

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



February 10, 2014

Jeanette Ball
Superintendent
Uvalde Consolidated Independent School District
Box 1909
Uvalde, Texas 78801

Dear Superintendent Ball:

On October 24, 2013, the Comptroller received the completed application (Application # 350) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in October 2013 to the Uvalde Consolidated Independent School District (the school district) by OCI Solar Power, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

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

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$220 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 renewable energy facility in Uvalde 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 October 24, 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	OCI Solar Power, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Uvalde CISD
2012-13 Enrollment in School District	4,794
County	Uvalde
Total Investment in District	\$220,000,000
Qualified Investment	\$220,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	2*
Number of qualifying jobs committed to by applicant	2
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$833
Minimum Weekly Wage Required Tax Code, 313.021(5)(B)	\$833
Minimum Annual Wage committed to by applicant for qualified jobs	\$43,318
Investment per Qualifying Job	\$110,000,000
Estimated 15 year M&O levy without any limit or credit:	\$16,086,067
Estimated gross 15 year M&O tax benefit	\$12,073,412
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$9,462,877
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,397,959
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$6,623,190
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	58.8%
Percentage of tax benefit due to the limitation	80.1%
Percentage of tax benefit due to the credit	19.9%
* 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 OCI Solar Power, LLC (the project) applying to Uvalde Consolidated 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 two new jobs when fully operational. All 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 Middle Rio Grande Council of Governments where Uvalde County is located was \$39,380 in 2013. The annual average manufacturing wage for 2012-2013 for Uvalde County is \$31,499. That same year, the county annual average wage for all industries was \$25,935. In addition to an annual average salary of \$43,318 each qualifying position will receive benefits such as medical, dental, 401(k) and paid leave. The project's total investment is \$220 million, resulting in a relative level of investment per qualifying job of \$110 million.

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

According to OCI Solar Power, LLC's application, OCI Solar Power, LLC is a national solar developer with the ability to locate projects of this type in other states in the US with strong solar characteristics. The applicant is actively developing other projects throughout the US and internationally, and in other Texas Counties that are competing for the limited investment funds.

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

During the past two years, one project in the Middle Rio Grande Council of Governments 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 OCI Solar Power, 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 OCI Solar Power, LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in OCI Solar Power, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	402	380	782	\$17,413,836	\$27,752,164	\$45,166,000
2016	2	20	22	\$86,636	\$4,674,364	\$4,761,000
2017	2	3	5	\$86,636	\$2,843,364	\$2,930,000
2018	2	(8)	-6	\$86,636	\$1,378,364	\$1,465,000
2019	2	(12)	-10	\$86,636	\$645,364	\$732,000
2020	2	(14)	-12	\$86,636	\$401,364	\$488,000
2021	2	(12)	-10	\$86,636	-\$452,636	-\$366,000
2022	2	(10)	-8	\$86,636	-\$452,636	-\$366,000
2023	2	(8)	-6	\$86,636	-\$452,636	-\$366,000
2024	2	(8)	-6	\$86,636	-\$330,636	-\$244,000
2025	2	0	2	\$86,636	-\$330,636	-\$244,000
2026	2	(6)	-4	\$86,636	-\$330,636	-\$244,000
2027	2	0	2	\$86,636	-\$86,636	\$0
2028	2	(2)	0	\$86,636	-\$86,636	\$0
2029	2	(4)	-2	\$86,636	\$157,364	\$244,000

Source: CPA, REMI, OCI Solar Power, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2013. Uvalde CISD's ad valorem tax base in 2013 was \$824 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Uvalde CISD's estimated wealth per WADA was \$136,377. 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, Uvalde County, Uvalde Underground Water Conservation District and Southwest Texas Junior College District with all property tax incentives sought being granted using estimated market value from OCI Solar Power, LLC's application. OCI Solar Power, 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 OCI Solar Power, LLC project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Uvalde CISD I&S Levy	Uvalde CISD M&O Levy	Uvalde CISD M&O and I&S Tax Levies (Before Credit Credited)	Uvalde CISD M&O and I&S Tax Levies (After Credit Credited)	Uvalde County Tax Levy	Uvalde Co. Underground Water Conservation District Tax Levy	Southwest Texas Jr. College District Tax Levy
			0.072690	1.170000				0.762700	0.016100	0.130000
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$64,960,000	\$64,960,000		\$47,219	\$760,032	\$807,251	\$807,251	\$247,725	\$10,459	\$84,448
2016	\$220,000,000	\$220,000,000		\$159,918	\$2,574,000	\$2,733,918	\$2,733,918	\$838,970	\$35,420	\$286,000
2017	\$187,000,000	\$10,000,000		\$135,930	\$117,000	\$252,930	\$252,930	\$713,125	\$30,107	\$243,100
2018	\$158,950,000	\$10,000,000		\$115,541	\$117,000	\$232,541	\$116,271	\$606,156	\$25,591	\$206,635
2019	\$135,107,500	\$10,000,000		\$98,210	\$117,000	\$215,210	\$107,605	\$515,232	\$21,752	\$175,640
2020	\$114,841,375	\$10,000,000		\$83,478	\$117,000	\$200,478	\$100,239	\$437,948	\$18,489	\$149,294
2021	\$97,615,169	\$10,000,000		\$70,956	\$117,000	\$187,956	\$93,978	\$372,255	\$15,716	\$126,900
2022	\$82,972,893	\$10,000,000		\$60,313	\$117,000	\$177,313	\$88,657	\$316,417	\$13,359	\$107,865
2023	\$70,526,959	\$10,000,000		\$51,266	\$117,000	\$168,266	\$84,133	\$268,955	\$11,355	\$91,685
2024	\$59,947,916	\$10,000,000		\$43,576	\$117,000	\$160,576	\$80,288	\$228,611	\$9,652	\$77,932
2025	\$50,955,728	\$50,955,728		\$37,040	\$596,182	\$633,222	\$0	\$388,639	\$8,204	\$66,242
2026	\$44,000,000	\$44,000,000		\$31,984	\$514,800	\$546,784	\$0	\$335,588	\$7,084	\$57,200
2027	\$44,000,000	\$44,000,000		\$31,984	\$514,800	\$546,784	\$0	\$335,588	\$7,084	\$57,200
2028	\$44,000,000	\$44,000,000		\$31,984	\$514,800	\$546,784	\$546,784	\$335,588	\$7,084	\$57,200
						Total	\$5,012,054	\$5,940,797	\$221,355	\$1,787,341

