

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 25, 2013

Dr. Maria Rodriguez-Casas
Superintendent
Mathis Independent School District
P.O. Box 1179
Mathis, Texas 78368-1179

Dear Superintendent Rodriguez-Casas:

On March 28, 2013, the Comptroller received the completed application (Application # 272) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in February 2013 to the Mathis Independent School District (the school district) by TX Windwood Wind, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$126 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a wind power electric generation facility in Live Oak 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 TaxCode, 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 March 28, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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

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

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

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Windwood Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Mathis ISD
2011-12 Enrollment in School District	1,732
County	Live Oak
Total Investment in District	\$126,000,000
Qualified Investment	\$126,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	3*
Number of qualifying jobs committed to by applicant	3
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$983
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$983
Minimum Annual Wage committed to by applicant for qualified jobs	\$51,138
Investment per Qualifying Job	\$42,000,000
Estimated 15 year M&O levy without any limit or credit:	\$12,917,919
Estimated gross 15 year M&O tax benefit	\$8,325,839
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):	\$6,468,723
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,196,144
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$6,449,196
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	50.1%
Percentage of tax benefit due to the limitation	85.6%
Percentage of tax benefit due to the credit.	14.4%
* 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 TX Windwood Wind, LLC (the project) applying to Mathis Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

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

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

After construction, the project will create three new jobs when fully operational. All three 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 Live Oak County is located was \$46,489 in 2011. There is no annual average manufacturing wage for 2011-2012 for Live Oak County. That same year, the county annual average wage for all industries was \$43,563. In addition to a salary of \$51,138, each qualifying position will receive benefits that include but are not limited to the following: medical insurance coverage, paid holidays, paid vacation and 401(k) retirement savings plan. The project's total investment is \$126 million, resulting in a relative level of investment per qualifying job of \$42 million.

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

According to TX Windwood Wind, LLC's application, "TX Windwood Wind, LLC has the ability to locate a wind farm in numerous locations in the United States. The parent of TX Windwood Wind, LLC is Lincoln Renewable Energy, LLC which is currently developing renewable energy projects in twelve other states."

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

During the past two years, three 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 TX Windwood Wind, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

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

Table 1 depicts TX Windwood Wind, 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 TX Windwood Wind, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	25	33	58	\$1,484,325	\$1,815,675	\$3,300,000
2014	150	173	323	\$8,905,950	\$11,604,050	\$20,510,000
2015	3	14	17	\$153,414	\$2,166,586	\$2,320,000
2016	3	(1)	2	\$153,414	\$1,186,586	\$1,340,000
2017	3	(3)	0	\$153,414	\$696,586	\$850,000
2018	3	(5)	-2	\$153,414	\$576,586	\$730,000
2019	3	(7)	-4	\$153,414	\$86,586	\$240,000
2020	3	(7)	-4	\$153,414	\$86,586	\$240,000
2021	3	(1)	2	\$153,414	\$456,586	\$610,000
2022	3	(5)	-2	\$153,414	-\$153,414	\$0
2023	3	(3)	0	\$153,414	\$456,586	\$610,000
2024	3	(3)	0	\$153,414	\$336,586	\$490,000
2025	3	(3)	0	\$153,414	\$336,586	\$490,000
2026	3	1	4	\$153,414	\$576,586	\$730,000
2027	3	(1)	2	\$153,414	\$336,586	\$490,000
2028	3	1	4	\$153,414	\$826,586	\$980,000

Source: CPA, REMI, TX Windwood Wind, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011-2012. Mathis ISD's ad valorem tax base in 2011-2012 was \$240 million. The statewide average wealth per WADA was estimated at \$347,943 for fiscal 2011-2012. During that same year, Mathis ISD's estimated wealth per WADA was \$115,567. 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, Live Oak County, Live Oak County Underground Water Conservation District, Live Oak County ESC #1, Bee County, Bee County Groundwater Conservation, South Bee County Emergency District #4 and Coastal Bend College District with all property tax incentives sought being granted using estimated market value from TX Windwood Wind, LLC's application. TX Windwood Wind, LLC has only applied for both a value limitation under Chapter 313, Tax Code. Table 3 illustrates the estimated tax impact of the TX Windwood Wind, LLC project on the region if all taxes are assessed.

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. This attachment shows the estimated M&O tax levy without the value limitation agreement would be \$11,649,641. The estimated gross M&O tax benefit, or levy loss, is \$8,325,838.

Attachment 3 is an economic overview of Live Oak 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: TX Windwood Wind, LLC
 ISD Name: Mathis ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property (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) 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) Complete tax years of qualifying time period Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period	Year	2013	\$ -	\$ -	\$ -	\$ -	\$ -		
	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -		
	1	2014	\$ 23,685,000	\$ 800,000	\$ 24,485,000	\$ -	\$ 24,485,000		
	2	2015	\$ 101,515,000	\$ -	\$ 101,515,000	\$ -	\$ 101,515,000		
	3	2016	\$ -	\$ -	\$ -	\$ -	\$ -		
	4	2017	\$ -	\$ -	\$ -	\$ -	\$ -		
	5	2018	\$ -	\$ -	\$ -	\$ -	\$ -		
	6	2019	\$ -	\$ -	\$ -	\$ -	\$ -		
	7	2020	\$ -	\$ -	\$ -	\$ -	\$ -		
	8	2021	\$ -	\$ -	\$ -	\$ -	\$ -		
	9	2022	\$ -	\$ -	\$ -	\$ -	\$ -		
	10	2023	\$ -	\$ -	\$ -	\$ -	\$ -		
	11	2024	\$ -	\$ -	\$ -	\$ -	\$ -		
	12	2025	\$ -	\$ -	\$ -	\$ -	\$ -		
	13	2026	\$ -	\$ -	\$ -	\$ -	\$ -		
14	2027	\$ -	\$ -	\$ -	\$ -	\$ -			
15	2028	\$ -	\$ -	\$ -	\$ -	\$ -			

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

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

Column C: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may 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.

