

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 29, 2014

Gilbert Trevino
Superintendent
Floydada Independent School District
226 W. California St.
Floydada, Texas 79235

Dear Superintendent Trevino:

On June 4, 2014, the Comptroller issued written notice that South Plains Wind Energy, LLC (the applicant) submitted a completed application (Application #1004) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on April 15, 2014, to the Floydada School District (the school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

- | | |
|-------------------|--|
| Sec. 313.024(a) | Applicant is subject to tax imposed by Chapter 171. |
| Sec. 313.024(b) | Applicant is proposing to use the property for an eligible project. |
| Sec. 313.024(d) | Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located. |
| Sec. 313.024(d-2) | Not applicable to Application #1004. |

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

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

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

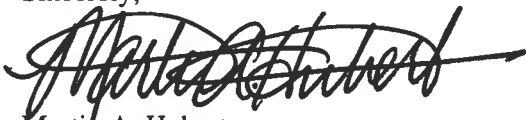
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of June 4, 2014, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact 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

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of South Plains Wind Energy, LLC (the project) applying to Floydada Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of South Plains Wind Energy, LLC.

Applicant	South Plains Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Floydada ISD
2012-13 Enrollment in School District	806
County	Floyd
Proposed Total Investment in District	\$174,000,000
Proposed Qualified Investment	\$168,000,000
Limitation Amount	\$20,000,000
Number of new qualifying jobs committed to by applicant*	7
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$731
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$727
Minimum annual wage committed to by applicant for qualified jobs	\$38,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$24,857,143
Estimated M&O levy without any limit (15 years)	\$16,834,253
Estimated M&O levy with Limitation (15 years)	\$5,833,035
Estimated gross M&O tax benefit (15 years)	\$11,001,218
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of South Plains Wind Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	107	943	1050	\$4,426,000	\$53,069,117	\$57,495,117
2016	7	28	35	\$266,000	\$6,447,867	\$6,713,867
2017	7	2	9	\$266,000	\$4,006,461	\$4,272,461
2018	7	(19)	-12	\$268,660	\$1,562,395	\$1,831,055
2019	7	(27)	-20	\$271,348	\$339,004	\$610,352
2020	7	(30)	-23	\$274,057	-\$396,127	-\$122,070
2021	7	(23)	-16	\$276,801	-\$765,082	-\$488,281
2022	7	(23)	-16	\$279,566	-\$1,134,058	-\$854,492
2023	7	(21)	-14	\$282,366	-\$1,014,788	-\$732,422
2024	7	(21)	-14	\$285,187	-\$1,139,679	-\$854,492
2025	7	(11)	-4	\$288,043	-\$898,395	-\$610,352
2026	7	(17)	-10	\$290,920	-\$1,023,342	-\$732,422
2027	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422
2028	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422
2029	7	(19)	-12	\$290,920	-\$1,023,342	-\$732,422
2030	7	(15)	-8	\$290,920	-\$1,755,764	-\$1,464,844