Assumes School Value Limitation and Tax Abatement with Uvalde County.

project on the region if all taxes are assessed.

Source: CPA, OCI Solar Power, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Uvalde CISD I&S Levy	Uvalde CISD M&O Levy	Uvalde CISD M&O and I&S Tax Levies	Uvalde County Tax Levy	Uvalde Co. Underground Water Conservation District Tax Levy	Southwest Texas Jr. College District Tax Levy	
			0.072690	1.170000			0.762700	0.016100	0.130000	
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	
2015	\$64,960,000	\$64,960,000		\$47,219	\$760,032	\$807,251	\$495,450	\$10,459	\$84,448	
2016	\$220,000,000	\$220,000,000		\$159,918	\$2,574,000	\$2,733,918	\$1,677,940	\$35,420	\$286,000	
2017	\$187,000,000	\$187,000,000		\$135,930	\$2,187,900	\$2,323,830	\$1,426,249	\$30,107	\$243,100	
2018	\$158,950,000	\$158,950,000		\$115,541	\$1,859,715	\$1,975,256	\$1,212,312	\$25,591	\$206,635	
2019	\$135,107,500	\$135,107,500		\$98,210	\$1,580,758	\$1,678,967	\$1,030,465	\$21,752	\$175,640	
2020	\$114,841,375	\$114,841,375		\$83,478	\$1,343,644	\$1,427,122	\$875,895	\$18,489	\$149,294	
2021	\$97,615,169	\$97,615,169		\$70,956	\$1,142,097	\$1,213,054	\$744,511	\$15,716	\$126,900	
2022	\$82,972,893	\$82,972,893		\$60,313	\$970,783	\$1,031,096	\$632,834	\$13,359	\$107,865	
2023	\$70,526,959	\$70,526,959		\$51,266	\$825,165	\$876,431	\$537,909	\$11,355	\$91,685	
2024	\$59,947,916	\$59,947,916		\$43,576	\$701,391	\$744,967	\$457,223	\$9,652	\$77,932	
2025	\$50,955,728	\$50,955,728		\$37,040	\$596,182	\$633,222	\$388,639	\$8,204	\$66,242	
2026	\$44,000,000	\$44,000,000		\$31,984	\$514,800	\$546,784	\$335,588	\$7,084	\$57,200	
2027	\$44,000,000	\$44,000,000		\$31,984	\$514,800	\$546,784	\$335,588	\$7,084	\$57,200	
2028	\$44,000,000	\$44,000,000		\$31,984	\$514,800	\$546,784	\$335,588	\$7,084	\$57,200	
						Total	\$17,085,466	\$10,486,191	\$221,355	\$1,787,341

Source: CPA, OCI Solar Power, LLC

¹Tax 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. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$16,086,067. The estimated gross 15 year M&O tax benefit, or levy loss, is \$12,073,412.