Column D: Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column E: 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.

Signature:  DATE: 02-11-13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
 TX Windwood Wind, LLC

Form 50-296

Applicant Name
 ISD Name

Mathis ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of 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&C - after all reductions	
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2014-2015	2014	\$ -	\$ 400,000	\$ 11,842,500	\$ -	\$ 12,242,500	\$ 12,242,500	\$ 12,242,500
	2	2015-2016	2015	\$ -	\$ 800,000	\$ 112,680,000	\$ -	\$ 113,480,000	\$ 113,480,000	\$ 113,480,000
	3	2016-2017	2016	\$ -	\$ 780,000	\$ 106,482,600	\$ -	\$ 107,262,600	\$ 107,262,600	\$ 107,262,600
	4	2017-2018	2017	\$ -	\$ 760,500	\$ 100,626,100	\$ -	\$ 101,386,600	\$ 101,386,600	\$ 101,386,600
	5	2018-2019	2018	\$ -	\$ 726,300	\$ 95,091,700	\$ -	\$ 95,818,000	\$ 95,818,000	\$ 95,818,000
Value Limitation Period	6	2019-2020	2019	\$ -	\$ 693,600	\$ 89,861,700	\$ -	\$ 90,555,300	\$ 90,555,300	\$ 90,555,300
	7	2020-2021	2020	\$ -	\$ 662,400	\$ 84,919,300	\$ -	\$ 85,581,700	\$ 85,581,700	\$ 85,581,700
	8	2021-2022	2021	\$ -	\$ 632,600	\$ 80,248,700	\$ -	\$ 80,881,300	\$ 80,881,300	\$ 80,881,300
	9	2022-2023	2022	\$ -	\$ 604,100	\$ 75,835,000	\$ -	\$ 76,439,100	\$ 76,439,100	\$ 76,439,100
	10	2023-2024	2023	\$ -	\$ 576,900	\$ 71,664,100	\$ -	\$ 72,241,000	\$ 72,241,000	\$ 72,241,000
Credit Settle-Up Period	11	2024-2025	2024	\$ -	\$ 550,900	\$ 67,722,600	\$ -	\$ 68,273,500	\$ 68,273,500	\$ 68,273,500
	12	2025-2026	2025	\$ -	\$ 526,100	\$ 63,997,900	\$ -	\$ 64,524,000	\$ 64,524,000	\$ 64,524,000
	13	2026-2027	2026	\$ -	\$ 502,400	\$ 60,478,000	\$ -	\$ 60,980,400	\$ 60,980,400	\$ 60,980,400
Post-Settle-Up Period	14	2027-2028	2027	\$ -	\$ 479,800	\$ 57,151,700	\$ -	\$ 57,631,500	\$ 57,631,500	\$ 57,631,500
	15	2028-2029	2028	\$ -	\$ 458,200	\$ 54,008,400	\$ -	\$ 54,466,600	\$ 54,466,600	\$ 54,466,600

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 these amounts for future years.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

02-11-13

DATE

Schedule C- Application: Employment Information

TX Windwood Wind, LLC
Mathis ISD

Applicant Name
ISD Name

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify [FTE])	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2013-2014	2013	25	\$ 59,373	0	\$ -	0	\$ -
	1	2014-2015	2014	150	\$ 59,373	0	\$ -	0	\$ -
	2	2015-2016	2015	-	\$ -	3	\$ 51,138	3	\$ 51,138
	3	2016-2017	2016	-	\$ -	3	\$ 51,138	3	\$ 51,138
	4	2017-2018	2017	-	\$ -	3	\$ 51,138	3	\$ 51,138
	5	2018-2019	2018	-	\$ -	3	\$ 51,138	3	\$ 51,138
	6	2019-2020	2019	-	\$ -	3	\$ 51,138	3	\$ 51,138
	7	2020-2021	2020	-	\$ -	3	\$ 51,138	3	\$ 51,138
	8	2021-2022	2021	-	\$ -	3	\$ 51,138	3	\$ 51,138
	9	2022-2023	2022	-	\$ -	3	\$ 51,138	3	\$ 51,138
	10	2023-2024	2023	-	\$ -	3	\$ 51,138	3	\$ 51,138
	11	2024-2025	2024	-	\$ -	3	\$ 51,138	3	\$ 51,138
	12	2025-2026	2025	-	\$ -	3	\$ 51,138	3	\$ 51,138
	13	2026-2027	2026	-	\$ -	3	\$ 51,138	3	\$ 51,138
	14	2027-2028	2027	-	\$ -	3	\$ 51,138	3	\$ 51,138
	15	2028-2029	2028	-	\$ -	3	\$ 51,138	3	\$ 51,138
Tax Credit Period (with 50% cap on credit)									
Credit Settle-Up Period									
Post- Settle-Up Period									
Post- Settle-Up Period									

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

02-11-13
DATE

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

TX Windwood Wind, LLC

ISD Name

Mathis ISD

Form 50-296

Applicant Name	Sales Tax Information				Other Property Tax Abatements Sought						
	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	Franchise Tax	County	City	Hospital	Other	
		2013-2014	2013	\$ 1,170,000	\$ 23,400,000	\$ -	0%	0%	0%	0%	
The year preceding the year in which the year of the period is assumed to be the year of the period (ferrals)	Complete tax years of qualifying time period	2014-2015	2014	\$ 4,830,000	\$ 96,600,000	\$ -	Unknown	Unknown	Unknown	Unknown	
		2015-2016	2015	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2016-2017	2016	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2017-2018	2017	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2018-2019	2018	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2019-2020	2019	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2020-2021	2020	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2021-2022	2021	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2022-2023	2022	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2023-2024	2023	\$ -	\$ -	\$ 86,100	Unknown	Unknown	Unknown	Unknown	
		2024-2025	2024	\$ -	\$ -	\$ 86,100	n/a	n/a	n/a	n/a	n/a
		2025-2026	2025	\$ -	\$ -	\$ 86,100	n/a	n/a	n/a	n/a	n/a
		2026-2027	2026	\$ -	\$ -	\$ 86,100	n/a	n/a	n/a	n/a	n/a
		2027-2028	2027	\$ -	\$ -	\$ 86,100	n/a	n/a	n/a	n/a	n/a
		2028-2029	2028	\$ -	\$ -	\$ 86,100	n/a	n/a	n/a	n/a	n/a

or planning, construction and operation of the facility.

