

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



September 4, 2012

Severita Sanchez
Superintendent
Webb Consolidated Independent School District
619 Ave. F
Bruni, Texas 78344

Dear Superintendent Sanchez:

On July 16, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on May 14, 2012 to the Webb Consolidated Independent School District (Webb CISD) by Whitetail Wind Energy, LLC. 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.

Webb CISD is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$120 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. Whitetail Wind Energy, LLC is proposing the construction of a wind power electric generation facility in Webb County. Whitetail Wind Energy, LLC is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), 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 Whitetail Wind Energy, LLC, the Comptroller's recommendation is that Whitetail Wind Energy, LLC's 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 determine if the evidence supports making specific findings that the information in the application is

¹ All statutory references are to the Texas TaxCode, unless otherwise noted.

true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and 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, we prepared the recommendation 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 July 16, 2012, or any tangible personal property placed in service prior that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD 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 10 days prior to the meeting scheduled by the 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 providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

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	Whitetail Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Webb CISD
2010-11 Enrollment in School District	350
County	Webb
Total Investment in District	\$120,000,000
Qualified Investment	\$120,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	5*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$865.38
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$609.36
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,000
Investment per Qualifying Job	\$30,000,000
Estimated 15 year M&O levy without any limit or credit:	\$7,690,893
Estimated gross 15 year M&O tax benefit	\$3,406,861
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):	\$3,345,942
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,137,718
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$4,344,951
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	43.5%
Percentage of tax benefit due to the limitation	66.6%
Percentage of tax benefit due to the credit.	33.4%
* 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 Whitetail Wind (the project) applying to Webb 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 five new jobs when fully operational. Four 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 South Texas Development Council Region, where Webb County is located was \$28,806 in 2010. The annual average manufacturing wage for 2011 for Webb County is \$29,497. That same year, the county annual average wage for all industries was \$28,158. In addition to a salary of \$45,000, each qualifying position will receive the following benefits: medical insurance (with company paying at least 80% of premiums for employee only coverage), paid holidays, paid vacation, 401(k) retirement savings plan, skills training. The project's total investment is \$120 million, resulting in a relative level of investment per qualifying job of \$30 million.

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

According to Whitetail Wind's application, "MAP Royalty, Inc. ("MAP"), one of the developers and early investors in the adjacent Cedro Hill Wind Project and the current owner of Whitetail Wind Energy, LLC, develops wind farms in different states around the United States of America. They have the ability to locate or relocate in another state, another region of Texas, or another region of the world, Whitetail Wind believes, however, that the proposed site in Webb County is a desirable business location. Receiving the Appraised Value Limitation from the school district is vital to obtaining financing and to maintaining the economic competitiveness of the project with other projects currently being developed by MAP and by others."

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

During the past two years, zero projects in the South Texas Development Council 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 Whitetail Wind 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 Whitetail Wind'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 Whitetail Wind

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	105	86	191	\$4,240,000	\$5,760,000	\$10,000,000
2013	5	9	14	\$240,000	\$1,760,000	\$2,000,000
2014	5	9	14	\$240,000	\$760,000	\$1,000,000
2015	5	8	13	\$240,000	\$760,000	\$1,000,000
2016	5	9	14	\$240,000	\$760,000	\$1,000,000
2017	5	10	15	\$240,000	\$760,000	\$1,000,000
2018	5	13	18	\$240,000	\$760,000	\$1,000,000
2019	5	13	18	\$240,000	\$1,760,000	\$2,000,000
2020	5	13	18	\$240,000	\$1,760,000	\$2,000,000
2021	5	16	21	\$240,000	\$1,760,000	\$2,000,000
2022	5	16	21	\$240,000	\$1,760,000	\$2,000,000
2023	5	15	20	\$240,000	\$1,760,000	\$2,000,000
2024	5	20	25	\$240,000	\$1,760,000	\$2,000,000
2025	5	15	20	\$240,000	\$1,760,000	\$2,000,000
2026	5	18	23	\$240,000	\$2,760,000	\$3,000,000
2027	5	18	23	\$240,000	\$2,760,000	\$3,000,000