Attachment 3 is an economic overview of Uvalde 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: Investment (Revised January 2010)

DCI Alamo S LLC
Applicant Name

Uvalde Consolidated Independent School District
CSD Name

PROPERTY INVESTMENT AMOUNTS

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

	Year	Start Year (YYYY-YYYY)	End Year (1st or actual last year before YYYY)	Column A: Tangible Personal Property The amount of new acquisitions (original cost, prior to taxes) during the year	Column B: Acquisition or Purchase of Non-tangible Components of Building (annual amount only)	Column C: Item of A and B Acquiring investment (during the 1st qualifying time period)	Column D: 1987 investment that is not qualifying investment and investment during non-qualifying periods and total cost	Column E: Total Investment (A+B+C)			
1st year preceding the first complete tax year of the qualifying time period (beginning on 1/1/2014)	Investment made before the first complete tax year of the qualifying time period (beginning on 1/1/2014)	2014-2015	2014	\$ -	\$ -	X	\$ -	\$ -			
	Investment made after the first complete tax year of the qualifying time period (beginning on 1/1/2014) but before the first taxable amount of applicable item (applicable to business qualified property)			\$ -	\$ -		\$ -				
	Investment made after the first taxable amount of applicable item and before the 1st of first complete tax year of qualifying time period (beginning on 1/1/2014) and applicable to business qualified property			\$ 64,940,000	\$ -		\$ -	\$ 64,940,000			
Complete tax year of qualifying time period	1	2015-2016	2015	\$ 115,080,000	\$ -	\$ 115,080,000	\$ 115,080,000	\$ 115,080,000			
	2	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -			
Tax Credit Period (each 50% cap on events)	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	X	\$ -	\$ -		
		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	\$ -	\$ -		\$ -			
		Leased before tax period	Contribution to Non-Qualifying Investment	11	2025-2026	2025		\$ -	\$ -	\$ -	\$ -
				12	2026-2027	2026		\$ -	\$ -	\$ -	\$ -
13	2027-2028			2027	\$ -	\$ -	\$ -	\$ -			
Post-Sale Up Period	14	2029-2029	2029	\$ -	\$ -	\$ -	\$ -				
Post-Sale Up Period	15	2029-2029	2029	\$ -	\$ -	\$ -	\$ -				

Qualifying Time Period as only begins with the first board approval of the application and extends generally for the following two complete tax years

Column A: The amount of the total dollar amount of planned investment in tangible personal property the applicant acquires that (and investment as defined in Tax Code §113.021(1)(A)-(D))

for the purposes of investment, please list amounts invested each year (not cumulative total)

(for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property)

Include expenses of investment for "replacement" property-property that is part of original agreement but scheduled for separate replacement during the qualifying time period

Column B: The total dollar amount of all new investment in 1987 buildings or other personal property that is not a component of building that is not a component of building that is not a component of building under Tax Code §113.021(1)(E)

for the years outside the qualifying time period. This amount should simply represent the planned investment in new buildings or non-tangible components of buildings

Column C: Do not include other amounts of investment that may not be qualified investment but that may affect the amount of investment and total value for planning, construction and operation of the facility

The following are examples of items that may not be qualified investment but that may affect the amount of investment and total value: professional services, etc.

Items that can be listed as part of investment during the "pre year" (pre period) cannot be part of a qualifying investment

Notes: For advanced planning projects, subject projects, projects with deferred qualifying periods, and projects with lengthy approval processes, 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 appraised market data for past years and update estimates for current and future years. If original estimates have not been updated, insert these amounts for future years

SIGNATURE OF APPLICANT OR COMPANY REPRESENTATIVE
[Signature]

11/14/13
3211

Form No. 101 Application for Approval of Estimated Value Unimproved or Qualified Property

Schedule R Estimated Market and Transfer Value (Revised January 2010)

Single Consolidated Independent School Districts

District Name	Year	School Year (FY) (FY)	Fiscal Year (FY)	Estimated Value of Land	Qualified Property		Estimated Value of Other Property	Total Estimated Value	Estimated Value of Other Property	Estimated Value of Other Property
					Estimated Value of Other Property	Estimated Value of Other Property				
City of Dallas	1	2011-2012	2011	674	5	3	3	3	5	5
	2	2012-2013	2012	674	5	3	3	3	5	5
	3	2013-2014	2013	674	5	3	3	3	5	5
	4	2014-2015	2014	674	5	3	3	3	5	5
	5	2015-2016	2015	674	5	3	3	3	5	5
	6	2016-2017	2016	674	5	3	3	3	5	5
	7	2017-2018	2017	674	5	3	3	3	5	5
	8	2018-2019	2018	674	5	3	3	3	5	5
	9	2019-2020	2019	674	5	3	3	3	5	5
	10	2020-2021	2020	674	5	3	3	3	5	5
City of Fort Worth	1	2011-2012	2011	674	5	3	3	3	5	5
	2	2012-2013	2012	674	5	3	3	3	5	5
	3	2013-2014	2013	674	5	3	3	3	5	5
	4	2014-2015	2014	674	5	3	3	3	5	5
	5	2015-2016	2015	674	5	3	3	3	5	5
	6	2016-2017	2016	674	5	3	3	3	5	5
	7	2017-2018	2017	674	5	3	3	3	5	5
	8	2018-2019	2018	674	5	3	3	3	5	5
	9	2019-2020	2019	674	5	3	3	3	5	5
	10	2020-2021	2020	674	5	3	3	3	5	5

I, _____, District Representative, certify that the information provided herein is true and correct to the best of my knowledge and belief.