Signature of Authorized Company Representative

DATE

02-11-13

Attachment 2

June 28, 2013

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 Texas Windwood, LLC project on the number and size of school facilities in Mathis Independent School District (MISD). Based on the analysis prepared by Douglas Arnold for the school district and a conversation with the MISD business manager, Chris Casarez, the TEA has found that the Texas Windwood, LLC project would not have a significant impact on the number or size of school facilities in MISD.

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

June 28, 2013

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 Texas Windwood, LLC project for the Mathis Independent School District (MISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Douglas Arnold and provided to us by your division. We believe the firm's assumptions regarding the potential revenue gain are valid, and its estimates of the impact of the Texas Windwood, LLC project on MISD 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

**Summary and Discussion of the District's
Financial Impact of Proposed 313 Agreement**

Submitted to

Mathis ISD

by

Texas Windwood Wind, LLC

Prepared by

Douglas L. Arnold

Independent School Finance Consultant

Introduction

Texas Windwood Wind, LLC has submitted an application to the Mathis ISD Board of Trustees for a property value limitation on a proposed project under Chapter 313 of the Tax Code. Acceptance of the application was conducted the Mathis ISD Board of Trustees on February 18, 2013. The application is for a “renewable energy electric generation” project as authorized by Sec. 313.024. (b) of the Tax Code. Texas Windwood Wind, LLC is proposing to invest \$126,000,000 in this new wind energy project in Mathis ISD.

This project is authorized by the intent of HB 1200 in the 77th Legislative Session in 2001. Other enabling legislation expanded participation to specified additional qualifying applicants. This application is consistent with the intent of the original legislation.

The purpose of the enacted legislation was to encourage large scale capital investments in Texas by providing authority for school districts to provide property value limitations for qualifying applicants.

Texas Windwood Wind, LLC Is proposing to invest in Mathis ISD for their renewable energy electric generation project. After the 2 year qualifying period 2014-15 and 2015-16, Texas Windwood Wind ,LLC. proposes a \$10,000,000 value limitation. The years 14-15 and 15-16 (years 1 and 2) would be the qualifying period and the limitation would extend from 2016-17 through 2023-24 (years 3-10).

School Finance Background

In 2006 Texas Schools moved from a formula driven system to a target revenue system with the passage of HB 1 in the third called legislative session. In essence, the target revenue system established a target revenue amount the district would receive and drove the maintenance and operations (M&O) tax rates down to 66.67% of the established M&O rate (Compressed Rate). Districts were to lower their rate to that level and the state supplied the revenue to make up for the loss of M&O funds because of M&O rate decrease. This was funded as Additional State Aide for Tax Rate Reduction (ASATR). Subsequent legislation sought to increase school districts Target Revenue by allowing the district to keep more of their tax revenue by moving qualifying districts to a formula based funding mechanism rather than the target revenue system.

Mathis ISD Financial Impact of Proposed 313 Agreement

Mathis ISD received \$1,665,449 in ASATR in 08-09, in all subsequent years since Mathis ISD has not qualified under the formulas for ASATR. This is illustrated in Table 1.

Table 1

School Year	ASATR Funds
2006-07	\$543,873
2007-08	\$137,288
2008-09	\$1,665,449
2009-10	\$0
2010-11	\$0
2011-12	\$0
2012-13	\$0

Another component of school finance legislation that started with HB1 in 2006 was the ability to raise the local M&O tax rate 4 cents above the Compressed Rate for local enrichment. Additional M&O “pennies” could be added to the tax rate by voter approval.

The importance of the additional pennies has been not only to increase M&O revenue but also to increase the equalization funding from the state. The Guaranteed Yield for the tax rate of \$1.05 and \$1.06 is \$59.97 per cent of tax effort per Weighted ADA and \$31.95 for the tax rate from \$1.07 through \$1.17.

With the passage of SB1 in 2011 funding reductions were targeted to be near \$4 billion. The mechanics of the legislation was to reduce cost outlays because of state revenue availability and also eliminate ASATR by 2017-18. Under the current financial structure the elimination of ASATR will not impact Mathis ISD since the district has been a formula district for several years.

Assumptions

The drivers of the funding mechanisms for Texas school districts are the current year property values known as the County Appraisal District (CAD values), the prior year property values(after review by the Texas State Comptroller become the “comptroller’s property tax division” (CPTD) values (used for next year funding) and Average Daily Attendance (ADA of current funding year).

In calculating district’s state and local tax revenue for any year the current year CAD values, current year ADA and prior year CPTD is used.

For the purposes of these calculations the starting point is to determine what the projected CAD value for the 13-14 school year will be. The following chart (Table 2) illustrates the historical value growth/decline for recent years. The preliminary San Patricio, Bee and Live Oak

Mathis ISD Financial Impact of Proposed 313 Agreement

Counties values will not be released by the respective Appraisal Districts until April 29, 2013. Final Certified Values will not be received by Mathis ISD until July 29, 2013.

Table 2

Tax Year	CAD Value
2007	\$233,699,407
2008	\$231,388,432
2009	\$237,555,352
2010	\$244,535,278
2011	\$240,386,743
2012	\$278,446,639
2013	\$284,035,972

The CAD values for Mathis ISD have shown an inconsistent growth rate over the last 6 years. It is assumed the 2012 value will decline somewhat because of usual depreciation but the CAD does not for see the percent of growth in 2013 as 2012. A 2 % value growth from tax year 2011 to 2012 was used in these calculations for 2013.