Source: CPA, REMI, Whitetail Wind

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Webb CISD's ad valorem tax base in 2010 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010. During that same year, Webb CISD's estimated wealth per WADA was \$2,785,274. 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 and Webb County, with all property tax incentives sought being granted using estimated market value from Whitetail Wind's application. Whitetail Wind has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Whitetail Wind 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	Webb CISD I&S Levy	Webb CISD M&O Levy	Webb CISD M&O and I&S Tax Levies (Before Credit Credited)	Webb CISD M&O and I&S Tax Levies (After Credit Credited)	Webb County	Estimated Total Property Taxes
			0.0486	0.0486	0.8033			0.4201	
2013	\$120,000,000	\$120,000,000		\$58,320	\$963,960	\$1,022,280	\$1,022,280	\$201,626	\$1,223,906
2014	\$81,630,500	\$81,630,500		\$39,672	\$655,738	\$695,410	\$695,410	\$137,157	\$832,567
2015	\$77,563,675	\$30,000,000		\$37,696	\$240,990	\$278,686	\$278,686	\$130,324	\$409,010
2016	\$73,699,897	\$30,000,000		\$35,818	\$240,990	\$276,808	\$141,205	\$123,832	\$265,037
2017	\$70,029,020	\$30,000,000		\$34,034	\$240,990	\$275,024	\$140,173	\$117,664	\$257,837
2018	\$66,541,404	\$30,000,000		\$32,339	\$240,990	\$273,329	\$139,193	\$167,706	\$306,899
2019	\$63,227,893	\$30,000,000		\$30,729	\$240,990	\$271,719	\$138,262	\$159,355	\$297,617
2020	\$60,079,786	\$30,000,000		\$29,199	\$240,990	\$270,189	\$137,377	\$151,421	\$288,798
2021	\$57,088,819	\$30,000,000		\$27,745	\$240,990	\$268,735	\$136,537	\$143,883	\$280,420
2022	\$54,247,139	\$30,000,000		\$26,364	\$240,990	\$267,354	\$135,738	\$136,721	\$272,459
2023	\$51,547,289	\$51,547,289		\$25,052	\$414,079	\$439,131	\$236,086	\$216,527	\$452,613
2024	\$48,982,180	\$48,982,180		\$23,805	\$393,474	\$417,279	\$417,279	\$205,752	\$623,031
2025	\$46,545,082	\$46,545,082		\$22,621	\$373,897	\$396,518	\$396,518	\$195,515	\$592,032
2026	\$44,229,599	\$44,229,599		\$21,496	\$355,296	\$376,792	\$376,792	\$185,789	\$562,581
2027	\$42,029,654	\$42,029,654		\$20,426	\$337,624	\$358,051	\$358,051	\$176,548	\$534,598
						Total	\$4,749,587	\$2,449,820	\$7,199,407

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Whitetail Wind

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Webb CISD I&S Levy	Webb CISD M&O Levy	Webb CISD M&O and I&S Tax Levies	Webb County	Estimated Total Property Taxes	
			0.0486	0.0486	0.8033		0.4201		
2013	\$120,000,000	\$120,000,000		\$58,320	\$963,960	\$1,022,280	\$504,066	\$1,526,346	
2014	\$81,630,500	\$81,630,500		\$39,672	\$655,738	\$695,410	\$342,893	\$1,038,303	
2015	\$77,563,675	\$77,563,675		\$37,696	\$623,069	\$660,765	\$325,810	\$986,575	
2016	\$73,699,897	\$73,699,897		\$35,818	\$592,031	\$627,849	\$309,580	\$937,430	
2017	\$70,029,020	\$70,029,020		\$34,034	\$562,543	\$596,577	\$294,160	\$890,738	
2018	\$66,541,404	\$66,541,404		\$32,339	\$534,527	\$566,866	\$279,510	\$846,377	
2019	\$63,227,893	\$63,227,893		\$30,729	\$507,910	\$538,638	\$265,592	\$804,230	
2020	\$60,079,786	\$60,079,786		\$29,199	\$482,621	\$511,820	\$252,368	\$764,188	
2021	\$57,088,819	\$57,088,819		\$27,745	\$458,594	\$486,340	\$239,804	\$726,144	
2022	\$54,247,139	\$54,247,139		\$26,364	\$435,767	\$462,131	\$227,868	\$689,999	
2023	\$51,547,289	\$51,547,289		\$25,052	\$414,079	\$439,131	\$216,527	\$655,658	
2024	\$48,982,180	\$48,982,180		\$23,805	\$393,474	\$417,279	\$205,752	\$623,031	
2025	\$46,545,082	\$46,545,082		\$22,621	\$373,897	\$396,518	\$195,515	\$592,032	
2026	\$44,229,599	\$44,229,599		\$21,496	\$355,296	\$376,792	\$185,789	\$562,581	
2027	\$42,029,654	\$42,029,654		\$20,426	\$337,624	\$358,051	\$176,548	\$534,598	
						Total	\$8,156,448	\$4,021,783	\$12,178,231

Source: CPA, Whitetail Wind

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 \$7,690,893. The estimated gross 15 year M&O tax benefit, or levy loss, is \$3,406,861.