Date: 11/14/13

OCI Memo 5 LLC
 Applicant Name

Univale Consolidated Independent School District
 CSD Name

Year	School Year (FY01-FY02)	Tax Year (FA is subject year before FY01)	Construction			Total 2005	Qualifying Jobs		
			Column A: Number of Construction FTE's or equivalent (FTE's)	Column B: Average annual wage rate for construction workers	Column C: Number of new 2011 equivalent units to existing units (sum of new)		Column D: Average annual wage rate for all new jobs	Column E: Number of qualifying jobs created meeting all criteria of the 11/18/01 (sum of new)	Column F: Average annual wage rate for all qualifying jobs
Pre-Year 1	2010-2011	2011	0	N/A	0	N/A	0	N/A	N/A
Complete the report of new/young drug period	1	2011-2012	402 FTE's	\$ 43,715.00	2	\$ 41,310.00	2	\$ 41,310.00	
	2	2012-2013	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	3	2013-2014	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	4	2014-2015	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	5	2015-2016	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
Five Year Limitation Period	6	2016-2017	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	7	2017-2018	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	8	2018-2019	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	9	2019-2020	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	10	2020-2021	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
Two Year Period (6-03 50% cost or credit)	11	2021-2022	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	12	2022-2023	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	13	2023-2024	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	14	2024-2025	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	15	2025-2026	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
Continue to maintain 6 base projects	16	2026-2027	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	17	2027-2028	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	18	2028-2029	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	19	2029-2030	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	
	20	2030-2031	0	N/A	2	\$ 41,310.00	2	\$ 41,310.00	

Notes: For job addresses use "XX (1-2018) (1) and (1) or Job (11/18/01).
 The 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, please original application with school approval stamp dated for past years and submit
 information for all past and future years. If original application have not changed, enter three zeros for future years.

Signature of AUTHORIZED COMPANY REPRESENTATIVE

11/14/13
 DAY

Form 503-396 Application for Appraised Value Limitation on Qualified Property

Schedule D Other Tax Information (Revised January 2010)

DCI Adams 3 LLC
Agent Name

Unsub Consolidated Independent School District
Agent Name

Year	Sublet Tax Information	Franchising Tax		Other Property Tax Abatement Sought			
		Column F (Amount of total annual expenditures)* subject to state limit for	Column G (Amount of total annual expenditures)* subject to state limit for	County	City	Special	Other
1	2014-2015	\$ -	\$ -	0%	7%	0%	0%
2	2015-2016	\$ -	\$ 64,900,000	50%	7%	0%	0%
3	2016-2017	\$ -	\$ 120,000,000	50%	7%	0%	0%
4	2017-2018	\$ -	\$ -	50%	7%	0%	0%
5	2018-2019	\$ -	\$ -	50%	7%	0%	0%
6	2019-2020	\$ -	\$ -	50%	7%	0%	0%
7	2020-2021	\$ -	\$ -	50%	7%	0%	0%
8	2021-2022	\$ -	\$ -	50%	7%	0%	0%
9	2022-2023	\$ -	\$ -	50%	7%	0%	0%
10	2023-2024	\$ -	\$ -	50%	7%	0%	0%
11	2024-2025	\$ -	\$ -	50%	7%	0%	0%
12	2025-2026	\$ -	\$ -	50%	7%	0%	0%
13	2026-2027	\$ -	\$ -	50%	7%	0%	0%
14	2027-2028	\$ -	\$ -	50%	7%	0%	0%
15	2028-2029	\$ -	\$ -	50%	7%	0%	0%

*For planning, calculation and reporting purposes.

Signature of Authorized Company Representative

11/14/13
DATE

Attachment 2



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

February 3, 2014

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed OCI Solar Power LLC project on the number and size of school facilities in Uvalde Independent School District (UISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the UISD superintendent, Rebecca Robinson, the TEA has found that the OCI Solar Power LLC project would not have a significant impact on the number or size of school facilities in UISD.

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,

A handwritten signature in black ink, appearing to read "Al McKenzie", with a stylized flourish at the end.

Al McKenzie, Manager
Foundation School Program Support

AM/rk



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

February 3, 2014

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

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed OCI Solar Power LLC project for the Uvalde Independent School District (UISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates 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 OCI Solar Power LLC project on UISD 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,

A handwritten signature in black ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED OCI
ALAMO 5, LLC PROJECT ON THE FINANCES OF THE UVALDE
CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED
CHAPTER 313 PROPERTY VALUE LIMITATION**

November 5, 2013

Final Report

PREPARED BY



TEXAS SCHOOL FINANCE EXPERTS

Estimated Impact of the Proposed OCI Alamo 5, LLC Project on the Finances of the Uvalde Consolidated Independent School District Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

OCI Alamo 5, LLC (OCI Alamo) has requested that the Uvalde Consolidated Independent School District Independent School District (UCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to UCISD on October 20, 2013, OCI Alamo proposes to invest \$220 million to construct a new solar project in UCISD.