Average Daily Attendance has Mathis ISD has been in decline since 2006-07 showing growth increase in only 1 year of the last 6. See Table 3.

Table 3

School Year	Average Daily Attendance
2006-07	1743.770
2007-08	1701.483
2008-09	1653.603
2009-10	1588.776
2010-11	1502.018
2011-12	1563.663
2012-13	1550.592

An ADA of 1550.591 has been used as the basis of these calculations because it appears the values may be tending to stabilize and the fact that the district's proximity to the Eagle Ford Shale could have some slight impact on the district's ADA.

Mathis ISD Financial Impact of Proposed 313 Agreement

For the Chapter 313 projects 15 years of data must be calculated. In order to provide calculations extended 15 years into the future and to isolate the impact of the proposed project by Windwood Wind LLC certain constants and assumptions are used.

1. The current school funding system and formulas were used for the duration of the project as defined by Senate Bill 1. This structure and calculations were used as available for the 2012-13 school year. This system is being challenged, but to speculate concerning possible changes will be would be impossible.

2. The funding driver of ADA is used as 1550.591 as explained in Table 3 and this number was held constant for the duration of the agreement.

3. The 2012 CAD value estimate of \$284,035,722 is used as stated in Table 2. This value is used as the baseline CAD value for 13-14. The value will be studied by the Comptroller in the fall of 2013 and the CPTD value will be certified to the Texas Education Agency on February 1, 2014. All proposed values from Texas Windwood Wind, LLC are added to the 2012 CAD value.

4. In order to remain constant throughout the fifteen year period a collection rate of 100% is used in the calculations.

5. Mathis ISD voters approved a tax rate of \$1.17 for the 07-08 school year. In 2012 a value increase of approximately \$40 million caused the district to adopt a rate of \$1.1314. This tax rate is held constant for the duration of the agreement to determine M&O taxes and state revenues.

The use of these assumptions is shown in Exhibit A and Exhibit B of the attachments. Both Exhibits are described below.

Exhibit A - Data Assumptions for Mathis ISD and Texas Windwood Wind , LLC - This exhibit illustrates by year the tax rates, CAD Values With the Limitation in place, CAD Values for full taxable value for I&S Purposes and the respective move to the next year of those value to the CPTD value. This respective data is then used as the basis for calculations in Exhibit B.

Exhibit B – M&O Revenue With the Limitation and Without the Limitation – Exhibit consists of 2 sets of calculations. The first set of calculations (B-1) uses the data heretofore mentioned to calculate the actual state funding and the M&O taxes for each year of the agreement with the limitation in place. The second set of the calculations (B-2) show the M&O taxes and state revenues without the limitation in place. The ending result after the basic calculations are performed is to illustrate the difference between the 2 sets of calculations since this will be the basis for Revenue Protection under the agreement.

Financial Impact on the District

Utilizing the base line data from Exhibit A in calculating the M&O taxes and state revenues in Exhibit B, losses to the district are noted in project years 3-10 resulting from the lag of the CPTD following its use as CAD value for each of those years. Beginning at year 11 the reverse is true as the full value comes on to M&O portion of the rate and revenues remain flat.

A district becomes subject to recapture (Chapter 41) if the district exceeds \$476,500 in property value \ per Weighted ADA (WADA) at the Compressed Rate and \$319,500 per WADA at M&O tax rates from \$1.07 through \$1.17. Currently the district has 2306.5 WADA. For year 3, the largest value of the project, the CPTD value will be \$397,515,972. The result is that the district will have a maximum value from the Texas Windwood Wind, LLC of \$172,346 per WADA resulting in value per WADA under the recapture threshold.

Since Mathis ISD is a formula district there is no impact on ASATR.

Impact on Taxpayer

The property listed within is fully taxable for the first 2 years of the agreement. In year 3 the tax value limitation applies, but only to the M&O portion of the M&O taxes collected at the assumed rate of \$1.1314 per \$100 of taxable value.

Under these provisions, TWW has the potential savings in M&O taxes of \$8,325,838 in gross tax savings (\$7,129,694 tax savings + \$1,196,144 credits). The credits may be recovered at 1/7 of credit amount per year for each of project years 4-10.

Facilities Funding and Instructional Facilities Allotment

The interest and sinking fund (I&S) is used to tax the property value of the district to retire voter approved bonded indebtedness. The state of Texas has provided funding to enable districts that raise less than \$35 per ADA per 1 cent of tax effort funding to guarantee the district will reach that level of funding. This program is called the Instructional Facilities Allotment (IFA). TEA provides the difference between what the district raises per ADA/1 cent of tax effort and the \$35. The basis for the funding is the T8 CPTD value (the value that the comptroller assigns to the full taxable value for I&S purposes) and this value lags a year behind the local CAD value as with M&O funding. As property values (T8) increases in value the district's ability to raise more of the \$35 goes up as well.

Mathis ISD Financial Impact of Proposed 313 Agreement

Table 4 below shows the impact on the I&S tax rate for Mathis ISD from 2 different perspectives as shown in columns 3 and 4. The purpose of this examination is to determine if the increase in T8 value because of the proposed project would cause a sufficient loss of IFA funding to result in a higher I&S tax rate.

Column 3 of Table 4 uses the full taxable value as added to the tax roll for I&S purposes (T8). The net of bond payment requirements divided by T8 values X 100 equals the I&S tax rate. Column 3 shows what the I&S tax rate will be with the Texas Windwood Wind, LLC in place as submitted.

Column 4 uses the baseline value of \$284,035,772 as a constant throughout the duration of the agreement as the value (T8). The same calculation as above is used and the result illustrates what the I&S tax rate would be without the value of the proposed project.

