GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

April 14, 2015

Reggy Spencer
Superintendent
Colorado Independent School District
P.O. Box 1268
Colorado City, Texas 79512

Dear Superintendent Spencer:

On January 16, 2015, the Comptroller issued written notice that Luminant Generation Co., LLC (the applicant) submitted a completed application (Application #1042) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted on November 19. 2014, to the Colorado Independent 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 requested a waiver 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 #1042.

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.

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

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.

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 Jan. 16, 2015, 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, Associate Deputy Comptroller, by email at robert.wood@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller's economic impact analysis of Luminant Generation Company, LLC (the project) applying to Colorado 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 Luminant Generation Company, LLC.

Applicant	Luminant Generation Co., LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy – Solar
School District	Colorado ISD
October 2014 Enrollment in School District	1031
County	Mitchell
Proposed Total Investment in District	$301,688,010
Proposed Qualified Investment	$301,688,010
Limitation Amount	$20,000,000
Number of new qualifying jobs committed to by applicant*	3
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$820
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	$820
Minimum annual wage committed to by applicant for qualified jobs	$42,657
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	$100,562,670
Estimated M&O levy without any limit (15 years)	$24,624,659
Estimated M&O levy with Limitation (15 years)	$5,026,980
Estimated gross M&O tax benefit (15 years)	$19,597,679
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

Table 2 is the estimated statewide economic impact of Luminant Generation Company, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	63	318	381	$3,127,971	$17,746,052	$20,874,023
2016	135	(120)	15	$8,575,971	-$6,134,565	$2,441,406
2017	3	13	16	$127,971	$2,313,435	$2,441,406
2018	3	11	14	$127,971	$1,581,013	$1,708,984
2019	3	9	12	$127,971	$1,336,873	$1,464,844
2020	3	7	10	$127,971	$1,336,873	$1,464,844
2021	3	7	10	$127,971	$970,662	$1,098,633
2022	3	5	8	$127,971	$1,092,732	$1,220,703
2023	3	5	8	$127,971	$726,521	$854,492
2024	3	7	10	$127,971	$970,662	$1,098,633
2025	3	9	12	$127,971	$726,521	$854,492
2026	3	3	6	$127,971	$482,381	$610,352
2027	3	7	10	$127,971	$848,592	$976,563
2028	3	7	10	$127,971	$604,451	$732,422
2029	3	1	4	$127,971	$848,592	$976,563
2030	3	3	6	$127,971	$360,310	$488,281

Source: CPA, REMI, Luminant Generation Company, LLC

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Colorado ISD I&S Tax Levy	Colorado ISD M&O Tax Levy	Colorado ISD M&O and I&S Tax Levies	Mitchell County Tax Levy	Mitchell County Hospital Dist Tax Levy	Lone Wolf Groundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.4380	1.1700		0.4413	0.2050	0.0222	
2015	$1,688,010	$1,688,010		$7,393	$19,750	$27,143	$7,449	$3,460	$375	$38,428
2016	$39,204,890	$39,204,890		$171,717	$458,697	$630,415	$173,011	$80,370	$8,719	$892,515
2017	$301,721,939	$301,721,939		$1,321,542	$3,530,147	$4,851,689	$1,331,499	$618,527	$67,103	$6,868,818
2018	$277,739,158	$277,739,158		$1,216,498	$3,249,548	$4,466,046	$1,225,663	$569,362	$61,769	$6,322,840
2019	$253,756,550	$253,756,550		$1,111,454	$2,968,952	$4,080,405	$1,119,828	$520,198	$56,435	$5,776,867
2020	$229,774,115	$229,774,115		$1,006,411	$2,688,357	$3,694,768	$1,013,993	$471,035	$51,102	$5,230,897
2021	$202,791,857	$202,791,857		$888,228	$2,372,665	$3,260,893	$894,920	$415,721	$45,101	$4,616,636
2022	$175,809,775	$175,809,775		$770,047	$2,056,974	$2,827,021	$775,849	$360,408	$39,100	$4,002,378
2023	$148,827,873	$148,827,873		$651,866	$1,741,286	$2,393,152	$656,777	$305,096	$33,099	$3,388,125
2024	$118,846,152	$118,846,152		$520,546	$1,390,500	$1,911,046	$524,468	$243,633	$26,431	$2,705,579
2025	$91,864,613	$91,864,613		$402,367	$1,074,816	$1,477,183	$405,399	$188,322	$20,431	$2,091,334
2026	$73,883,259	$73,883,259		$323,609	$864,434	$1,188,043	$326,047	$151,460	$16,432	$1,681,981
2027	$64,902,092	$64,902,092		$284,271	$759,354	$1,043,626	$286,413	$133,049	$14,434	$1,477,521
2028	$61,921,113	$61,921,113		$271,214	$724,477	$995,691	$273,258	$126,938	$13,771	$1,409,658
2029	$61,940,324	$61,940,324		$271,299	$724,702	$996,000	$273,343	$126,977	$13,776	$1,410,096
					Total	$33,843,121	$9,287,916	$4,314,556	$468,079	$47,913,673