The OCI Alamo project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, UCISD may offer a minimum value limitation of \$10 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2015-16 and 2016-17 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2015-16 and 2016-17 school years. Beginning with the 2017-18 school year, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with UCISD currently levying a \$0.07269 per \$100 I&S tax rate. The full value of the investment is expected to reach \$220 million in the 2016-17 school year. While I&S tax collections should increase as a result of the project, the analysis presented below indicates that the additional I&S taxes will largely supplant state aid from the Instructional Facilities Allotment (IFA) and Existing Debt Allotment (EDA) programs.

In the case of the OCI Alamo project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. UCISD would experience a revenue loss of \$2.6 million as a result of the implementation of the value limitation in the 2017-18 school year, with no revenue losses expected in the out-years under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$9.4 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and the audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

Under the HB 1 system adopted in 2006, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted during the First Called Session in 2011 made \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83rd Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

While the ASATR discussion is critical to the overall operations of the school finance system, UCISD is classified as a formula district under the estimates presented below. ASATR funding is not a factor in any of these estimates.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the OCI Alamo project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. The projected taxable values of the OCI Alamo project are factored into the base model used here in order to simulate the financial impact of constructing the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed OCI project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 4,301 students in average daily attendance (ADA) in analyzing the effects of the OCI Alamo project on the finances of UCISD, consistent with the Texas Education Agency estimate for 2013-14. The District's local tax base reached \$874.2 million for the 2012 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.17 per \$100 is used throughout this analysis. UCISD has estimated state property wealth per weighted ADA or WADA of approximately \$137,354 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for UCISD under the assumptions outlined above through the 2029-30 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the

property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue” by adding the value of the proposed OCI Alamo facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the OCI Alamo value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, UCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$2,610,535). The revenue reduction results from the mechanics of the school finance system in which the impact of the value limitation lags by one year in the calculation of state aid. Under current law, no school district revenue loss is anticipated beyond the initial 2017-18 limitation year.

The formula loss of \$2,610,535 between the base and the limitation models is based on an assumption that OCI Alamo would see M&O tax savings of \$2,070,900 for the 2017-18 school year, when the \$10 million limitation is implemented. From the school district perspective, there is no compensating state aid increase until the following year. In addition, the lower M&O tax effort decreases Tier II state aid by \$539,635 in 2017-18.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. The state property value study makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.17 per \$100 of taxable value M&O rate is assumed in 2013-14 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$9.7 million over the life of the agreement. In addition, OCI Alamo would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$2.39 million, with \$710,000 in unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key UCISD revenue losses are expected to total approximately -\$2,610,535 in the initial limitation year under the agreement. The total potential net tax benefits (inclusive of tax credits

but after hold-harmless payments are made) are estimated to reach \$9.4 million over the life of the agreement.

Facilities Funding Impact

The OCI Alamo project remains fully taxable for debt services taxes, with UCISD currently levying a \$0.07269 I&S tax rate. Full access to the new project should provide a boost in I&S taxes in the peak value year under the Agreement. Based on our review, however, it appears that future increases in I&S taxes will largely offset state aid earned under the IFA and EDA programs, leaving little overall improvement in I&S revenue.

The OCI Alamo project is not expected to affect UCISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed OCI Alamo solar project enhances the tax base of UCISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$9.4 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also provides an I&S tax benefit in the peak value year for the project.

Table 1 – Base District Information with OCI Alamo 5, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2014-15	4,301.39	6,019.02	\$1.1700	\$0.0727	\$874,232,472	\$874,232,472	\$833,921,387	\$833,921,387	\$138,548	\$138,548
1	2015-16	4,301.39	6,019.02	\$1.1700	\$0.0727	\$939,192,472	\$939,192,472	\$833,921,387	\$833,921,387	\$138,548	\$138,548
2	2016-17	4,301.39	6,019.02	\$1.1700	\$0.0727	\$1,094,232,472	\$1,094,232,472	\$898,881,387	\$898,881,387	\$149,340	\$149,340
3	2017-18	4,301.39	6,019.02	\$1.1700	\$0.0727	\$1,061,232,472	\$1,061,232,472	\$1,053,921,387	\$1,053,921,387	\$175,098	\$175,098
4	2018-19	4,301.39	6,019.02	\$1.1700	\$0.0727	\$1,033,182,472	\$884,232,472	\$1,020,921,387	\$843,921,387	\$169,616	\$140,209
5	2019-20	4,301.39	6,019.02	\$1.1700	\$0.0727	\$1,009,339,972	\$884,232,472	\$992,871,387	\$843,921,387	\$164,956	\$140,209
6	2020-21	4,301.39	6,019.02	\$1.1700	\$0.0727	\$989,073,847	\$884,232,472	\$969,028,887	\$843,921,387	\$160,994	\$140,209
7	2021-22	4,301.39	6,019.02	\$1.1700	\$0.0727	\$971,847,641	\$884,232,472	\$948,762,762	\$843,921,387	\$157,627	\$140,209
8	2022-23	4,301.39	6,019.02	\$1.1700	\$0.0727	\$957,205,365	\$884,232,472	\$931,536,556	\$843,921,387	\$154,765	\$140,209
9	2023-24	4,301.39	6,019.02	\$1.1700	\$0.0727	\$944,759,431	\$884,232,472	\$916,894,280	\$843,921,387	\$152,333	\$140,209
10	2024-25	4,301.39	6,019.02	\$1.1700	\$0.0727	\$934,180,388	\$884,232,472	\$904,448,346	\$843,921,387	\$150,265	\$140,209
11	2025-26	4,301.39	6,019.02	\$1.1700	\$0.0727	\$925,188,200	\$925,188,200	\$893,869,303	\$843,921,387	\$148,507	\$140,209
12	2026-27	4,301.39	6,019.02	\$1.1700	\$0.0727	\$918,232,472	\$918,232,472	\$884,877,115	\$884,877,115	\$147,013	\$147,013
13	2027-28	4,301.39	6,019.02	\$1.1700	\$0.0727	\$918,232,472	\$918,232,472	\$877,921,387	\$877,921,387	\$145,858	\$145,858
14	2028-29	4,301.39	6,019.02	\$1.1700	\$0.0727	\$918,232,472	\$918,232,472	\$877,921,387	\$877,921,387	\$145,858	\$145,858
15	2029-30	4,301.39	6,019.02	\$1.1700	\$0.0727	\$918,232,472	\$918,232,472	\$877,921,387	\$877,921,387	\$145,858	\$145,858

