
FINDINGS
OF THE
BRADY INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
RATTLESNAKE POWER, LLC
(Texas Taxpayer ID #32057445820)
(Application #1101)

March 29, 2016

Board Findings of the Brady Independent School District

FINDINGS OF THE BRADY INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY RATTLESNAKE POWER, LLC

STATE OF TEXAS §

COUNTY OF MCCULLOCH §

On the 29th day of March, 2016, a public meeting of the Board of Trustees of the Brady Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Rattlesnake Power, LLC (Application #1101) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from attorneys and consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Brady Independent School District makes the following findings with respect to the application of Rattlesnake Power, LLC #1101, and the economic impact of that application:

On August 27, 2015, the Superintendent of Schools of the Brady Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Rattlesnake Power, LLC #1101 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Rattlesnake Power, LLC (Taxpayer Id. No. 32057445820) ("Applicant"), consists of entities subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Brady Independent School District

The Board of Trustees acknowledges receipt of the Application, along with the required application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the McCulloch County Appraisal District for review pursuant to 34 Texas Administrative Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a determination that the application was complete was issued on November 17, 2015. A copy of the Comptroller's completeness letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation on February 5, 2016 pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Brady Independent School District. A copy of a report prepared by Jigsaw School Finance Solutions, LLC is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Brady Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District submitted a proposed form of Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, in the form required by the Comptroller of Public Accounts. The proposed Agreement and letter approving same are attached to these findings as **Attachment G**.

Board Findings of the Brady Independent School District

The Texas Commissioner of Education has determined that the project will not impact school enrollment, as stated in **Attachment H**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

The Applicant qualifies for a limitation on appraised value of Qualified Property under Section 313.024, Texas Tax Code, in the eligibility category of Renewable Energy-Wind.

Board Finding Number 2.

The Applicant's entire proposed investment in the Brady ISD is \$149,296,000, \$149,296,000 of which is proposed to be Qualified Investment under Section 313.021, Texas Tax Code.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$44,000 per year. The review of the application by the State Comptroller's Office indicates that this amount-based on Texas Workforce Commission data-complies with the requirement that qualifying jobs pay more than the minimum weekly wage required for Qualified Jobs under Section 313.021, Texas Tax Code.

Board Finding Number 4.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$37,324,000 million on the basis of the 4 new qualifying positions committed to by the Applicant for this project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$149,296,000, resulting in a relative level of investment per qualifying job of \$37,324,000.

Board Finding Number 5.

The Applicant has requested a waiver of the job creation requirement under Section 313.25(f-1), Texas Tax Code, and the Board finds such waiver request should be granted.

Board Findings of the Brady Independent School District

In support of Finding 5, the Board notes that the number of jobs proposed for this project (4 jobs) is consistent with industry standards in the solar industry.

Board Finding Number 6.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

In support of Finding 6, the economic impact evaluation states:

Table 2 depicts this project’s estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller’s office calculated the economic impact based on 15 years of annual investment and employment levels.

Table 2: Estimated Statewide Economic Impact of Rattlesnake Power, LLC (modeled):

Year	Employment		Total	Personal Income		
	Direct	Indirect + Induced		Direct	Indirect + Induced	Total
2016	160	157	317	\$6,005,440	\$13,853,705	\$19,859,145
2017	4	23	27	\$176,000	\$2,888,159	\$3,064,159
2018	4	17	21	\$176,000	\$2,373,031	\$2,549,031
2019	4	11	15	\$176,000	\$1,895,602	\$2,071,602
2020	4	9	13	\$176,000	\$1,581,094	\$1,757,094
2021	4	7	11	\$176,000	\$1,390,865	\$1,566,865
2022	4	7	11	\$176,000	\$1,291,221	\$1,467,221
2023	4	6	10	\$176,000	\$1,232,353	\$1,408,353
2024	4	7	11	\$176,000	\$1,212,456	\$1,388,456
2025	4	7	11	\$176,000	\$1,237,239	\$1,413,239
2026	4	7	11	\$176,000	\$1,277,339	\$1,453,339
2027	4	5	9	\$176,000	\$1,062,789	\$1,238,789
2028	4	5	9	\$176,000	\$975,015	\$1,151,015
2029	4	4	8	\$176,000	\$916,925	\$1,092,925
2030	4	4	8	\$176,000	\$882,790	\$1,058,790
2031	4	4	8	\$176,000	\$870,701	\$1,046,701

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and McCulloch County, with all property tax incentives sought being granted using estimated market value from the Applicant’s application. The Applicant has applied for a value limitation under Chapter 313,

Board Findings of the Brady Independent School District

Board Finding Number 7.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long-term, with special reference to revenues used for supporting school district debt.

Board Finding Number 8.