Attachment 3 is an economic overview of Webb 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

Form 50-296

Applicant Name
 ISD Name
 WHITETAIL WIND ENERGY, LLC
 WEBB CISD

		PROPERTY INVESTMENT AMOUNTS											
		(Estimated investment in each year. Do not put cumulative totals.)											
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (renoval 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)			0	0		0	0				0	
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	2012-2013	2012	5,000,000	350,000		0	0				0	
	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	1	2013-2014	2013	114,650,000		114,650,000	0	114,650,000			0	
		2	2014-2015	2014	0	0	0	0	0			0	
		3	2015-2016	2015	0	0	0	0	0			0	
		4	2016-2017	2016	0	0	0	0	0			0	
		5	2017-2018	2017	0	0	0	0	0			0	
		6	2018-2019	2018	0	0	0	0	0			0	
		7	2019-2020	2019	0	0	0	0	0			0	
		8	2020-2021	2020	0	0	0	0	0			0	
		9	2021-2022	2021	0	0	0	0	0			0	
		10	2022-2023	2022	0	0	0	0	0			0	
	Value Limitation Period	11	2023-2024	2023	0	0	0	0	0			0	
		12	2024-2025	2024	0	0	0	0	0			0	
13		2025-2026	2025	0	0	0	0	0			0		
Credit Settle-Up Period	Continuous to Maintain Viable Presence												
	Post-Settle-Up Period												
	Post-Settle-Up Period												
	Post-Settle-Up Period												

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.
 Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.02(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 that is part of original agreement but scheduled for probable replacement during limitation period.
 The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.02(1)(E).

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

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.
 This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with 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.


 Charles Zowse ASST Treasurer
 DATE 6/12/12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

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

WHITETAIL WIND ENERGY, LLC

WEBB CISD

Form 50-296

Applicant Name
ISD Name

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for M&O--after all reductions
				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"			
	pre-year 1	2012-2013	2012	0	0	0	0	0	0
Complete tax years of qualifying time period	1	2013-2014	2013	0	119,500,000	500,000	0	120,000,000	120,000,000
	2	2014-2015	2014	0	81,140,500	490,000	0	81,630,500	81,630,500
	3	2015-2016	2015	0	77,083,475	480,200	0	77,563,675	10,000,000
	4	2016-2017	2016	0	73,229,301	470,596	0	73,699,897	10,000,000
	5	2017-2018	2017	0	69,567,836	461,184	0	70,029,020	10,000,000
Tax Credit Period (with 50% cap on credit)	6	2018-2019	2018	0	66,089,444	451,960	0	66,541,405	10,000,000
	7	2019-2020	2019	0	62,784,972	442,921	0	63,227,893	10,000,000
	8	2020-2021	2020	0	59,645,724	434,063	0	60,079,786	10,000,000
	9	2021-2022	2021	0	56,663,437	425,382	0	57,088,819	10,000,000
	10	2022-2023	2022	0	53,830,266	416,874	0	54,247,139	10,000,000
Credit Settle-Up Period	11	2023-2024	2023	0	51,138,752	408,536	0	51,547,289	10,000,000
	12	2024-2025	2024	0	48,581,815	400,366	0	48,982,180	48,982,180
	13	2025-2026	2025	0	46,152,724	392,358	0	46,545,082	46,545,082
Post-Settle-Up Period	14	2026-2027	2026	0	43,845,088	384,511	0	44,229,599	44,229,599
Post-Settle-Up Period	15	2027-2028	2027	0	41,652,833	376,821	0	42,029,654	42,029,654

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

[Signature] Charles Bowser ASST TRUSTEE

6/19/12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Applicant Name
ISD Name

WHITETAIL WIND ENERGY, LLC
WEBB CISD

Schedule C- Application: Employment Information

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 FTEs 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 meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2012-2013	2012	(FTE) 100	40,000	5	45,000	4	45,000
	1	2013-2014	2013	0	-	5	45,000	4	45,000
	2	2014-2015	2014	0	0	5	45,000	4	45,000
	3	2015-2016	2015	0	0	5	45,000	4	45,000
	4	2016-2017	2016	0	0	5	45,000	4	45,000
	5	2017-2018	2017	0	0	5	45,000	4	45,000
	6	2018-2019	2018	0	0	5	45,000	4	45,000
	7	2019-2020	2019	0	0	5	45,000	4	45,000
	8	2020-2021	2020	0	0	5	45,000	4	45,000
	9	2021-2022	2021	0	0	5	45,000	4	45,000
	10	2022-2023	2022	0	0	5	45,000	4	45,000
	11	2023-2024	2023	0	0	5	45,000	4	45,000
	12	2024-2025	2024	0	0	5	45,000	4	45,000
	13	2025-2026	2025	0	0	5	45,000	4	45,000
	14	2026-2027	2026	0	0	5	45,000	4	45,000
	15	2027-2028	2027	0	0	5	45,000	4	45,000
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period								
	Value Limitation Period								
Credit Settle-Up Period	Continue to Maintain Viable Presence								
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.