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

Table 2-- “Baseline Revenue Model”--Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$7,852,877	\$22,163,893	\$0	\$0	\$2,082,099	\$3,819,599	\$0	\$35,918,468
1	2015-16	\$8,441,612	\$22,163,893	\$0	\$0	\$2,238,195	\$4,134,162	\$0	\$36,977,862
2	2016-17	\$9,846,746	\$21,563,143	\$0	\$0	\$2,610,751	\$4,285,680	\$0	\$38,306,320
3	2017-18	\$9,576,766	\$20,129,333	\$0	\$0	\$2,539,169	\$3,182,050	\$0	\$35,427,318
4	2018-19	\$9,317,936	\$20,434,517	\$0	\$0	\$2,470,542	\$3,274,289	\$0	\$35,497,284
5	2019-20	\$9,097,931	\$20,693,923	\$0	\$0	\$2,412,211	\$3,357,001	\$0	\$35,561,066
6	2020-21	\$8,910,926	\$20,914,419	\$0	\$0	\$2,362,629	\$3,427,211	\$0	\$35,615,185
7	2021-22	\$8,751,972	\$21,101,840	\$0	\$0	\$2,320,484	\$3,484,328	\$0	\$35,658,624
8	2022-23	\$8,616,861	\$21,261,148	\$0	\$0	\$2,284,660	\$3,537,073	\$0	\$35,699,742
9	2023-24	\$8,501,621	\$21,396,560	\$0	\$0	\$2,254,107	\$3,583,705	\$0	\$35,735,993
10	2024-25	\$8,404,399	\$21,511,660	\$0	\$0	\$2,228,329	\$3,621,247	\$0	\$35,765,635
11	2025-26	\$8,314,691	\$21,609,495	\$0	\$0	\$2,204,544	\$3,649,371	\$0	\$35,778,101
12	2026-27	\$8,251,651	\$21,692,654	\$0	\$0	\$2,187,830	\$3,681,461	\$0	\$35,813,596
13	2027-28	\$8,251,651	\$21,756,981	\$0	\$0	\$2,187,830	\$3,728,774	\$0	\$35,925,236
14	2028-29	\$8,251,651	\$21,756,981	\$0	\$0	\$2,187,830	\$3,728,774	\$0	\$35,925,236
15	2029-30	\$8,251,651	\$21,756,981	\$0	\$0	\$2,187,830	\$3,728,774	\$0	\$35,925,236

Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$7,852,877	\$22,163,893	\$0	\$0	\$2,082,099	\$3,819,599	\$0	\$35,918,468
1	2015-16	\$8,441,612	\$22,163,893	\$0	\$0	\$2,238,195	\$4,134,162	\$0	\$36,977,862
2	2016-17	\$9,846,746	\$21,563,143	\$0	\$0	\$2,610,751	\$4,285,680	\$0	\$38,306,320
3	2017-18	\$7,943,508	\$20,129,333	\$0	\$0	\$2,106,129	\$2,637,813	\$0	\$32,816,783
4	2018-19	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
5	2019-20	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
6	2020-21	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
7	2021-22	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
8	2022-23	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
9	2023-24	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
10	2024-25	\$7,943,508	\$22,071,413	\$0	\$0	\$2,106,129	\$3,819,661	\$0	\$35,940,711
11	2025-26	\$8,314,691	\$22,071,413	\$0	\$0	\$2,204,544	\$3,996,448	\$0	\$36,587,096
12	2026-27	\$8,251,651	\$21,692,654	\$0	\$0	\$2,187,830	\$3,681,461	\$0	\$35,813,596
13	2027-28	\$8,251,651	\$21,756,981	\$0	\$0	\$2,187,830	\$3,728,774	\$0	\$35,925,236
14	2028-29	\$8,251,651	\$21,756,981	\$0	\$0	\$2,187,830	\$3,728,774	\$0	\$35,925,236
15	2029-30	\$8,251,651	\$21,756,981	\$0	\$0	\$2,187,830	\$3,728,774	\$0	\$35,925,236