Table 4

Column 1 Agreement Year	Column 2 School Year	Column 3 I&S Rate w/Full Taxable Value of Project	Column 4 I&S Rate with Baseline Property Value (\$286,035,772)
0	2013-14	.2046	.2046
1	2014-15	.2328	.2328
2	2015-16	.2282	.2380
3	2016-17	.1816	.2437
4	2017-18	.2473	.2434
5	2018-19	.2485	.2448
6	2019-20	.2474	.2439
7	2020-21	.2471	.2436
8	2021-22	.2459	.2427
9	2022-23	.1503	.1484
10	2023-24	.1499	.1481
11	2024-25	.1503	.1486
12	2025-26	.1497	.1480
13	2026-27	.1490	.1473
14	2027-28	.1499	.1485
13	2028-29	.1499	.1485

Mathis ISD Financial Impact of Proposed 313 Agreement

The project would cause a decrease in I&S rates in year 2 by almost 1 cent and in year 3 (by 6.21 cents) and increases by a maximum of 4/10 of 1 cent in year 4 and lesser amounts in other years.

The conclusion is that the very small increase in the I&S rate in years 4-10 are offset by the 6.21 cent decrease in the I&S rate the year when the taxable values are the highest.

Summary

While some uncertainty exists in regard to school finance legislation over the future of this project, it is evident by this analysis that several points apply to the Texas Woodwind Wind, LLC and Mathis ISD potential agreement.

1. The application and process meet the intent of economic development efforts by the state of Texas.
2. The impact of the project on the I&S tax rate is projected to be neutral.
3. Approval and implementation of the agreement will have a positive economic impact on Texas Windwood Wind, LLC by providing significant tax savings and tax credits.

EXHIBIT A - Data Assumptions for Mathis ISD Tx Windwood Wind, LLC

Year of Agreement	School Year	Tax Year	ADA	M&O Tax Rate	I&S Tax Rate	CAD Value W/Limitation	CAD Value W/O Limitation	CPTD Value W/Limitation	CPTD Value W/O Limitation
0	2013-14	2013	1550	\$1.1314	\$0.2046	n/a	\$ 284,035,972	\$ 278,466,639	\$ 278,466,639
1	2014-15	2014	1550	\$1.1314	\$0.2328	\$296,278,472	\$ 296,278,472	\$ 284,035,972	\$ 284,035,972
2	2015-16	2015	1550	\$1.1314	\$0.2282	\$397,515,972	\$ 397,515,972	\$ 296,278,472	\$ 296,278,472
3	2016-17	2016	1550	\$1.1314	\$0.1816	\$294,035,972	\$ 391,298,572	\$ 397,515,972	\$ 397,515,972
4	2017-18	2017	1550	\$1.1314	\$0.2473	\$294,035,972	\$ 385,422,572	\$ 294,035,972	\$ 391,298,572
5	2018-19	2018	1550	\$1.1314	\$0.2485	\$294,035,972	\$ 379,853,972	\$ 294,035,972	\$ 385,422,572
6	2019-20	2019	1550	\$1.1314	\$0.2474	\$294,035,972	\$ 374,591,272	\$ 294,035,972	\$ 379,853,972
7	2020-21	2020	1550	\$1.1314	\$0.2471	\$294,035,972	\$ 369,617,672	\$ 294,035,972	\$ 374,591,272
8	2021-22	2021	1550	\$1.1314	\$0.2459	\$294,035,972	\$ 364,917,272	\$ 294,035,972	\$ 369,617,672
9	2022-23	2022	1550	\$1.1314	\$0.1503	\$294,035,972	\$ 360,475,072	\$ 294,035,972	\$ 364,917,272
10	2023-24	2023	1550	\$1.1314	\$0.1499	\$294,035,972	\$ 356,276,972	\$ 294,035,972	\$ 360,475,072
11	2024-25	2024	1550	\$1.1314	\$0.1503	\$352,309,472	\$ 352,309,472	\$ 294,035,972	\$ 356,276,972
12	2025-26	2025	1550	\$1.1314	\$0.1473	\$348,559,972	\$ 348,289,972	\$ 352,309,472	\$ 352,309,472
13	2026-27	2026	1550	\$1.1314	\$0.1490	\$345,016,372	\$ 345,016,372	\$ 348,559,972	\$ 348,289,972
14	2027-28	2027	1550	\$1.1314	\$0.1499	\$341,667,472	\$ 341,667,472	\$ 345,016,372	\$ 345,016,372
15	2028-29	2028	1550	\$1.1314	\$0.1499	\$338,502,572	\$ 338,502,572	\$ 341,667,472	\$ 341,667,472