Source: CPA, Luminant Generation Company, LLC

[1]Tax Rate per $100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Mitchell 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 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		Colorado ISD I&S Tax Levy	Colorado ISD M&O Tax Levy	Colorado ISD M&O and I&S Tax Levies	Mitchell County Tax Levy	Mitchell County Hospital Dist Tax Levy	Lone Wolf Groundwater District Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.4380	1.1700		0.4413	0.2050	0.0222	
2015	$1,688,010	$1,688,010		$7,393	$19,750	$27,143	$7,449	$3,460	$375	$38,428
2016	$39,204,890	$39,204,890		$171,717	$458,697	$630,415	$173,011	$80,370	$8,719	$892,515
2017	$301,721,939	$20,000,000		$1,321,542	$234,000	$1,555,542	$0	$0	$67,103	$1,622,645
2018	$277,739,158	$20,000,000		$1,216,498	$234,000	$1,450,498	$0	$0	$61,769	$1,512,267
2019	$253,756,550	$20,000,000		$1,111,454	$234,000	$1,345,454	$0	$0	$56,435	$1,401,889
2020	$229,774,115	$20,000,000		$1,006,411	$234,000	$1,240,411	$0	$0	$51,102	$1,291,512
2021	$202,791,857	$20,000,000		$888,228	$234,000	$1,122,228	$0	$0	$45,101	$1,167,329
2022	$175,809,775	$20,000,000		$770,047	$234,000	$1,004,047	$0	$0	$39,100	$1,043,147
2023	$148,827,873	$20,000,000		$651,866	$234,000	$885,866	$0	$0	$33,099	$918,965
2024	$118,846,152	$20,000,000		$520,546	$234,000	$754,546	$0	$0	$26,431	$780,978
2025	$91,864,613	$20,000,000		$402,367	$234,000	$636,367	$0	$0	$20,431	$656,798
2026	$73,883,259	$20,000,000		$323,609	$234,000	$557,609	$0	$0	$16,432	$574,040
2027	$64,902,092	$64,902,092		$284,271	$759,354	$1,043,626	$286,413	$133,049	$14,434	$1,477,521
2028	$61,921,113	$61,921,113		$271,214	$724,477	$995,691	$273,258	$126,938	$13,771	$1,409,658
2029	$61,940,324	$61,940,324		$271,299	$724,702	$996,000	$273,343	$126,977	$13,776	$1,410,096
					Total	$14,245,442	$1,013,474	$470,793	$468,079	$16,197,789
					Diff	$19,597,679	$8,274,442	$3,843,763	$0	$31,715,884

Source: CPA, Luminant Generation Company, LLC
[1]Tax 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 Luminant Generation Co., LLC (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 and investment 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	2014	$0	$0	$0	$0
	2015	$19,750	$19,750	$0	$0
	2016	$458,697	$478,447	$0	$0
Limitation Period (10 Years)	2017	$234,000	$712,447	$3,296,147	$3,296,147
	2018	$234,000	$946,447	$3,015,548	$6,311,695
	2019	$234,000	$1,180,447	$2,734,952	$9,046,646
	2020	$234,000	$1,414,447	$2,454,357	$11,501,004
	2021	$234,000	$1,648,447	$2,138,665	$13,639,668
	2022	$234,000	$1,882,447	$1,822,974	$15,462,643
	2023	$234,000	$2,116,447	$1,507,286	$16,969,929
	2024	$234,000	$2,350,447	$1,156,500	$18,126,429
	2025	$234,000	$2,584,447	$840,816	$18,967,245
	2026	$234,000	$2,818,447	$630,434	$19,597,679
Maintain Viable Presence (5 Years)	2027	$759,354	$3,577,801	$0	$19,597,679
	2028	$724,477	$4,302,278	$0	$19,597,679
	2029	$724,702	$5,026,980	$0	$19,597,679
	2030	$724,929	$5,751,909	$0	$19,597,679
	2031	$725,158	$6,477,067	$0	$19,597,679
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	$725,390	$7,202,457	$0	$19,597,679
	2033	$725,624	$7,928,080	$0	$19,597,679
	2034	$725,860	$8,653,940	$0	$19,597,679
	2035	$726,098	$9,380,039	$0	$19,597,679
	2036	$726,339	$10,106,378	$0	$19,597,679
	2037	$726,583	$10,832,961	$0	$19,597,679
	2038	$726,829	$11,559,789	$0	$19,597,679
	2039	$727,077	$12,286,866	$0	$19,597,679
	2040	$727,328	$13,014,194	$0	$19,597,679
	2041	$727,581	$13,741,775	$0	$19,597,679
		$13,741,775	is less than	**$19,597,679**	