 Charles Bowler ASST TREASURER
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

6/19/12
DATE

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

Applicant Name

WHITETAIL WIND ENERGY, LLC

ISD Name

WEBB CISD

Form 50-296

		Sales Tax Information		Franchise Tax		Other Property Tax Abatements Sought			
		Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other	
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY			Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2012-2013	2012	16,500,000	103,500,000	0	N/A	N/A	N/A	
Complete tax years of qualifying time period	1	2013-2014	-	-	0	N/A	N/A	N/A	
	2	2014-2015	-	-	60%	N/A	N/A	N/A	
Tax Credit Period (with 50% cap on credit)	3	2015-2016	-	-	11,000	N/A	N/A	N/A	
	4	2016-2017	-	-	11,000	N/A	N/A	N/A	
	5	2017-2018	-	-	11,000	N/A	N/A	N/A	
	6	2018-2019	-	-	11,000	N/A	N/A	N/A	
	7	2019-2020	-	-	11,000	N/A	N/A	N/A	
	8	2020-2021	-	-	11,000	N/A	N/A	N/A	
	9	2021-2022	-	-	11,000	N/A	N/A	N/A	
	10	2022-2023	-	-	11,000	N/A	N/A	N/A	
	11	2023-2024	-	-	11,000	N/A	N/A	N/A	
	12	2024-2025	-	-	11,000	N/A	N/A	N/A	
Credit Settle-Up Period	13	2025-2026	-	-	11,000	N/A	N/A	N/A	
	14	2026-2027	-	-	11,000	N/A	N/A	N/A	
	15	2027-2028	-	-	11,000	N/A	N/A	N/A	
Post-Settle-Up Period									
Post-Settle-Up Period									

*For planning, construction and operation of the facility.

Charles Bowser, Assr. Treasurer

6/19/12

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Attachment 2

August 28, 2012

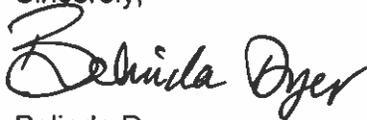
Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Whitetail Wind Energy LLC project for the Webb Consolidated Independent School District (WCISD). Projections prepared by our Office of School Finance 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 Whitetail Wind Energy LLC project on WCISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,



Belinda Dyer
Division Manager
Office of School Finance

BD/bd

August 28, 2012

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 Whitetail Wind Energy LLC project on the number and size of school facilities in Webb Consolidated Independent School District (WCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the WCISD superintendent, Dr. Maria Severita Sanchez, the TEA has found that the Whitetail Wind Energy LLC project would not have a significant impact on the number or size of school facilities in WCISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,



Belinda Dyer
Division Manager
Office of School Finance

BD/bd

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
WHITETAIL WIND ENERGY, LLC PROJECT ON THE FINANCES OF
THE WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE
LIMITATION**

July 12, 2012

Final Report

PREPARED BY



Estimated Impact of the Proposed Whitetail Wind Energy, LLC Project on the Finances of the Webb Consolidated Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Whitetail Wind Energy, LLC (Whitetail Wind Energy) has requested that the Webb Consolidated Independent School District (WCISD) 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 WCISD on June 19, 2012, Whitetail Wind Energy proposes to invest \$120 million to construct a new wind energy project in WCISD.

The Whitetail Wind Energy 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, WCISD may offer a minimum value limitation of \$30 million, based on the Comptroller's 2011 property value study. The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 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 2013-14 and 2014-15 school years. Beginning in the 2015-16 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations 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 WCISD currently levying a \$0.049 I&S tax rate. The full value of the investment is expected to reach \$120 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Whitetail Wind Energy 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. WCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$17,406), with similar or smaller losses estimated for the out-years.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$3.3 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 now the planned 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 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, assuming a similar deduction is made in the state property values.

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 under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$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 786 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 241 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 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. These changes are expected to result in 403 districts receiving ASATR funding, with 624 districts operating on formula.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

One 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

Whitetail Wind Energy 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 current SB 1 reductions are reflected in the underlying models. Previously approved Chapter 313 property valuations are also incorporated into the underlying values of all the models presented.

With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year is used until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Whitetail Wind Energy project are factored into the base model used here. The impact of the limitation value for the proposed Whitetail Wind Energy project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 292 students in average daily attendance (ADA) in analyzing the effects of the Whitetail Wind Energy project on the finances of WCISD. The District's local tax base reached \$1.3 billion for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$0.80 is used throughout this analysis. WCISD has estimated state property wealth per weighted ADA or WADA of approximately \$2.8 million for the 2011-12 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 WCISD under the assumptions outlined above through the 2027-28 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influences 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 Whitetail Wind Energy facility to the model, but without assuming that a value limitation is approved. The results of the base model are shown in Table 2.

A second model is developed which adds the Whitetail Wind Energy value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 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. The model results show approximately \$6 million a year in annual net General Fund revenue, after recapture (if appropriate) and other adjustments have been made, as needed. If target revenue is eliminated in the 2017-18 tax year, this amount would decrease to \$3.8 million in the absence of other formula adjustments.

Under these assumptions, WCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$17,406). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. It is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of \$17,406 cited above between the base and the limitation models is based on an assumption \$382,079 in M&O tax savings for Whitetail Wind Energy when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of \$110,552 is expected to help offset this revenue loss, with reduced recapture costs accounting for most of the revenue offset.

In general, the ASATR offset poses little, if any, financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect.

