



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 22, 2017

AMENDED CERTIFICATION

Oran Hamilton
Superintendent
Lorenzo Independent School District
1003 Polk Avenue
Lorenzo, Texas 79343

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Lorenzo Independent School District and Fiber Winds Holding, LLC, Application 1142

Dear Superintendent Hamilton:

This application (Application 1142) was originally submitted on June 20, 2016, to the Lorenzo Independent School District (school district) by Fiber Winds Holding, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On July 26, 2016, the Comptroller issued written notice that the applicant submitted a completed application; and later issued a certificate for a limitation on appraised value on October 24, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on December 1, 2016.

On April 5, 2017, the Comptroller received an amendment to the agreement. This presents the Comptroller's review of that amendment per Section 10.2 of the agreement 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)

The information provided by the applicant related to eligibility has not changed and therefore, 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)

Based on the amended information provided by the applicant, 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's 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.

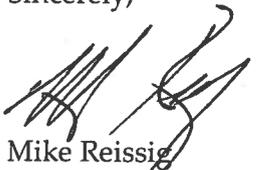
Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value for the amendment.

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 50-826) 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 amendment to the agreement by December 31, 2017.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Fiber Winds Holding, LLC (the project) applying to Lorenzo 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 Fiber Winds Holding, LLC.

| | |
|---|--------------------------------------|
| Applicant | Fiber Winds Holding, LLC |
| Tax Code, 313.024 Eligibility Category | Renewable Energy Electric Generation |
| School District | Lorenzo ISD |
| Estimated 2014-2015 Average Daily Attendance | 264 |
| County | Crosby |
| Proposed Total Investment in District | \$104,000,000 |
| Proposed Qualified Investment | \$104,000,000 |
| Limitation Amount | \$20,000,000 |
| Qualifying Time Period (Full Years) | 2017-2018 |
| 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 | \$902 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$755 |
| Minimum annual wage committed to by applicant for qualified jobs | \$46,900 |
| Minimum weekly wage required for non-qualifying jobs | \$686 |
| Minimum annual wage required for non-qualifying jobs | \$35,647 |
| Investment per Qualifying Job | \$34,666,667 |
| Estimated M&O levy without any limit (15 years) | \$8,979,709 |
| Estimated M&O levy with Limitation (15 years) | \$3,917,421 |
| Estimated gross M&O tax benefit (15 years) | \$5,062,288 |

* 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 Fiber Winds Holding, LLC (modeled).

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|---------|-----------------|--------------------|-------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2017 | 0 | 151 | 151 | \$0 | \$8,263,898 | \$8,263,898 |
| 2018 | 75 | (60) | 14,5455 | \$0 | \$1,368,221 | \$1,368,221 |
| 2019 | 3 | 10 | 13 | \$594 | \$1,208,367 | \$1,208,961 |
| 2020 | 3 | 6 | 9 | \$619 | \$944,195 | \$944,814 |
| 2021 | 3 | 4 | 7 | \$646 | \$748,867 | \$749,513 |
| 2022 | 3 | 3 | 6 | \$677 | \$618,819 | \$619,496 |
| 2023 | 3 | 3 | 6 | \$709 | \$528,362 | \$529,071 |
| 2024 | 3 | 3 | 6 | \$742 | \$471,716 | \$472,458 |
| 2025 | 3 | 3 | 6 | \$776 | \$448,444 | \$449,220 |
| 2026 | 3 | 3 | 6 | \$810 | \$439,113 | \$439,923 |
| 2027 | 3 | 3 | 6 | \$846 | \$441,398 | \$442,244 |
| 2028 | 3 | 3 | 6 | \$884 | \$447,136 | \$448,020 |
| 2029 | 3 | 3 | 6 | \$924 | \$382,987 | \$383,911 |
| 2030 | 3 | 3 | 6 | \$967 | \$363,479 | \$364,446 |
| 2031 | 3 | 3 | 6 | \$1,011 | \$365,365 | \$366,376 |
| 2032 | 3 | 3 | 6 | \$1,059 | \$375,222 | \$376,281 |
| 2033 | 3 | 3 | 6 | \$1,109 | \$385,280 | \$386,389 |