Mathis ISD - M Revenue TX Windwood Wind, LLC

EXHIBIT B-1 REVENUE WITH AGREEMENT											
Line	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L
Agreement	School	District	M&O Taxes	State Funds	Taxable	Total	Total M&O	Total State	Total Funds	Total	
Year	Year	Taxable Value	Not	Not	Value	Taxable	Taxes	Funds	(M&O Taxes	Projected	
		Not Including	Including	Including	Per	Value	from Total	w/Combined	and State	Loss from	
		Project	Project	Project	TWW	w/Limitation	Taxable Value	Value	Funds)	Agreement	
0	2012-13										
pre year 1	2013-14	\$ 284,035,972	\$ 3,732,233	\$ 9,958,204	0	\$ 284,035,972	\$ 3,732,233	\$ 9,981,205	\$ 13,713,438	\$ 0	
1	2014-15	\$ 284,035,972	\$ 3,732,233	\$ 9,894,011	\$ 12,242,500	\$ 296,278,472	\$ 3,893,099	\$ 9,943,212	\$ 13,836,311	\$ -	
2	2015-16	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 113,480,000	\$ 397,515,972	\$ 5,223,360	\$ 10,136,572	\$ 15,359,932	\$ -	
3	2016-17	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 8,559,875	\$ 12,423,508	\$ (1,361,167)	
4	2017-18	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,750	\$ 13,642,383	\$ (197,887)	
5	2018-19	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,750	\$ 13,642,383	\$ (60,063)	
6	2019-20	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,750	\$ 13,642,383	\$ (55,564)	
7	2020-21	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,750	\$ 13,642,383	\$ (51,337)	
8	2021-22	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,750	\$ 13,642,383	\$ (47,364)	
9	2022-23	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,750	\$ 13,642,383	\$ (43,634)	
10	2023-24	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 10,000,000	\$ 294,035,972	\$ 3,863,633	\$ 9,778,780	\$ 13,642,413	\$ (40,099)	
11	2024-25	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 68,273,500	\$ 352,309,472	\$ 4,629,346	\$ 9,614,308	\$ 14,243,654	\$ 564,436	
12	2025-26	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 64,524,000	\$ 348,559,972	\$ 4,580,078	\$ 9,096,045	\$ 13,676,123	\$ -	
13	2026-27	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 60,980,400	\$ 345,016,372	\$ 4,533,515	\$ 9,144,253	\$ 13,677,768	\$ -	
14	2027-28	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 57,631,500	\$ 341,667,472	\$ 4,489,511	\$ 9,273,478	\$ 13,762,989	\$ -	
15	2028-29	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 54,466,600	\$ 338,502,572	\$ 4,447,924	\$ 9,219,986	\$ 13,667,910	\$ -	
										\$ (1,292,677)	

EXHIBIT B-2 REVENUE WITHOUT AGREEMENT											
Line	Column B	Column C	Column D	Column E	Column F	Column G	Column H	Column I	Column J	Column K	Column L
Agreement	School	District	M&O Taxes	State Funds	Taxable	Total	Total M&O	Total State	Total Funds	Total	
Year	Year	Taxable Value	Not	Not	Value	Taxable	Taxes	Funds	(M&O Taxes	Projected	
		Not Including	Including	Including	Per	Value/No	w/Combined	w/Combined	and State	Loss from	
		Project	Project	Project	TWW	Limitation	Values	Value	Funds)	Agreement	
0	2012-13	\$ 278,466,639									
pre year 1	2013-14	\$ 284,035,972	\$ 3,732,233	\$ 9,958,204	0	\$ 284,035,972	\$ 3,732,233	\$ 9,981,205	\$ 13,713,438	\$ 0	
1	2014-15	\$ 284,035,972	\$ 3,732,233	\$ 9,894,011	\$ 12,242,500	\$ 296,278,472	\$ 3,893,099	\$ 9,943,212	\$ 13,836,311	\$ -	
2	2015-16	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 113,480,000	\$ 397,515,972	\$ 5,223,360	\$ 10,136,572	\$ 15,359,932	\$ -	
3	2016-17	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 107,262,600	\$ 391,298,572	\$ 5,141,663	\$ 8,643,011	\$ 13,784,674	\$ -	
4	2017-18	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 101,386,600	\$ 385,422,572	\$ 5,064,453	\$ 8,775,817	\$ 13,840,270	\$ -	
5	2018-19	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 95,818,000	\$ 379,853,972	\$ 4,991,281	\$ 8,711,164	\$ 13,702,445	\$ -	
6	2019-20	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 90,555,300	\$ 374,591,272	\$ 4,922,129	\$ 8,775,817	\$ 13,697,946	\$ -	
7	2020-21	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 85,581,700	\$ 369,617,672	\$ 4,856,776	\$ 8,836,943	\$ 13,693,719	\$ -	
8	2021-22	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 80,881,300	\$ 364,917,272	\$ 4,795,013	\$ 8,894,734	\$ 13,689,747	\$ -	
9	2022-23	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 76,439,100	\$ 360,475,072	\$ 4,736,642	\$ 8,949,374	\$ 13,686,016	\$ -	
10	2023-24	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 72,241,000	\$ 356,276,972	\$ 4,681,479	\$ 9,001,032	\$ 13,682,511	\$ -	
11	2024-25	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 68,273,500	\$ 352,309,472	\$ 4,629,346	\$ 9,049,872	\$ 13,679,218	\$ -	
12	2025-26	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 64,524,000	\$ 348,559,972	\$ 4,580,078	\$ 9,096,045	\$ 13,676,123	\$ -	
13	2026-27	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 60,980,400	\$ 345,016,372	\$ 4,533,515	\$ 9,144,253	\$ 13,677,768	\$ -	
14	2027-28	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 57,631,500	\$ 341,667,472	\$ 4,489,511	\$ 9,273,478	\$ 13,762,989	\$ -	
15	2028-29	\$ 284,035,972	\$ 3,732,233	\$ 9,706,507	\$ 54,466,600	\$ 338,502,572	\$ 4,447,924	\$ 9,219,986	\$ 13,667,910	\$ -	