Analysis Summary	
Is the project reasonably likely to generate M&O 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, Luminant Generation Co., LLC

Employment Indirect and Induced Tax Effects

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2014	0	9	9	0	$ 488,281	$ 488,281	$76,294	$0	$76,294
2015	63	548	611	$3,132,779	$30,924,838	$34,057,617	$4,821,777	-$999,451	$5,821,228
2016	135	356	491	$8,589,509	$24,979,827	$33,569,336	$2,975,464	-$373,840	$3,349,304
2017	3	24	27	$127,971	$6,097,615	$6,225,586	$373,840	$747,681	-$373,841
2018	3	3	6	$127,971	$3,656,209	$3,784,180	$244,141	$717,163	-$473,022
2019	3	(9)	-6	$127,971	$1,825,154	$1,953,125	$167,847	$648,499	-$480,652
2020	3	(15)	-12	$127,971	$1,336,873	$1,464,844	$106,812	$564,575	-$457,763
2021	3	(15)	-12	$127,971	$116,170	$244,141	$61,035	$457,764	-$396,729
2022	3	(15)	-12	$127,971	-$127,971	$0	$22,888	$358,582	-$335,694
2023	3	(13)	-10	$127,971	-$372,112	-$244,141	$15,259	$274,658	-$259,399
2024	3	(5)	-2	$127,971	$238,240	$366,211	$76,294	$190,735	-$114,441
2025	3	(9)	-6	$127,971	-$616,252	-$488,281	-$45,776	$152,588	-$198,364
2026	3	(11)	-8	$127,971	-$616,252	-$488,281	-$76,294	$68,665	-$144,959
2027	3	(9)	-6	$127,971	-$860,393	-$732,422	-$106,812	-$30,518	-$76,294
2028	3	(15)	-12	$127,971	-$860,393	-$732,422	-$122,070	-$83,923	-$38,147
2029	3	(13)	-10	$127,971	-$860,393	-$732,422	-$129,700	-$129,700	$0
2030	3	(15)	-12	$127,971	-$1,592,815	-$1,464,844	-$144,958	-$167,847	$22,889
2031	3	(17)	-14	$127,971	-$1,104,534	-$976,563	-$160,217	-$221,252	$61,035
2032	3	(13)	-10	$127,971	-$1,348,674	-$1,220,703	-$167,847	-$251,770	$83,923
2033	3	(15)	-12	$127,971	-$1,348,674	-$1,220,703	-$175,476	-$320,435	$144,959
2034	3	(19)	-16	$127,971	-$1,836,955	-$1,708,984	-$244,141	-$343,323	$99,182
2035	3	(19)	-16	$127,971	-$2,325,237	-$2,197,266	-$282,288	-$389,099	$106,811
2036	3	(23)	-20	$127,971	-$2,569,377	-$2,441,406	-$328,064	-$465,393	$137,329
2037	3	(24)	-21	$127,971	-$3,301,799	-$3,173,828	-$366,211	-$518,799	$152,588
2038	3	(26)	-23	$127,971	-$3,790,080	-$3,662,109	-$350,952	-$549,316	$198,364
2039	3	(24)	-21	$127,971	-$3,057,659	-$2,929,688	-$350,952	-$602,722	$251,770
2040	3	(24)	-21	$127,971	-$4,766,643	-$4,638,672	-$396,729	-$671,387	$274,658
2041	3	(24)	-21	$127,971	-$4,522,502	-$4,394,531	-$411,987	-$709,534	$297,547
						Total	**$5,081,177**	**-$2,647,399**	**$7,728,576**
							$21,470,351	**is greater than**	**$19,597,679**

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

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 **determines** that the limitation on appraised value is a determining factor in the Luminant Generation Company, 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:

- The applicant owns the land on which it intends to develop the project.
- Per media reports, the applicant has worked with the county to create the reinvestment zone for the project and also received and a Chapter 312 property tax abatement for 10 years.
- Per a media report, Mitchell County is one of three locations being considered for the project but the report does not state if those other locations are in Texas.
- The applicant states in their application that they are considering other locations not in Texas for the proposed project, but nothing in the application indicates where these other locations might be.
- The applicant has recently entered into a non-disclosure agreement with the county.
- The applicant states in their application that the appraised value limitation is "a critical and necessary step in order to establish a rate of return that is competitive with alternative investment opportunities."
- The applicant also affirms that "human resources and capital investment can only occur after it has been determined that the project presents itself as the most financially viable opportunity available and maximizes its value to shareholders."