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. This situation exists for the eight years that the value limitation is in effect. The Comptroller’s Property Tax Assistance Division 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. An \$0.80 per \$100 of taxable value M&O rate is assumed for 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$2.3 million over the life of the agreement. In addition, Whitetail Wind Energy 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 \$1.1 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key WCISD revenue losses are expected to total approximately -\$60,919 over the course of the agreement. The potential total net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$3.3 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Whitetail Wind Energy under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Whitetail Wind Energy project remains fully taxable for debt services taxes, with WCISD currently levying a \$0.049 I&S rate. The value of the Whitetail Wind Energy project is expected to depreciate over the life of the agreement and beyond, but at its peak taxable value the project should permit WCISD to reduce its I&S tax rate by an estimated \$0.008 cents per \$100.

The Whitetail Wind Energy project is not expected to affect WCISD 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 Whitetail Wind Energy wind energy project enhances the tax base of WCISD. 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 \$3.3 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of WCISD in meeting its future debt service obligations.

Table 1 – Base District Information with Whitetail Wind Energy, 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	2012-13	282.61	545.18	\$0.8033	\$0.0488	\$1,307,287,909	\$1,307,287,909	\$1,489,615,949	\$1,489,615,949	\$2,732,314	\$2,732,314
1	2013-14	282.61	545.18	\$0.8033	\$0.0486	\$1,427,287,909	\$1,427,287,909	\$1,308,367,849	\$1,308,367,849	\$2,399,861	\$2,399,861
2	2014-15	282.61	545.18	\$0.8033	\$0.0486	\$1,388,918,409	\$1,388,918,409	\$1,428,367,849	\$1,428,367,849	\$2,619,970	\$2,619,970
3	2015-16	282.61	553.49	\$0.8033	\$0.0410	\$1,384,851,584	\$1,337,287,909	\$1,389,998,349	\$1,389,998,349	\$2,511,321	\$2,511,321
4	2016-17	282.61	553.49	\$0.8033	\$0.0410	\$1,380,987,806	\$1,337,287,909	\$1,385,931,524	\$1,338,367,849	\$2,503,973	\$2,418,039
5	2017-18	282.61	553.49	\$0.8033	\$0.0410	\$1,377,316,929	\$1,337,287,909	\$1,382,067,746	\$1,338,367,849	\$2,496,992	\$2,418,039
6	2018-19	282.61	553.49	\$0.8033	\$0.0410	\$1,373,829,314	\$1,337,287,909	\$1,378,396,869	\$1,338,367,849	\$2,490,360	\$2,418,039
7	2019-20	282.61	553.49	\$0.8033	\$0.0410	\$1,370,515,802	\$1,337,287,909	\$1,374,909,254	\$1,338,367,849	\$2,484,059	\$2,418,039
8	2020-21	282.61	553.49	\$0.8033	\$0.0410	\$1,477,901,697	\$1,447,821,911	\$1,371,595,742	\$1,338,367,849	\$2,478,072	\$2,418,039
9	2021-22	282.61	553.49	\$0.8033	\$0.0410	\$1,468,884,030	\$1,441,795,211	\$1,478,981,637	\$1,448,901,851	\$2,672,087	\$2,617,742
10	2022-23	282.61	553.49	\$0.8033	\$0.0410	\$1,460,316,985	\$1,436,089,846	\$1,469,963,970	\$1,442,875,151	\$2,655,795	\$2,606,853
11	2023-24	282.61	553.49	\$0.8033	\$0.0410	\$1,452,178,038	\$1,452,178,038	\$1,461,396,925	\$1,437,149,786	\$2,640,317	\$2,596,509
12	2024-25	282.61	553.49	\$0.8033	\$0.0410	\$1,444,445,787	\$1,444,445,787	\$1,453,257,978	\$1,453,257,978	\$2,625,612	\$2,625,612
13	2025-26	282.61	553.49	\$0.8033	\$0.0410	\$1,437,099,904	\$1,437,099,904	\$1,445,525,727	\$1,445,525,727	\$2,611,642	\$2,611,642
14	2026-27	282.61	553.49	\$0.8033	\$0.0410	\$1,430,121,076	\$1,430,121,076	\$1,438,179,844	\$1,438,179,844	\$2,598,370	\$2,598,370
15	2027-28	282.61	553.49	\$0.8033	\$0.0410	\$1,423,461,298	\$1,423,461,298	\$1,431,201,016	\$1,431,201,016	\$2,585,762	\$2,585,762