Source: CPA, REMI, of Fiber Winds Holding, 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 | Tax Rate ¹ | Lorenzo ISD I&S Tax Levy | Lorenzo ISD M&O Tax Levy | Lorenzo ISD M&O and I&S Tax Levies | Crosby County Tax Levy | Estimated Total Property Taxes |
| | | | | 0.0000 | 1.0271 | | 0.5200 | |
| 2019 | \$98,000,000 | \$98,000,000 | | \$0 | \$1,006,558 | \$1,006,558 | \$509,600 | \$1,516,158 |
| 2020 | \$90,160,000 | \$90,160,000 | | \$0 | \$926,033 | \$926,033 | \$468,832 | \$1,394,865 |
| 2021 | \$82,947,000 | \$82,947,000 | | \$0 | \$851,949 | \$851,949 | \$431,324 | \$1,283,273 |
| 2022 | \$76,311,000 | \$76,311,000 | | \$0 | \$783,790 | \$783,790 | \$396,817 | \$1,180,607 |
| 2023 | \$70,206,000 | \$70,206,000 | | \$0 | \$721,086 | \$721,086 | \$365,071 | \$1,086,157 |
| 2024 | \$64,590,000 | \$64,590,000 | | \$0 | \$663,404 | \$663,404 | \$335,868 | \$999,272 |
| 2025 | \$59,423,000 | \$59,423,000 | | \$0 | \$610,334 | \$610,334 | \$309,000 | \$919,333 |
| 2026 | \$54,669,000 | \$54,669,000 | | \$0 | \$561,505 | \$561,505 | \$284,279 | \$845,784 |
| 2027 | \$50,295,000 | \$50,295,000 | | \$0 | \$516,580 | \$516,580 | \$261,534 | \$778,114 |
| 2028 | \$46,271,000 | \$46,271,000 | | \$0 | \$475,249 | \$475,249 | \$240,609 | \$715,859 |
| 2029 | \$42,569,000 | \$42,569,000 | | \$0 | \$437,226 | \$437,226 | \$221,359 | \$658,585 |
| 2030 | \$39,163,000 | \$39,163,000 | | \$0 | \$402,243 | \$402,243 | \$203,648 | \$605,891 |
| 2031 | \$36,030,000 | \$36,030,000 | | \$0 | \$370,064 | \$370,064 | \$187,356 | \$557,420 |
| 2032 | \$33,148,000 | \$33,148,000 | | \$0 | \$340,463 | \$340,463 | \$172,370 | \$512,833 |
| 2033 | \$30,496,000 | \$30,496,000 | | \$0 | \$313,224 | \$313,224 | \$158,579 | \$471,804 |
| | | | Total | \$0 | \$8,979,709 | \$8,979,709 | \$4,546,246 | \$13,525,955 |

Source: CPA, of Fiber Winds Holding, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Crosby 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 Crosby County.