The effect of the Applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggesting little underlying enrollment growth based on the impact of the project.

In support of Finding 8, the Board refers to the finding of the Texas Commissioner of Education at Attachment H to these findings.

Board Finding Number 9.

The Applicant's 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.

In support of finding No. 9, Attachment B of the economic impact study contains a year-by-year analysis as depicted in the following table:

	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	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$260,000	\$260,000	\$1,292,678	\$1,292,678
	2018	\$260,000	\$520,000	\$1,230,571	\$2,523,250
	2019	\$260,000	\$780,000	\$1,170,948	\$3,694,198
	2020	\$260,000	\$1,040,000	\$1,113,710	\$4,807,909
	2021	\$260,000	\$1,300,000	\$1,058,762	\$5,866,671
	2022	\$260,000	\$1,560,000	\$1,006,012	\$6,872,682
	2023	\$260,000	\$1,820,000	\$955,371	\$7,828,053
	2024	\$260,000	\$2,080,000	\$906,756	\$8,734,810
	2025	\$260,000	\$2,340,000	\$860,086	\$9,594,896
	2026	\$260,000	\$2,600,000	\$815,283	\$10,410,178
Maintain Viable Presence (5 Years)	2027	\$1,032,271	\$3,632,271	\$0	\$10,410,178
	2028	\$990,980	\$4,623,252	\$0	\$10,410,178
	2029	\$951,341	\$5,574,593	\$0	\$10,410,178
	2030	\$913,288	\$6,487,880	\$0	\$10,410,178
	2031	\$876,756	\$7,364,637	\$0	\$10,410,178
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$841,686	\$8,206,322	\$0	\$10,410,178
	2033	\$808,018	\$9,014,341	\$0	\$10,410,178
	2034	\$775,698	\$9,790,038	\$0	\$10,410,178
	2035	\$744,670	\$10,534,708	\$0	\$10,410,178
	2036	\$714,883	\$11,249,591	\$0	\$10,410,178
	2037	\$686,288	\$11,935,879	\$0	\$10,410,178
	2038	\$658,836	\$12,594,715	\$0	\$10,410,178
	2039	\$632,483	\$13,227,197	\$0	\$10,410,178
	2040	\$607,183	\$13,834,381	\$0	\$10,410,178
	2041	\$582,896	\$14,417,277	\$0	\$10,410,178
		\$14,417,277	is greater than	\$10,410,178	
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

Board Finding Number 10.

The limitation on appraised value requested by the Applicant is a determining factor in the Applicant's decision to invest capital and construct the project in this state.

Board Finding Number 11.

The ability of the Applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Findings Nos. 10 and 11, **Attachment C** of the economic impact study states:

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. This is based on information available, including information provided by the Applicant. Specifically, the Comptroller notes the following:

- Per the applicant, its parent company is an international solar and wind developer and can locate this type of project in other states.
- Per the applicant, it is actively developing other projects throughout the US.
- Per the applicant, wholesale electricity price in Texas is below international average.
- Per the applicant, California has subsidies and higher power prices, making it an attractive alternative to Texas.
- Per the applicant, without Chapter 313 incentives, the lower return makes this project not financeable.
- In September, 2015, the McCulloch County Commissioners voted to approve a tax abatement agreement for this project. The County Judge stated the project would help diversify the County's industrial base and improve the economic vitality of the County.
- Per the applicant, it has entered into certain leases and obtained certain permits, but none would obligate the company to construct the project.

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

Board Finding Number 12.

The Board of Trustees of the Brady Independent School District hired consultants to review and verify the information in Application #1101. Based upon the consultants' review, the Board has determined that the information provided by the Applicant appears to be true and correct.

Board Finding Number 13.

The Board of Trustees has determined that the Tax Limitation Amount requested by the Applicant is currently Twenty-Five Million Dollars, which is consistent with the minimum values currently set out by Texas Tax Code, § 313.054(a).

Board Finding Number 14.

The Applicant (Taxpayer Id. 32057445820) is eligible for the limitation on appraised value of Qualified Property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 15.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

Board Finding Number 16.

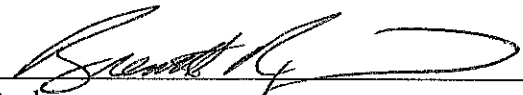
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Brady Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the official minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Brady Independent School District.

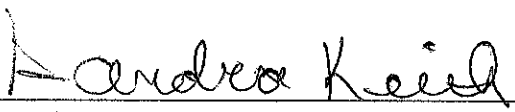
Board Findings of the Brady Independent School District

Dated the 29th day of March, 2016.

BRADY INDEPENDENT SCHOOL DISTRICT

By: 
Brentt Raybion
President, Board of Trustees

ATTEST:

By: 
Sandra Keith
Secretary, Board of Trustees