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	-\$1,633,258	\$0	\$0	\$0	-\$433,040	-\$544,237	\$0	-\$2,610,535
4	2018-19	-\$1,374,428	\$1,636,896	\$0	\$0	-\$364,413	\$545,372	\$0	\$443,427
5	2019-20	-\$1,154,423	\$1,377,490	\$0	\$0	-\$306,082	\$462,660	\$0	\$379,645
6	2020-21	-\$967,418	\$1,156,994	\$0	\$0	-\$256,500	\$392,450	\$0	\$325,526
7	2021-22	-\$808,464	\$969,573	\$0	\$0	-\$214,355	\$335,333	\$0	\$282,087
8	2022-23	-\$673,353	\$810,265	\$0	\$0	-\$178,531	\$282,588	\$0	\$240,969
9	2023-24	-\$558,113	\$674,853	\$0	\$0	-\$147,978	\$235,956	\$0	\$204,718
10	2024-25	-\$460,891	\$559,753	\$0	\$0	-\$122,200	\$198,414	\$0	\$175,076
11	2025-26	\$0	\$461,918	\$0	\$0	\$0	\$347,077	\$0	\$808,995
12	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the OCI Alamo 5, LLC Project Property Value Limitation Request Submitted to UCISD at \$1.17 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2014-15	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$64,960,000	\$64,960,000	\$0	\$1.170	\$760,032	\$760,032	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$220,000,000	\$220,000,000	\$0	\$1.170	\$2,574,000	\$2,574,000	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$187,000,000	\$10,000,000	\$177,000,000	\$1.170	\$2,187,900	\$117,000	\$2,070,900	\$0	\$2,070,900	-\$2,610,535	-\$539,635
4	2018-19	\$158,950,000	\$10,000,000	\$148,950,000	\$1.170	\$1,859,715	\$117,000	\$1,742,715	\$116,270	\$1,858,985	\$0	\$1,858,985
5	2019-20	\$135,107,500	\$10,000,000	\$125,107,500	\$1.170	\$1,580,758	\$117,000	\$1,463,758	\$107,605	\$1,571,363	\$0	\$1,571,363
6	2020-21	\$114,841,375	\$10,000,000	\$104,841,375	\$1.170	\$1,343,644	\$117,000	\$1,226,644	\$100,239	\$1,326,883	\$0	\$1,326,883
7	2021-22	\$97,615,169	\$10,000,000	\$87,615,169	\$1.170	\$1,142,097	\$117,000	\$1,025,097	\$93,978	\$1,119,076	\$0	\$1,119,076
8	2022-23	\$82,972,893	\$10,000,000	\$72,972,893	\$1.170	\$970,783	\$117,000	\$853,783	\$88,656	\$942,439	\$0	\$942,439
9	2023-24	\$70,526,959	\$10,000,000	\$60,526,959	\$1.170	\$825,165	\$117,000	\$708,165	\$84,133	\$792,298	\$0	\$792,298
10	2024-25	\$59,947,916	\$10,000,000	\$49,947,916	\$1.170	\$701,391	\$117,000	\$584,391	\$80,288	\$664,679	\$0	\$664,679
11	2025-26	\$50,955,728	\$50,955,728	\$0	\$1.170	\$596,182	\$596,182	\$0	\$633,222	\$633,222	\$0	\$633,222
12	2026-27	\$44,000,000	\$44,000,000	\$0	\$1.170	\$514,800	\$514,800	\$0	\$546,784	\$546,784	\$0	\$546,784
13	2027-28	\$44,000,000	\$44,000,000	\$0	\$1.170	\$514,800	\$514,800	\$0	\$546,784	\$546,784	\$0	\$546,784
14	2028-29	\$44,000,000	\$44,000,000	\$0	\$1.170	\$514,800	\$514,800	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$44,000,000	\$44,000,000	\$0	\$1.170	\$514,800	\$514,800	\$0	\$0	\$0	\$0	\$0
Totals						\$16,600,867	\$6,925,414	\$9,675,453	\$2,397,959	\$12,073,412	-\$2,610,535	\$9,462,877

Tax Credit for Value Over Limit in First 2 Years

	Year 1	Year 2	Max Credits
	\$643,032	\$2,457,000	\$3,100,032
Credits Earned			\$3,100,032
Credits Paid			<u>\$2,397,959</u>
Excess Credits Unpaid			\$702,073

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Attachment 3

Uvalde County

Population

- Total county population in 2010 for Uvalde County: 26,964 , up 1.1 percent from 2009. State population increased 1.8 percent in the same time period.
- Uvalde County was the state's 97nd largest county in population in 2010 and the 82nd fastest growing county from 2009 to 2010.
- Uvalde County's population in 2009 was 30.3 percent Anglo (below the state average of 46.7 percent), 0.8 percent African-American (below the state average of 11.3 percent) and 67.6 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Uvalde County:

Uvalde:	16,326	Sabinal:	1,644
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Economy and Income

Employment

- September 2011 total employment in Uvalde County: 10,713 , up 1.8 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Uvalde County unemployment rate: 9.8 percent, up from 9.2 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

- Uvalde County's ranking in per capita personal income in 2009: 189th with an average per capita income of \$29,401, up 1.9 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 Uvalde County averaged \$88.99 million annually from 2007 to 2010. County total agricultural values in 2010 were up 22.0 percent from 2009. Major agriculture related commodities in Uvalde County during 2010 included:
 - Corn
 - Sorghum
 - Other Beef
 - Hunting
 - Vegetables
- 2011 oil and gas production in Uvalde County: barrels of oil and 3,983.0 Mcf of gas. In September 2011, there were 0 producing oil wells and 3 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 Uvalde County during the fourth quarter 2010: \$54.75 million, up 13.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Uvalde:	\$49.69 million, up 13.5 percent from the same quarter in 2009.
Sabinal:	\$1.22 million, down 1.9 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 Uvalde County through the fourth quarter of 2010: \$201.21 million, up 5.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Uvalde:	\$176.33 million, up 5.2 percent from the same period in 2009.
Sabinal:	\$4.88 million, up 5.0 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Uvalde County during 2010: \$201.21 million, up 5.6 percent from 2009.
- Uvalde County sent an estimated \$12.58 million (or 0.07 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Uvalde:	\$176.33 million, up 5.2 percent from 2009.
Sabinal:	\$4.88 million, up 5.0 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 Uvalde County based on the sales activity month of August 2011: \$196,136.97, up 18.9 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Uvalde:	\$190,419.72, up 19.5 percent from August 2010.
Sabinal:	\$5,717.25, up 1.4 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 Uvalde County based on sales activity months from September 2010 through August 2011: \$2.38 million, up 18.1 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Uvalde:	\$2.31 million, up 18.6 percent from fiscal 2010.
Sabinal:	\$65,823.17, up 2.3 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 Uvalde County based on sales activity months through August 2011: \$1.53 million, up 15.3 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Uvalde:	\$1.49 million, up 15.5 percent from the same period in 2010.
Sabinal:	\$43,912.94, up 6.6 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 Uvalde County based on sales activity in the 12 months ending in August 2011: \$2.38 million, up 18.1 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Uvalde:	\$2.31 million, up 18.6 percent from the previous 12-month period.
Sabinal:	\$65,823.17, up 2.3 percent from the previous 12-month period.

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

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

Uvalde:	\$1.95 million, up 19.1 percent from the same period in 2010.
Sabinal:	\$55,238.08, up 4.2 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 Uvalde County based on sales activity months in 2010: \$2.18 million, up 6.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Uvalde:	\$2.11 million, up 7.1 percent from 2009.
Sabinal:	\$63,111.08, up 0.4 percent from 2009.

Property Tax

- As of January 2009, property values in Uvalde County: \$2.77 billion, up 7.0 percent from January 2008 values. The property tax base per person in Uvalde County is \$103,475, above the statewide average of \$85,809. A negligible 0.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Uvalde County's ranking in state expenditures by county in fiscal year 2010: 80th. State expenditures in the county for FY2010: \$140.85 million, unchanged 0.0 percent from FY2009.
- In Uvalde County, 17 state agencies provide a total of 260 jobs and \$2.44 million in annualized wages (as of 1st quarter 2011).

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

- AgriLife Research
- Parks & Wildlife Department
- Sul Ross State University
- Attorney General

Higher Education

■ Community colleges in Uvalde County fall 2010 enrollment:

- Southwest Texas Junior College, a Public Community College, had 6,235 students.

■ Uvalde County is in the service area of the following:

- Southwest Texas Junior College with a fall 2010 enrollment of 6,235 . Counties in the service area include:
 - Dimmit County
 - Edwards County
 - Frio County
 - Kinney County
 - La Salle County
 - Maverick County
 - Medina County
 - Real County
 - Uvalde County
 - Val Verde County
 - Zavala County

■ Institutions of higher education in Uvalde County fall 2010 enrollment:

- Sul Ross State University Rio Grande College, a Public University (part of Texas State University System), had 1,092 students.

School Districts

■ Uvalde County had 4 school districts with 14 schools and 5,932 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.)

- Knippa ISD had 239 students in the 2009-10 school year. The average teacher salary was \$41,818. The percentage of students meeting the 2010 TAKS passing standard for all tests was 90 percent.
- Sabinal ISD had 505 students in the 2009-10 school year. The average teacher salary was \$41,897. The percentage of students meeting the 2010 TAKS passing standard for all tests was 60 percent.
- Utopia ISD had 217 students in the 2009-10 school year. The average teacher salary was \$36,957. The percentage of students meeting the 2010 TAKS passing standard for all tests was 83 percent.
- Uvalde CISD had 4,971 students in the 2009-10 school year. The average teacher salary was \$41,441. The percentage of students meeting the 2010 TAKS passing standard for all tests was 62 percent.