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 | Tax Rate ¹ | Lorenzo ISD I&S Tax Levy | Lorenzo ISD M&O Tax Levy | Lorenzo ISD M&O and I&S Tax Levies | Crosby County Tax Levy | Estimated Total Property Taxes | Crosby County Tax Levy |
| | | | 0.0000 | 1.0271 | | | 0.5200 | | |
| 2019 | \$98,000,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2020 | \$90,160,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2021 | \$82,947,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2022 | \$76,311,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2023 | \$70,206,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2024 | \$64,590,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2025 | \$59,423,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2026 | \$54,669,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2027 | \$50,295,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2028 | \$46,271,000 | \$20,000,000 | | \$0 | \$205,420 | \$205,420 | \$0 | \$205,420 | 100% |
| 2029 | \$42,569,000 | \$42,569,000 | | \$0 | \$437,226 | \$437,226 | \$221,359 | \$658,585 | 0% |
| 2030 | \$39,163,000 | \$39,163,000 | | \$0 | \$402,243 | \$402,243 | \$203,648 | \$605,891 | 0% |
| 2031 | \$36,030,000 | \$36,030,000 | | \$0 | \$370,064 | \$370,064 | \$187,356 | \$557,420 | 0% |
| 2032 | \$33,148,000 | \$33,148,000 | | \$0 | \$340,463 | \$340,463 | \$172,370 | \$512,833 | 0% |
| 2033 | \$30,496,000 | \$30,496,000 | | \$0 | \$313,224 | \$313,224 | \$158,579 | \$471,804 | 0% |
| | | | Total | \$0 | \$3,917,421 | \$3,917,421 | \$943,311 | \$4,860,732 | |
| | | | Diff | \$0 | \$5,062,288 | \$5,062,288 | \$3,602,934 | \$8,665,223 | |

Source: CPA, of Fiber Winds Holding, 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 before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Fiber Winds Holding, 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 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 | 2016 | \$0 | \$0 | \$0 | \$0 |
| | 2017 | \$0 | \$0 | \$0 | \$0 |
| | 2018 | \$0 | \$0 | \$0 | \$0 |
| Limitation Period (10 Years) | 2019 | \$205,420 | \$205,420 | \$801,138 | \$801,138 |
| | 2020 | \$205,420 | \$410,840 | \$720,613 | \$1,521,751 |
| | 2021 | \$205,420 | \$616,260 | \$646,529 | \$2,168,280 |
| | 2022 | \$205,420 | \$821,680 | \$578,370 | \$2,746,650 |
| | 2023 | \$205,420 | \$1,027,100 | \$515,666 | \$3,262,316 |
| | 2024 | \$205,420 | \$1,232,520 | \$457,984 | \$3,720,300 |
| | 2025 | \$205,420 | \$1,437,940 | \$404,914 | \$4,125,214 |
| | 2026 | \$205,420 | \$1,643,360 | \$356,085 | \$4,481,299 |
| | 2027 | \$205,420 | \$1,848,780 | \$311,160 | \$4,792,459 |
| | 2028 | \$205,420 | \$2,054,200 | \$269,829 | \$5,062,288 |
| Maintain Viable Presence (5 Years) | 2029 | \$437,226 | \$2,491,426 | \$0 | \$5,062,288 |
| | 2030 | \$402,243 | \$2,893,669 | \$0 | \$5,062,288 |
| | 2031 | \$370,064 | \$3,263,734 | \$0 | \$5,062,288 |
| | 2032 | \$340,463 | \$3,604,197 | \$0 | \$5,062,288 |
| | 2033 | \$313,224 | \$3,917,421 | \$0 | \$5,062,288 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2034 | \$288,163 | \$4,205,584 | \$0 | \$5,062,288 |
| | 2035 | \$265,115 | \$4,470,699 | \$0 | \$5,062,288 |
| | 2036 | \$243,905 | \$4,714,605 | \$0 | \$5,062,288 |
| | 2037 | \$224,391 | \$4,938,995 | \$0 | \$5,062,288 |
| | 2038 | \$206,437 | \$5,145,432 | \$0 | \$5,062,288 |
| | 2039 | \$189,921 | \$5,335,353 | \$0 | \$5,062,288 |
| | 2040 | \$174,730 | \$5,510,083 | \$0 | \$5,062,288 |
| | 2041 | \$160,751 | \$5,670,835 | \$0 | \$5,062,288 |
| 2042 | \$147,892 | \$5,818,727 | \$0 | \$5,062,288 | |
| 2043 | \$136,060 | \$5,954,787 | \$0 | \$5,062,288 | |
| | | \$5,954,787 | is greater than | \$5,062,288 | |
| 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 |

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

Source: CPA, Fiber Winds Holding, LLC

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.