Source: CPA, REMI, South Plains Wind Energy, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Floydada ISD I&S Levy	Floydada ISD M&O Levy	Floydada ISD M&O and I&S Tax Levies	Floyd County Tax Levy	Caprock Hospital District Tax Levy	Estimated Total Property Taxes
				0.1379	1.1700		0.635120	0.140600	
2016	\$161,280,000	\$161,280,000		\$222,405	\$1,886,976	\$2,109,381	\$1,024,322	\$226,760	\$3,360,462
2017	\$148,378,000	\$148,378,000		\$204,613	\$1,736,023	\$1,940,636	\$942,378	\$208,619	\$3,091,634
2018	\$136,508,000	\$136,508,000		\$188,245	\$1,597,144	\$1,785,388	\$866,990	\$191,930	\$2,844,308
2019	\$125,587,000	\$125,587,000		\$173,184	\$1,469,368	\$1,642,552	\$797,628	\$176,575	\$2,616,756
2020	\$115,540,000	\$115,540,000		\$159,330	\$1,351,818	\$1,511,148	\$733,818	\$162,449	\$2,407,415
2021	\$106,297,000	\$106,297,000		\$146,584	\$1,243,675	\$1,390,258	\$675,114	\$149,454	\$2,214,826
2022	\$97,793,000	\$97,793,000		\$134,857	\$1,144,178	\$1,279,035	\$621,103	\$137,497	\$2,037,635
2023	\$89,970,000	\$89,970,000		\$124,069	\$1,052,649	\$1,176,718	\$571,417	\$126,498	\$1,874,633
2024	\$82,772,000	\$82,772,000		\$114,143	\$968,432	\$1,082,575	\$525,702	\$116,377	\$1,724,654
2025	\$76,150,000	\$76,150,000		\$105,011	\$890,955	\$995,966	\$483,644	\$107,067	\$1,586,677
2026	\$70,058,000	\$70,058,000		\$96,610	\$819,679	\$916,289	\$444,952	\$98,502	\$1,459,742
2027	\$64,453,000	\$64,453,000		\$88,881	\$754,100	\$842,981	\$409,354	\$90,621	\$1,342,956
2028	\$59,297,000	\$59,297,000		\$81,771	\$693,775	\$775,545	\$376,607	\$83,372	\$1,235,524
2029	\$54,553,000	\$54,553,000		\$75,229	\$638,270	\$713,499	\$346,477	\$76,702	\$1,136,677
2030	\$50,189,000	\$50,189,000		\$69,211	\$587,211	\$656,422	\$318,760	\$70,566	\$1,045,748
			Total	\$1,984,140	\$16,834,253	\$18,818,392	\$9,138,265	\$2,022,988	\$29,979,645

Source: CPA, South Plains Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Floyd County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county and the hospital district.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Floydada ISD I&S Levy	Floydada ISD M&O Levy	Floydada ISD M&O and I&S Tax Levies	Floyd County Tax Levy	Caprock Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1379	1.1700		0.635120	0.140600	
2016	\$161,280,000	\$20,000,000		\$222,405	\$234,000	\$456,405	\$204,864	\$45,352	\$706,621
2017	\$148,378,000	\$20,000,000		\$204,613	\$234,000	\$438,613	\$235,595	\$52,155	\$726,363
2018	\$136,508,000	\$20,000,000		\$188,245	\$234,000	\$422,245	\$216,747	\$47,983	\$686,974
2019	\$125,587,000	\$20,000,000		\$173,184	\$234,000	\$407,184	\$199,407	\$44,144	\$650,735
2020	\$115,540,000	\$20,000,000		\$159,330	\$234,000	\$393,330	\$330,218	\$81,225	\$804,772
2021	\$106,297,000	\$20,000,000		\$146,584	\$234,000	\$380,584	\$303,801	\$74,727	\$759,111
2022	\$97,793,000	\$20,000,000		\$134,857	\$234,000	\$368,857	\$279,496	\$82,498	\$730,851
2023	\$89,970,000	\$20,000,000		\$124,069	\$234,000	\$358,069	\$257,138	\$75,899	\$691,105
2024	\$82,772,000	\$20,000,000		\$114,143	\$234,000	\$348,143	\$236,566	\$69,826	\$654,535
2025	\$76,150,000	\$20,000,000		\$105,011	\$234,000	\$339,011	\$483,644	\$107,067	\$929,722
2026	\$70,058,000	\$70,058,000		\$96,610	\$819,679	\$916,289	\$444,952	\$98,502	\$1,459,742
2027	\$64,453,000	\$64,453,000		\$88,881	\$754,100	\$842,981	\$409,354	\$90,621	\$1,342,956
2028	\$59,297,000	\$59,297,000		\$81,771	\$693,775	\$775,545	\$376,607	\$83,372	\$1,235,524
2029	\$54,553,000	\$54,553,000		\$75,229	\$638,270	\$713,499	\$346,477	\$76,702	\$1,136,677
2030	\$50,189,000	\$50,189,000		\$69,211	\$587,211	\$656,422	\$318,760	\$70,566	\$1,045,748
			Total	\$1,984,140	\$5,833,035	\$7,817,175	\$4,643,627	\$1,100,636	\$13,561,438
			Diff	\$0	\$11,001,218	\$11,001,218	\$4,494,638	\$922,352	\$16,418,208
Assumes School Value Limitation and Tax Abatement with the County and the Hospital District.									