*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 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	Excess Formula Reduction	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	2012-13	\$9,907,189	\$93,824	\$2,666,385	\$0	-\$7,101,002	\$472,872	\$0	\$0	\$6,039,069
1	2013-14	\$10,808,834	\$91,388	\$2,000,544	\$0	-\$7,334,569	\$515,908	\$0	\$0	\$6,082,105
2	2014-15	\$10,520,537	\$91,388	\$2,371,393	\$0	-\$7,417,121	\$502,148	\$0	\$0	\$6,068,344
3	2015-16	\$10,497,272	\$100,580	\$2,326,993	\$0	-\$7,274,035	\$501,037	\$0	\$0	\$6,151,849
4	2016-17	\$10,467,649	\$120,363	\$2,321,201	\$0	-\$7,258,402	\$499,623	\$0	\$0	\$6,150,435
5	2017-18	\$10,439,505	\$100,580	\$0	\$0	-\$7,215,623	\$498,280	\$0	\$0	\$3,822,743
6	2018-19	\$10,412,765	\$120,363	\$0	\$0	-\$7,202,905	\$497,004	\$0	\$0	\$3,827,227
7	2019-20	\$10,387,360	\$100,580	\$0	\$0	-\$7,162,890	\$495,791	\$0	\$0	\$3,820,842
8	2020-21	\$11,193,916	\$120,363	\$0	\$0	-\$7,730,594	\$534,288	\$0	\$0	\$4,117,973
9	2021-22	\$11,125,529	\$100,580	\$0	\$0	-\$7,914,698	\$531,024	\$0	\$0	\$3,842,435
10	2022-23	\$11,060,723	\$120,363	\$0	\$0	-\$7,863,295	\$527,931	\$0	\$0	\$3,845,722
11	2023-24	\$10,520,537	\$100,580	\$0	\$0	-\$7,445,393	\$502,148	\$0	\$0	\$3,677,872
12	2024-25	\$10,462,439	\$120,363	\$0	\$0	-\$7,400,803	\$499,375	\$0	\$0	\$3,681,374
13	2025-26	\$10,407,244	\$120,363	\$0	\$0	-\$7,345,472	\$496,740	\$0	\$0	\$3,678,876
14	2026-27	\$10,354,807	\$120,363	\$0	\$0	-\$7,292,904	\$494,237	\$0	\$0	\$3,676,504
15	2027-28	\$10,304,768	\$120,363	\$0	\$0	-\$7,242,804	\$491,849	\$0	\$0	\$3,674,176

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	Excess Formula Reduction	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	2012-13	\$9,907,189	\$93,824	\$2,666,385	\$0	-\$7,101,002	\$472,872	\$0	\$0	\$6,039,069
1	2013-14	\$10,808,834	\$91,388	\$2,000,544	\$0	-\$7,334,569	\$515,908	\$0	\$0	\$6,082,105
2	2014-15	\$10,520,537	\$91,388	\$2,371,393	\$0	-\$7,417,121	\$502,148	\$0	\$0	\$6,068,344
3	2015-16	\$10,132,600	\$100,580	\$2,437,045	\$0	-\$7,019,414	\$483,631	\$0	\$0	\$6,134,443
4	2016-17	\$10,132,600	\$120,363	\$2,313,654	\$0	-\$6,915,806	\$483,631	\$0	\$0	\$6,134,443
5	2017-18	\$10,132,600	\$100,580	\$0	\$0	-\$6,901,451	\$483,631	\$0	\$0	\$3,815,361
6	2018-19	\$10,132,600	\$120,363	\$0	\$0	-\$6,915,806	\$483,631	\$0	\$0	\$3,820,789
7	2019-20	\$10,132,600	\$100,580	\$0	\$0	-\$6,901,451	\$483,631	\$0	\$0	\$3,815,361
8	2020-21	\$10,963,121	\$120,363	\$0	\$0	-\$7,487,198	\$523,272	\$0	\$0	\$4,119,558
9	2021-22	\$10,917,838	\$100,580	\$0	\$0	-\$7,701,628	\$521,111	\$0	\$0	\$3,837,901
10	2022-23	\$10,874,819	\$120,363	\$0	\$0	-\$7,672,203	\$519,058	\$0	\$0	\$3,842,036
11	2023-24	\$10,995,851	\$100,580	\$0	\$0	-\$7,731,023	\$524,834	\$0	\$0	\$3,890,243
12	2024-25	\$10,937,753	\$120,363	\$0	\$0	-\$7,739,540	\$522,061	\$0	\$0	\$3,840,638
13	2025-26	\$10,882,558	\$120,363	\$0	\$0	-\$7,683,478	\$519,427	\$0	\$0	\$3,838,871
14	2026-27	\$10,830,122	\$120,363	\$0	\$0	-\$7,630,209	\$516,924	\$0	\$0	\$3,837,200
15	2027-28	\$10,780,082	\$120,363	\$0	\$0	-\$7,579,436	\$514,536	\$0	\$0	\$3,835,545