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
c) Additional information provided by the Applicant or located by the Comptroller

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

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:
   - ☑ Land has no existing improvements
   - ☐ Land has existing improvements *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ 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 DETERMINING FACTOR DOCUMENTATION

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

Section 8, #1 Does the applicant currently own the land on which the proposed project will occur?

Yes, the Applicant owns all land on which it intends to develop the Champion Creek Solar Energy Project. Please see Tab 9 for the specified land parcels.

Section 8, #7 Are you submitting information to assist in the determination as to whether the limitation or appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?

The Applicant requires this appraised value limitation in order to move forward with constructing the project in Texas. Without the appraised value limitation, the economics of the project become very poor making the project financially infeasible. Therefore, securing the appraised value limitation is a critical necessary step in order to establish a rate of return that is competitive with alternative investment opportunities.

Section 8, #8 Has the applicant considered or is considering other locations not in Texas for the proposed project?

The Applicant is a globally recognized firm that frequently evaluates energy investment opportunities throughout the United States. Therefore the economic return of the project is constantly being measured against alternative investment scenarios that may deliver similar or higher rates of return on invested capital. The energy industry is extremely competitive and many other states such as New Mexico, Arizona, California, and Colorado offer similar access to resources and markets, and provide competitive regulatory environments that must be carefully weighed and considered. The deployment of human resources and capital investment can only occur after it has been determined that the project presents itself as the most financially viable opportunity available and maximizes its value to shareholders.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

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Navigation Menu

- Home
- Features
- Submissions
- Contact
- Obituaries
- Archive

Luminant agreement signed

texasflag

Mitchell County Commissioners' Court convened briefly Friday morning to approve a non-disclosure agreement between the county and Luminant Generation Company LLC. The confidentiality agreement provides for county officials to enter into discussion concerning Luminant's "potential to develop power generating facilities at selected sites".

County Judge Ray Mayo said he has not received any details about upcoming negotiations with the energy company, but commissioners signed the agreement and expect to hear from Luminant representatives in the future.

Just as it sounds, the confidentiality agreement makes it illegal for members of the commissioners' court to disclose information in any form regarding the discussions. Terms of the agreement will terminate on the first anniversary of the effective date, August 29th.

In other business, payroll in the amount of $79,188 was approved as presented by County Treasurer Jennifer Rivera.

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Navigation Menu

- Home
- Features
- Submissions
- Contact
- Obituaries
- Archive

Clearing underway on Luminant property

luminantlandclearing

The Mitchell County Commissioners Court convened on Monday morning and approved the creation of a reinvestment zone and tax abatement agreement for an additional two tracts of land adjacent to the land being considered for a solar energy farm. Will Ramirez, an attorney with Luminant's law firm Ryan, said that he believes the location in Mitchell County will be chosen for the project if everything goes as planned.

As reported earlier, the location near Champion Creek Reservoir is under consideration by the energy company for the construction of a solar farm. The Mitchell County location is one of three being considered for the project, but clearing of the land in that area has begun.

The fact that brush-clearing work is underway led Commissioner Jesse Muñoz to ask the Ryan representative if Mitchell County had been chosen as the site. While the lawyer was unable to provide an official answer, he said, "I believe so, if everything goes well. The other locations are still open, but this one became positive all the way around. We are still here and are moving forward 100%."

Luminant officials have said a decision on the project's location will be announced in the second quarter of this year, and construction is expected to be complete on or before January 1, 2017.

The two tracts of land will be the site of the actual solar panels, if the project construction is realized. The same tax abatement will apply to the new tracts, as the original tracts of land.

Members of the court signed the resolution authorizing County judge Ray Mayo to sign the agreement and all related matters. The agreement outlines the agreement which gives the company a 100% tax abatement for the first three years. After that, Luminant's taxes will be abated 90% for the fourth and fifth years of operation, then 80% in years six and seven, and 70% in the eighth, ninth and tenth years.

Following the meeting, Ramirez said that everything is on course for the solar project's construction here. "Everything is on course, and we're hoping all goes well," he said Monday morning.

Mayo said that the added land will be the location of the solar panels themselves, and as is required by the agreement, the additional investment will be valued at or above $1,000,000. Luminant officials have said the company will pay the county's legal fees associated with creating the latest agreement for the additional land.

The project, a 150-megawatt solar plant, would employ between 130 and 170 temporary workers and generate three permanent jobs once construction is complete. The project's value has been estimated to be at least $200 million. New legislation mandates that the project cannot depreciate any lower than 20% of its original value. According to the energy company's leaders, most solar farms have a life of 15 to 25 years.

In other business, court members approved the payment of bills in the amount of $75,652 25, as presented by County Auditor Heidi Harris.

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