.0400	$0.2455	$0	$0	$0
$3,847,800		6	2016-17	2016				$1.0400	$0.2459	$0	$0	$0
$3,657,000		7	2017-18	2017				$1.0400	$0.2463	$0	$0	$0
$3,466,200		8	2018-19	2018				$1.0400	$0.2466	$0	$0	$0
$3,275,400		9	2019-20	2019				$1.0400	$0.2469	$0	$0	$0
$3,084,600		10	2020-21	2020				$1.0400	$0.2473	$0	$0	$0
$3,052,800	Tax Credit Settle-Up Period	11	2021-22	2021				$1.0400	$0.2477	$0	$0	$0
$189,000		12	2022-23	2022				$1.0400	$0.2482	$0	$0	$0
$0		13	2023-24	2023				$1.0400	$0.2485	$0	$0	$0
$33,199,200												

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Michael Williams
Commissioner

March 14, 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 Stella Wind Farm LLC project on the number and size of school facilities in Kenedy County Wide Common School District (KCWCSD). Based on the analysis prepared by Walsh, Anderson, Gallego, Green and Trevino, PC for the school district and a conversation with the KCWCSD superintendent, Randy Hoyer, the TEA has found that the Stella Wind Farm LLC project would not have a significant impact on the number or size of school facilities in KCWCSD.

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

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/rk

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Michael Williams
Commissioner

March 14, 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 Stella Wind Farm LLC project for the Kenedy County Wide Common School District (KCWCSD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Walsh, Anderson, Gallego, Green and Trevino, PC 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 Stella Wind Farm LLC project on KCWCSD are correct.

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

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Attachment 3

Kenedy County

Population

- Total county population in 2010 for Kenedy County: 385 , up 3.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Kenedy County was the state's 252th largest county in population in 2010 and the 10 th fastest growing county from 2009 to 2010.
- Kenedy County's population in 2009 was 30.4 percent Anglo (below the state average of 46.7 percent), 0.0 percent African-American (below the state average of 11.3 percent) and 68.8 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Kenedy County:

Economy and Income

Employment

- September 2011 total employment in Kenedy County: 221 , up 0.4 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 Kenedy County unemployment rate: 8.9 percent, up from 5.1 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

- Kenedy County's ranking in per capita personal income in 2009: 5th with an average per capita income of $50,333, down 0.8 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 Kenedy County averaged $16.98 million annually from 2007 to 2010. County total agricultural values in 2010 were up 52.5 percent from 2009. Major agriculture related commodities in Kenedy County during 2010 included:
  - Turkeys
  - Eggs
  - Horses
  - Other Beef
  - Hunting
- 2011 oil and gas production in Kenedy County: 33,048.0 barrels of oil and 26.4 million Mcf of gas. In September 2011, there were 4 producing oil wells and 214 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 Kenedy County during the fourth quarter 2010: $97,067.00, down 4.2 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

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

- Taxable sales in Kenedy County through the fourth quarter of 2010: $372,675.00, up 2.3 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Annual (2010)

- Taxable sales in Kenedy County during 2010: $372,675.00, up 2.3 percent from 2009.
- Kenedy County sent an estimated $23,292.19 (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:

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of November 2011 is currently scheduled for December 7, 2011.)

Monthly

- Statewide payments based on the sales activity month of September 2011: $580.11 million, up 7.1 percent from September 2010.
- Payments to all cities in Kenedy County based on the sales activity month of September 2011:
- Payment based on the sales activity month of September 2011 to the city of:

Fiscal Year

- Statewide payments based on sales activity months from September 2011 through September 2011: $580.11 million, up 7.1 percent from the same period in 2011.
- Payments to all cities in Kenedy County based on sales activity months from September 2011 through September 2011:
- Payments based on sales activity months from September 2011 through September 2011 to the city of:

January 2011 through September 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through September 2011: $4.57 billion, up 8.1 percent from the same period in 2010.
- Payments to all cities in Kenedy County based on sales activity months through September 2011:
- Payments based on sales activity months through September 2011 to the city of:

12 months ending in September 2011

- Statewide payments based on sales activity in the 12 months ending in September 2011: $6.11 billion, up 7.9 percent from the previous 12-month period.
- Payments to all cities in Kenedy County based on sales activity in the 12 months ending in September 2011:
- Payments based on sales activity in the 12 months ending in September 2011 to the city of:

- ***City Calendar Year-To-Date (RJ 2011)***
- Payment to the cities from January 2011 through November 2011:

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 Kenedy County based on sales activity months in 2010:
- Payment based on sales activity months in 2010 to the city of:

Property Tax

- As of January 2009, property values in Kenedy County: $2.05 billion, up 52.7 percent from January 2008 values. The property tax base per person in Kenedy County is $5,551,629, above the statewide average of $85,809. About 45.3 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Kenedy County's ranking in state expenditures by county in fiscal year 2010: 242nd. State expenditures in the county for FY2010: $6.78 million, up 3.4 percent from FY2009.
- In Kenedy County, 3 state agencies provide a total of 4 jobs and $51,713.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Parks & Wildlife Department
  - AgriLife Extension Service
  - Texas A & M University

Higher Education

- Community colleges in Kenedy County preliminary fall 2011 enrollment:

- None.

- Kenedy County is in the service area of the following:
  - Del Mar College with a preliminary fall 2011 enrollment of 11,994 . Counties in the service area include:
    Aransas County
    Kenedy County
    Kleberg County
    Nueces County
    San Patricio County
- Institutions of higher education in Kenedy County preliminary fall 2011 enrollment:
  - None.

School Districts

- Kenedy County had 1 school districts with 1 schools and 83 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.)

  - Kenedy County Wide CSD had 83 students in the 2009-10 school year. The average teacher salary was $42,243. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.