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	Excess Formula Reduction	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	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2015-16	-\$364,672	\$0	\$110,052	\$0	\$254,621	-\$17,406	\$0	\$0	-\$17,406
4	2016-17	-\$335,049	\$0	-\$7,547	\$0	\$342,596	-\$15,992	\$0	\$0	-\$15,992
5	2017-18	-\$306,905	\$0	\$0	\$0	\$314,172	-\$14,649	\$0	\$0	-\$7,382
6	2018-19	-\$280,165	\$0	\$0	\$0	\$287,099	-\$13,372	\$0	\$0	-\$6,438
7	2019-20	-\$254,760	\$0	\$0	\$0	\$261,439	-\$12,160	\$0	\$0	-\$5,481
8	2020-21	-\$230,795	\$0	\$0	\$0	\$243,396	-\$11,016	\$0	\$0	\$1,585
9	2021-22	-\$207,691	\$0	\$0	\$0	\$213,071	-\$9,913	\$0	\$0	-\$4,533
10	2022-23	-\$185,904	\$0	\$0	\$0	\$191,092	-\$8,873	\$0	\$0	-\$3,686
11	2023-24	\$475,314	\$0	\$0	\$0	-\$285,630	\$22,687	\$0	\$0	\$212,371
12	2024-25	\$475,314	\$0	\$0	\$0	-\$338,737	\$22,687	\$0	\$0	\$159,264
13	2025-26	\$475,314	\$0	\$0	\$0	-\$338,007	\$22,687	\$0	\$0	\$159,995
14	2026-27	\$475,314	\$0	\$0	\$0	-\$337,305	\$22,687	\$0	\$0	\$160,696
15	2027-28	\$475,314	\$0	\$0	\$0	-\$336,632	\$22,687	\$0	\$0	\$161,369

Table 5 - Estimated Financial impact of the Whitetail Wind Energy, LLC Project Property Value Limitation Request Submitted to WCISD at \$0.80 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	2012-13	\$0	\$0	\$0	\$0.803	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$120,000,000	\$120,000,000	\$0	\$0.803	\$963,960	\$963,960	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$81,630,500	\$81,630,500	\$0	\$0.803	\$655,738	\$655,738	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$77,563,675	\$30,000,000	\$47,563,675	\$0.803	\$623,069	\$240,990	\$382,079	\$0	\$382,079	-\$17,406	\$364,673
4	2016-17	\$73,899,897	\$30,000,000	\$43,899,897	\$0.803	\$592,031	\$240,990	\$351,041	\$135,603	\$486,645	-\$15,992	\$470,653
5	2017-18	\$70,029,020	\$30,000,000	\$40,029,020	\$0.803	\$562,543	\$240,990	\$321,553	\$134,851	\$456,404	-\$7,382	\$449,022
6	2018-19	\$66,541,405	\$30,000,000	\$36,541,405	\$0.803	\$534,527	\$240,990	\$293,537	\$134,136	\$427,673	-\$6,438	\$421,235
7	2019-20	\$63,227,893	\$30,000,000	\$33,227,893	\$0.803	\$507,910	\$240,990	\$266,920	\$133,457	\$400,376	-\$5,481	\$394,895
8	2020-21	\$60,079,786	\$30,000,000	\$30,079,786	\$0.803	\$482,621	\$240,990	\$241,631	\$132,811	\$374,442	\$0	\$374,442
9	2021-22	\$57,088,819	\$30,000,000	\$27,088,819	\$0.803	\$458,594	\$240,990	\$217,604	\$132,198	\$349,803	-\$4,533	\$345,269
10	2022-23	\$54,247,139	\$30,000,000	\$24,247,139	\$0.803	\$435,767	\$240,990	\$194,777	\$131,616	\$326,393	-\$3,686	\$322,707
11	2023-24	\$51,547,289	\$51,547,289	\$0	\$0.803	\$414,079	\$414,079	\$0	\$203,045	\$203,045	\$0	\$203,045
12	2024-25	\$48,982,180	\$48,982,180	\$0	\$0.803	\$393,474	\$393,474	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$46,545,082	\$46,545,082	\$0	\$0.803	\$373,897	\$373,897	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$44,229,599	\$44,229,599	\$0	\$0.803	\$355,296	\$355,296	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$42,000,000	\$42,000,000	\$0	\$0.803	\$337,386	\$337,386	\$0	\$0	\$0	\$0	\$0
Totals						\$7,690,893	\$5,421,750	\$2,269,143	\$1,137,718	\$3,406,861	-\$60,919	\$3,345,942
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$722,970	\$414,748	\$1,137,718		
								Credits Eamed		\$1,137,718		
								Credits Paid		<u>\$1,137,718</u>		
								Excess Credits Unpaid		\$0		

***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

Webb County

Population

- Total county population in 2010 for Webb County: 245,960 , up 2.2 percent from 2009. State population increased 1.8 percent in the same time period.
- Webb County was the state's 19st largest county in population in 2010 and the 31st fastest growing county from 2009 to 2010.
- Webb County's population in 2009 was 4.7 percent Anglo (below the state average of 46.7 percent), 0.2 percent African-American (below the state average of 11.3 percent) and 94.5 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Webb County:

Laredo:	226,124	Rio Bravo:	5,656
El Cenizo:	3,612		

Economy and Income

Employment

- September 2011 total employment in Webb County: 88,117 , up 2.7 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 Webb County unemployment rate: 8.4 percent, up from 8.3 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:

Laredo: 7.8 percent, up from 7.6 percent in September 2010.