Source: CPA, South Plains Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment B – Tax Revenue over 25 Years

This represents the Comptroller’s determination that South Plains Wind Energy Project (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$234,000	\$234,000	\$1,652,976	\$1,652,976
	2018	\$234,000	\$468,000	\$1,502,023	\$3,154,999
	2019	\$234,000	\$702,000	\$1,363,144	\$4,518,142
	2020	\$234,000	\$936,000	\$1,235,368	\$5,753,510
	2021	\$234,000	\$1,170,000	\$1,117,818	\$6,871,328
	2022	\$234,000	\$1,404,000	\$1,009,675	\$7,881,003
	2023	\$234,000	\$1,638,000	\$910,178	\$8,791,181
	2024	\$234,000	\$1,872,000	\$818,649	\$9,609,830
	2025	\$234,000	\$2,106,000	\$734,432	\$10,344,263
	2026	\$234,000	\$2,340,000	\$656,955	\$11,001,218
Maintain Viable Presence (5 Years)	2027	\$819,679	\$3,159,679	\$0	\$11,001,218
	2028	\$754,100	\$3,913,779	\$0	\$11,001,218
	2029	\$693,775	\$4,607,554	\$0	\$11,001,218
	2030	\$638,270	\$5,245,824	\$0	\$11,001,218
	2031	\$587,211	\$5,833,035	\$0	\$11,001,218
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$540,236	\$6,373,271	\$0	\$11,001,218
	2033	\$497,016	\$6,870,287	\$0	\$11,001,218
	2034	\$457,259	\$7,327,546	\$0	\$11,001,218
	2035	\$420,674	\$7,748,220	\$0	\$11,001,218
	2036	\$387,024	\$8,135,244	\$0	\$11,001,218
	2037	\$356,066	\$8,491,310	\$0	\$11,001,218
	2038	\$327,577	\$8,818,887	\$0	\$11,001,218
	2039	\$301,369	\$9,120,255	\$0	\$11,001,218
	2040	\$277,255	\$9,397,510	\$0	\$11,001,218
	2041	\$255,072	\$9,652,582	\$0	\$11,001,218

\$9,652,582

is less than

\$11,001,218

Analysis Summary

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

No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, South Plains Wind Energy Project

Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	107	943	1050	\$4,426,000	\$53,069,117	\$57,495,117	\$ 8,316,040	\$ (1,747,131)	\$ 10,063,171
2016	7	28	35	\$266,000	\$6,447,867	\$6,713,867	\$ 366,211	\$ 762,939	\$ (396,728)
2017	7	2	9	\$266,000	\$4,006,461	\$4,272,461	\$ 289,917	\$ 732,422	\$ (442,505)
2018	7	(19)	-12	\$268,660	\$1,562,395	\$1,831,055	\$ 144,958	\$ 679,016	\$ (534,058)
2019	7	(27)	-20	\$271,348	\$339,004	\$610,352	\$ 91,553	\$ 610,352	\$ (518,799)
2020	7	(30)	-23	\$274,057	-\$396,127	-\$122,070	\$ 45,776	\$ 511,169	\$ (465,393)
2021	7	(23)	-16	\$276,801	-\$765,082	-\$488,281	\$ 68,665	\$ 396,729	\$ (328,064)
2022	7	(23)	-16	\$279,566	-\$1,134,058	-\$854,492	\$ 30,518	\$ 297,546	\$ (267,028)
2023	7	(21)	-14	\$282,366	-\$1,014,788	-\$732,422	\$ 38,147	\$ 221,252	\$ (183,105)
2024	7	(21)	-14	\$285,187	-\$1,139,679	-\$854,492	\$ 30,518	\$ 175,476	\$ (144,958)
2025	7	(11)	-4	\$288,043	-\$898,395	-\$610,352	\$ 22,888	\$ 137,329	\$ (114,441)
2026	7	(17)	-10	\$290,920	-\$1,023,342	-\$732,422	\$ (7,629)	\$ 99,182	\$ (106,811)
2027	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422	\$ (45,776)	\$ 22,888	\$ (68,664)
2028	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422	\$ (53,406)	\$ (22,888)	\$ (30,518)
2029	7	(19)	-12	\$290,920	-\$1,023,342	-\$732,422	\$ (68,665)	\$ (45,776)	\$ (22,889)
2030	7	(15)	-8	\$290,920	-\$1,755,764	-\$1,464,844	\$ (106,812)	\$ (76,294)	\$ (30,518)
2031	7	(19)	-12	\$290,920	-\$1,511,623	-\$1,220,703	\$ (137,329)	\$ (129,700)	\$ (7,629)
2032	7	(21)	-14	\$290,920	-\$2,244,045	-\$1,953,125	\$ (183,105)	\$ (160,217)	\$ (22,888)
2033	7	(23)	-16	\$290,920	-\$1,999,904	-\$1,708,984	\$ (221,252)	\$ (213,623)	\$ (7,629)
2034	7	(25)	-18	\$290,920	-\$2,732,326	-\$2,441,406	\$ (289,917)	\$ (236,511)	\$ (53,406)
2035	7	(28)	-21	\$290,920	-\$3,220,608	-\$2,929,688	\$ (312,805)	\$ (282,288)	\$ (30,517)
2036	7	(30)	-23	\$290,920	-\$3,953,029	-\$3,662,109	\$ (373,840)	\$ (389,099)	\$ 15,259
2037	7	(30)	-23	\$290,920	-\$3,953,029	-\$3,662,109	\$ (396,729)	\$ (442,505)	\$ 45,776
2038	7	(32)	-25	\$290,920	-\$4,685,451	-\$4,394,531	\$ (396,729)	\$ (457,764)	\$ 61,035
2039	7	(30)	-23	\$290,920	-\$4,197,170	-\$3,906,250	\$ (411,987)	\$ (511,169)	\$ 99,182
2040	7	(32)	-25	\$290,920	-\$5,173,733	-\$4,882,813	\$ (457,764)	\$ (572,205)	\$ 114,441
						Total	\$ 5,981,446	\$ (640,870)	\$ 6,622,316