Year of Project	Year of Tax Credit	Year of Tax Credit Settle-Up	Year of Limit	School Year	Tax Year	Estimated Market Value with no Exemptions	Exemptions (Not Including Ch. 313 Value Limitation)(Est.)	I&S Taxable Value of Investment {Est.}	Difference from previous year's value	Annual Depreciation Rate	M&O Property Value Limitation Amount	M&O Exempt Value of Property	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
School District:				Mathis ISD								NOTE: This is a BETA test estimating spreadsheet for a Chapter 313 project with a first qualifying time period in 2013. Variables to plug in are: Estimated Market Values, Non (such as Pollution Control), the school district limitation amount, and M&O and I&S tax SAMPLES. This sheet generates estimated gross tax benefit BEFORE any reductions in district for Revenue Protection, Extraordinary Educational Expenses, or other negotia					
Project:				Texas Windwood Wind, LLC													
County:				San Patricio & Bee													
Eligibility Category:						Limitation Amount:		\$10,000,000									
0				2013-14	2013	\$0	\$0	\$0			\$0	\$0	\$0	\$1.1314	\$0	\$0	\$0.2046
1				2014-15	2014	\$12,242,500	\$0	\$12,242,500			\$0	\$0	\$12,242,500	\$1.1314	\$138,512	\$138,512	\$0.2328
2				2015-16	2015	\$113,480,000	\$0	\$113,480,000	-\$101,237,500	-826.93%	\$0	\$0	\$113,480,000	\$1.1314	\$1,283,913	\$1,283,913	\$0.2282
3		1		2016-17	2016	\$107,262,600	\$0	\$107,262,600	\$6,217,400	5.48%	\$10,000,000	\$97,262,600	\$10,000,000	\$1.1314	\$1,213,569	\$113,140	\$0.1816
4	1		2	2017-18	2017	\$101,386,600	\$0	\$101,386,600	\$5,876,000	5.48%	\$10,000,000	\$91,386,600	\$10,000,000	\$1.1314	\$1,147,088	\$113,140	\$0.2473
5	2		3	2018-19	2018	\$95,818,000	\$0	\$95,818,000	\$5,568,600	5.49%	\$10,000,000	\$85,818,000	\$10,000,000	\$1.1314	\$1,084,085	\$113,140	\$0.2485
6	3		4	2019-20	2019	\$90,553,300	\$0	\$90,553,300	\$5,262,700	5.49%	\$10,000,000	\$80,553,300	\$10,000,000	\$1.1314	\$1,024,543	\$113,140	\$0.2474
7	4		5	2020-21	2020	\$85,581,700	\$0	\$85,581,700	\$4,973,600	5.49%	\$10,000,000	\$75,581,700	\$10,000,000	\$1.1314	\$968,271	\$113,140	\$0.2471
8	5		6	2021-22	2021	\$80,881,300	\$0	\$80,881,300	\$4,700,400	5.49%	\$10,000,000	\$70,881,300	\$10,000,000	\$1.1314	\$915,091	\$113,140	\$0.2459
9	6		7	2022-23	2022	\$76,439,100	\$0	\$76,439,100	\$4,442,200	5.49%	\$10,000,000	\$66,439,100	\$10,000,000	\$1.1314	\$864,832	\$113,140	\$0.1503
10	7		8	2023-24	2023	\$72,241,000	\$0	\$72,241,000	\$4,198,100	5.49%	\$10,000,000	\$62,241,000	\$10,000,000	\$1.1314	\$817,335	\$113,140	\$0.1497
11	1			2024-25	2024	\$68,273,500	\$0	\$68,273,500			\$0	\$0	\$68,273,500	\$1.1314	\$772,446	\$772,446	\$0.1490
12	2			2025-26	2025	\$64,524,000	\$0	\$64,524,000			\$0	\$0	\$64,524,000	\$1.1314	\$730,025	\$730,025	\$0.1499
13	3			2026-27	2026	\$60,980,400	\$0	\$60,980,400			\$0	\$0	\$60,980,400	\$1.1314	\$689,932	\$689,932	\$0.1449

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	M&O Tax amount applicant is eligible to receive 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 ("Revenue Protection") (from school finance model)	Educational Expenses	Net Tax Savings	PILT/PILOT	Other Supplemental Payments to District	Net Net Tax Savings (Savings for Company)
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$28,501	\$167,012	\$167,012	\$0	\$2,242,500	\$25,372	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$258,961	\$1,541,874	\$1,542,874	\$0	\$103,480,000	\$1,170,773	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$194,789	\$307,929	\$307,929	\$1,100,429		\$0	\$0	\$0	\$1,100,429	\$0	\$0	\$0	\$0	\$0	\$1,100,429
	\$250,729	\$363,869	\$192,991	\$1,033,948		\$170,878	\$170,878	\$170,878	\$1,204,826	\$0	\$0	\$0	\$0	\$0	\$1,204,826
	\$238,108	\$351,248	\$180,370	\$970,945		\$170,878	\$170,878	\$341,756	\$1,141,823	\$0	\$0	\$0	\$0	\$0	\$1,141,823
	\$224,034	\$337,174	\$168,587	\$911,403		\$168,587	\$168,587	\$510,342	\$1,079,990	\$0	\$0	\$0	\$0	\$0	\$1,079,990
	\$211,472	\$324,612	\$162,306	\$855,131		\$162,306	\$162,306	\$672,649	\$1,017,438	\$0	\$0	\$0	\$0	\$0	\$1,017,438
	\$198,887	\$312,027	\$156,014	\$801,951		\$156,014	\$156,014	\$828,662	\$957,965	\$0	\$0	\$0	\$0	\$0	\$957,965
	\$114,888	\$228,028	\$114,014	\$751,692		\$114,014	\$114,014	\$942,676	\$865,706	\$0	\$0	\$0	\$0	\$0	\$865,706
	\$108,145	\$221,285	\$110,642	\$704,195		\$110,642	\$110,642	\$1,053,319	\$814,837	\$0	\$0	\$0	\$0	\$0	\$814,837
	\$101,728	\$874,174	\$731,348	\$0		\$874,174	\$142,826	\$1,196,144	\$142,826	\$0	\$0	\$0	\$0	\$0	\$142,826
	\$96,721	\$826,746	\$826,746	\$0		\$826,746	\$0	\$1,196,144	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	\$88,361	\$778,293	\$778,293	\$0		\$778,293	\$0	\$1,196,144	\$0	\$0	\$0	\$0	\$0	\$0	\$0
					Limitation Tax Savings:	\$7,129,694		Accrued Credits:	\$1,196,144						
								Credits/7:	\$170,878						
								Credits Savings:	\$1,196,144						
								Sum of taxes paid in first two years on base > limit:	\$1,196,144						
								Amount of tax credits "lost":	\$0						
								M&O tax levy for the two years before tax benefits result in levy loss:	\$1,422,424						
								13 year total levy without any limit or credit:	\$11,649,641						
								13 year total tax savings/Levy Loss:	\$8,325,838						
								Taxes actually paid:	\$3,323,803						
								28.53%	is the percentage of taxes applicant pays with 313 agreement compared to what they would have paid without 313 agreement						
								85.63%	is the percentage of the total savings due to the limitation						
								14.37%	is the percentage of the total savings due to the credit.						