(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

- Webb County's ranking in per capita personal income in 2009: 245th with an average per capita income of \$23,294, down 1.3 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 Webb County averaged \$48.08 million annually from 2007 to 2010. County total agricultural values in 2010 were up 36.2 percent from 2009. Major agriculture related commodities in Webb County during 2010 included:
 - Fed Beef
 - Horses
 - Nursery
 - Hunting
 - Other Beef
- 2011 oil and gas production in Webb County: 111,790.0 barrels of oil and 172.4 million Mcf of gas. In September 2011, there were 122 producing oil wells and 4990 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 Webb County during the fourth quarter 2010: \$567.78 million, up 10.8 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Laredo:	\$563.72 million, up 10.7 percent from the same quarter in 2009.
Rio Bravo:	\$861,596.00, up 5.9 percent from the same quarter in 2009.
El Cenizo:	\$141,168.00, down 21.9 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 Webb County through the fourth quarter of 2010: \$1.92 billion, up 7.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Laredo:	\$1.90 billion, up 7.6 percent from the same period in 2009.
Rio Bravo:	\$3.30 million, up 3.0 percent from the same period in 2009.
El Cenizo:	\$522,791.00, down 18.8 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Webb County during 2010: \$1.92 billion, up 7.6 percent from 2009.
- Webb County sent an estimated \$120.07 million (or 0.70 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Laredo:	\$1.90 billion, up 7.6 percent from 2009.
Rio Bravo:	\$3.30 million, up 3.0 percent from 2009.

El Cenizo: \$522,791.00, down 18.8 percent from 2009.

Sales Tax – Local Sales Tax Allocations

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

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Webb County based on the sales activity month of August 2011: \$2.93 million, up 20.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 - Laredo: \$2.92 million, up 20.7 percent from August 2010.
 - Rio Bravo: \$4,222.18, up 37.0 percent from August 2010.
 - El Cenizo: \$1,127.20, up 7.8 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 Webb County based on sales activity months from September 2010 through August 2011: \$34.23 million, up 15.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 - Laredo: \$34.17 million, up 15.9 percent from fiscal 2010.
 - Rio Bravo: \$45,061.23, up 9.1 percent from fiscal 2010.
 - El Cenizo: \$12,223.68, up 8.3 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 Webb County based on sales activity months through August 2011: \$22.79 million, up 19.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Laredo: \$22.75 million, up 19.4 percent from the same period in 2010.
 - Rio Bravo: \$30,262.55, up 4.8 percent from the same period in 2010.
 - El Cenizo: \$8,481.34, up 11.6 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 Webb County based on sales activity in the 12 months ending in August 2011: \$34.23 million, up 15.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Laredo: \$34.17 million, up 15.9 percent from the previous 12-month period.
 - Rio Bravo: \$45,061.23, up 9.1 percent from the previous 12-month period.
 - El Cenizo: \$12,223.68, up 8.3 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
 - Laredo: \$29.07 million, up 17.2 percent from the same period in 2010.
 - Rio Bravo: \$37,433.48, up 6.8 percent from the same period in 2010.
 - El Cenizo: \$10,486.83, up 10.6 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 Webb County based on sales activity months in 2010: \$30.53 million, up 4.3 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Laredo: \$30.47 million, up 4.3 percent from 2009.
 - Rio Bravo: \$43,682.24, up 15.9 percent from 2009.
 - El Cenizo: \$11,345.19, up 0.2 percent from 2009.

Property Tax

- As of January 2009, property values in Webb County: \$15.57 billion, unchanged 0.0 percent from January 2008 values. The property tax base per person in Webb County is \$64,477, below the statewide average of \$85,809. About 16.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Webb County's ranking in state expenditures by county in fiscal year 2010: 20th. State expenditures in the county for FY2010: \$1.06 billion, unchanged 0.0 percent from FY2009.
- In Webb County, 27 state agencies provide a total of 2,035 jobs and \$18.00 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Texas A & M International University
 - Texas A & M University System
 - Department of Public Safety
 - Health & Human Services Commission
 - Department of Transportation

Higher Education

- Community colleges in Webb County fall 2010 enrollment:
 - Laredo Community College, a Public Community College, had 9,994 students.
- Webb County is in the service area of the following:
 - Laredo Community College with a fall 2010 enrollment of 9,994 . Counties in the service area include:
 - Jim Hogg County
 - Webb County
 - Zapata County
- Institutions of higher education in Webb County fall 2010 enrollment:
 - Texas A&M International University, a Public University (part of Texas A&M University System), had 6,853 students.

School Districts

- Webb County had 3 school districts with 75 schools and 65,765 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.)

 - Laredo ISD had 24,682 students in the 2009-10 school year. The average teacher salary was \$50,288. The percentage of students meeting the 2010 TAKS passing standard for all tests was 59 percent.
 - United ISD had 40,733 students in the 2009-10 school year. The average teacher salary was \$48,514. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.
 - Webb CISD had 350 students in the 2009-10 school year. The average teacher salary was \$58,403. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.