\$16,274,898 is greater than **\$11,001,218**

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	Yes
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Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the South Plains Wind Energy, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, it did not control the leased property upon which the project will be constructed, and thus the applicant is not geographically predisposed to the project site.
- Per the applicant, the applicant has made no investment to date on the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant has a number of similar projects in other states, and appears to have a clear ability to build in other locations.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

Disclaimer: This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

Supporting Information

**Section 8 of the Application for
a Limitation on Appraised Value**

Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? Yes No
2. The property will be used for one of the following activities:
 - (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 Yes No
3. Are you requesting that any of the land be classified as qualified investment? Yes No
4. Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
5. Will any of the proposed qualified investment be leased under an operating lease? Yes No
6. Are you including property that is owned by a person other than the applicant? Yes No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

SECTION 7: Project Description

1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:

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

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? Yes No
2. Has the applicant entered into any agreements or contracts for work to be performed related to the proposed project? Yes No
3. Does the applicant have current business activities at the location where the proposed project will occur? Yes No
4. Has the applicant made public statements in SEC filings or other official documents regarding its intentions regarding the proposed project location? Yes No
5. Has the applicant received any local or state permits for activities on the proposed project site? Yes No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? Yes No
7. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? Yes No
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project? Yes No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

TAB 5

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

South Plains Wind Energy, LLC (“South Plains”) is a Delaware limited liability company formed to develop, build, own and operate the South Plains Wind Energy Project. South Plains has two members – Westerly South Plains, LLC (“Westerly SP”) and Floyd County Wind Farm, LLC (“FCWE”). Westerly SP, the majority manager of South Plains, is wholly-owned by Westerly Wind, LLC (“Westerly”), a Delaware limited liability company based in Braintree, Massachusetts. It was formed in 2009 to provide development capital, management expertise and commercial assistance to independent wind power developers. As the majority manager of South Plains, Westerly SP is the Project “sponsor,” i.e. the entity responsible for the development, financing, construction and operation of the Project.

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6,500 MW of independent power assets, including over 1,500 MW of wind power projects in Texas. The development resources necessary to advance the subject South Plains Wind Energy Project could be redeployed to other renewable energy development projects in other power markets in the United States. Westerly chose Texas – and in particular Floyd County – for its favorable wind resource, access to the ERCOT market as a result of the new CREZ transmission lines, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Westerly is keen to develop and build the proposed South Plains Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.