to complete tax year of the
 Chapter 313 exemptions
 in rates. VALUES HERE ARE
 due to payments to the
 district supplementals

NOT INCL. HERE NOT INCL. HERE NOT INCL. HERE NOT INCL. HERE

Attachment 3

Live Oak County

Population

- Total county population in 2010 for Live Oak County: 11,210 , up 1.0 percent from 2009. State population increased 1.8 percent in the same time period.
- Live Oak County was the state's 158th largest county in population in 2010 and the 94th fastest growing county from 2009 to 2010.
- Live Oak County's population in 2009 was 54.1 percent Anglo (above the state average of 46.7 percent), 3.0 percent African-American (below the state average of 11.3 percent) and 41.7 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Live Oak County:

George West:	2,200	Three Rivers:	1,598
--------------	-------	---------------	-------

Economy and Income

Employment

- September 2011 total employment in Live Oak County: 5,187 , up 5.3 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 Live Oak County unemployment rate: 6.7 percent, up from 6.4 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

- Live Oak County's ranking in per capita personal income in 2009: 207th with an average per capita income of \$28,447, down 1.7 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 Live Oak County averaged \$27.91 million annually from 2007 to 2010. County total agricultural values in 2010 were down 2.2 percent from 2009. Major agriculture related commodities in Live Oak County during 2010 included:
 - Recreation • Sorghum • Fed Beef • Other Beef • Hunting
- 2011 oil and gas production in Live Oak County: 505,357.0 barrels of oil and 22.6 million Mcf of gas. In September 2011, there were 182 producing oil wells and 359 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 Live Oak County during the fourth quarter 2010: \$22.40 million, up 66.0 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

George West:	\$5.80 million, up 40.0 percent from the same quarter in 2009.
Three Rivers:	\$4.66 million, up 35.8 percent from the same quarter in 2009.

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

- Taxable sales in Live Oak County through the fourth quarter of 2010: \$73.35 million, up 37.8 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

George West:	\$18.50 million, up 14.3 percent from the same period in 2009.
Three Rivers:	\$15.90 million, up 18.9 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Live Oak County during 2010: \$73.35 million, up 37.8 percent from 2009.
 - Live Oak County sent an estimated \$4.58 million (or 0.03 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
 - Taxable sales during 2010 in the city of:
- | | |
|---------------|---|
| George West: | \$18.50 million, up 14.3 percent from 2009. |
| Three Rivers: | \$15.90 million, up 18.9 percent from 2009. |

Sales Tax – Local Sales Tax Allocations

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

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Live Oak County based on the sales activity month of August 2011: \$124,242.09, up 110.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

George West:	\$59,311.61, up 106.5 percent from August 2010.
Three Rivers*:	\$64,930.48, up 114.7 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Live Oak County based on sales activity months from September 2010 through August 2011: \$1.08 million, up 6.6 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

George West:	\$552,067.62, up 47.7 percent from fiscal 2010.
Three Rivers*:	\$528,040.88, down 17.4 percent from fiscal 2010.

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

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Live Oak County based on sales activity months through August 2011: \$773,375.28, up 7.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

George West:	\$387,612.75, up 71.0 percent from the same period in 2010.
Three Rivers*:	\$385,762.53, down 21.8 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Live Oak County based on sales activity in the 12 months ending in August 2011: \$1.08 million, up 6.6 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

George West:	\$552,067.62, up 47.7 percent from the previous 12-month period.
Three Rivers*:	\$528,040.88, down 17.4 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

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

George West:	\$475,111.74, up 47.4 percent from the same period in 2010.
Three Rivers*:	\$465,106.81, down 15.0 percent from the same period in 2010.

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 Live Oak County based on sales activity months in 2010: \$1.03 million, up 37.4 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

George West:	\$391,107.64, up 9.2 percent from 2009.
Three Rivers*:	\$635,625.56, up 63.4 percent from 2009.

*On 4/1/2011, the city of Three Rivers's local sales tax rate increased by 0.25 from 1.000 percent to 1.000 percent.

Property Tax

- As of January 2009, property values in Live Oak County: \$2.03 billion, up 14.0 percent from January 2008 values. The property tax base per person in Live Oak County is \$184,132, above the statewide average of \$85,809. About 30.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Live Oak County's ranking in state expenditures by county in fiscal year 2010: 166th. State expenditures in the county for FY2010: \$38.01 million, down 0.4 percent from FY2009.
- In Live Oak County, 6 state agencies provide a total of 33 jobs and \$402,329.00 in annualized wages (as of 1st quarter 2011).

■ Major state agencies in the county (as of first quarter 2011):

- Department of Transportation
- Parks & Wildlife Department
- AgriLife Extension Service
- Department of Public Safety
- Health & Human Services Commission

Higher Education

■ Community colleges in Live Oak County fall 2010 enrollment:

- None.

■ Live Oak County is in the service area of the following:

- Coastal Bend College with a fall 2010 enrollment of 4,348 . Counties in the service area include:

- Atascosa County
- Bee County
- Brooks County
- Duval County
- Jim Wells County
- Karnes County
- Kleberg County
- Live Oak County
- McMullen County

■ Institutions of higher education in Live Oak County fall 2010 enrollment:

- None.

School Districts

■ Live Oak County had 2 school districts with 7 schools and 1,749 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.)

- George West ISD had 1,118 students in the 2009-10 school year. The average teacher salary was \$45,615. The percentage of students meeting the 2010 TAKS passing standard for all tests was 79 percent.
- Three Rivers ISD had 631 students in the 2009-10 school year. The average teacher salary was \$47,991. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.