



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

June 30, 2017

AMENDED CERTIFICATION

Ronnie Golson
Superintendent
McCamey Independent School District
100 E. 11th Street
McCamey, Texas 79752

Re: Amended Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between McCamey Independent School District and Morada del Sol, LLC, Application 1151

Dear Superintendent Golson:

This application (Application 1151) was originally submitted on August 30, 2016, to the McCamey Independent School District (school district) by Morada del Sol, LLC (applicant) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ On October 31, 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 November 29, 2016. The applicant and school district executed an agreement for a limitation on appraised value (agreement) on December 15, 2016.

On May 10, 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.

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

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.

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,

A handwritten signature in black ink, appearing to be 'Mike Reissig', written over the printed name.

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Morada del Sol, LLC (project) applying to McCamey Independent School District (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 Morada del Sol, LLC.

Applicant	Morada del Sol, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	McCamey ISD
2015-2016 Average Daily Attendance	516
County	Upton
Proposed Total Investment in District	\$351,393,638
Proposed Qualified Investment	\$348,500,000
Limitation Amount	\$25,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$1,108
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$1,108
Minimum annual wage committed to by applicant for qualified jobs	\$57,620.20
Minimum weekly wage required for non-qualifying jobs	\$1,307
Minimum annual wage required for non-qualifying jobs	\$67,952
Investment per Qualifying Job	\$175,696,819
Estimated M&O levy without any limit (15 years)	\$25,389,675
Estimated M&O levy with Limitation (15 years)	\$6,166,141
Estimated gross M&O tax benefit (15 years)	\$19,223,534

* 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 Morada del Sol, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	552	2,053	2,605	\$21,785,240	\$134,098,560	\$155,883,800
2019	2	86	87.8906	\$115,240	\$18,317,360	\$18,432,600
2020	2	25	27	\$115,240	\$11,847,660	\$11,962,900
2021	2	(12)	-10	\$115,240	\$6,476,560	\$6,591,800
2022	2	(37)	-35	\$115,240	\$3,180,660	\$3,295,900
2023	2	(43)	-41	\$115,240	\$1,105,460	\$1,220,700
2024	2	(43)	-41	\$115,240	\$6,860	\$122,100
2025	2	(33)	-31	\$115,240	-\$969,740	-\$854,500
2026	2	(31)	-29	\$115,240	-\$1,335,940	-\$1,220,700
2027	2	(22)	-20	\$115,240	-\$1,091,840	-\$976,600
2028	2	(18)	-16	\$115,240	-\$847,640	-\$732,400
2029	2	(10)	-8	\$115,240	-\$603,540	-\$488,300
2030	2	(8)	-6	\$115,240	-\$847,640	-\$732,400
2031	2	(4)	-2	\$115,240	\$373,060	\$488,300
2032	2	2	4	\$115,240	\$128,860	\$244,100
2033	2	2	4	\$115,240	\$617,160	\$732,400

Source: CPA REMI, Morada del Sol, 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*	McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital District Tax Levy	Upton County Emergency Services District #2 Tax Levy	Upton County Water District Tax Levy	Estimated Total Property Taxes
2019	\$338,251,000	\$338,251,000	0.2980	\$1,007,988	\$3,517,810	\$4,525,798	\$1,191,320	\$2,073,140	\$202,951	\$13,530	\$8,006,739
2020	\$311,216,920	\$311,216,920		\$927,426	\$3,236,656	\$4,164,082	\$1,096,106	\$1,907,449	\$186,730	\$12,449	\$7,366,816
2021	\$284,182,930	\$284,182,930		\$846,865	\$2,955,502	\$3,802,368	\$1,000,892	\$1,741,757	\$170,510	\$11,367	\$6,726,894
2022	\$253,770,519	\$253,770,519		\$756,236	\$2,639,213	\$3,395,450	\$893,780	\$1,555,360	\$152,262	\$10,151	\$6,007,002
2023	\$223,358,195	\$223,358,195		\$665,607	\$2,322,925	\$2,988,533	\$786,668	\$1,368,962	\$134,015	\$8,934	\$5,287,112
2024	\$192,945,957	\$192,945,957		\$574,979	\$2,006,638	\$2,581,617	\$679,556	\$1,182,566	\$115,768	\$7,718	\$4,567,224
2025	\$159,155,293	\$159,155,293		\$474,283	\$1,655,215	\$2,129,498	\$560,545	\$975,463	\$95,493	\$6,366	\$3,767,365
2026	\$128,743,223	\$128,743,223		\$383,655	\$1,338,930	\$1,722,584	\$453,434	\$789,067	\$77,246	\$5,150	\$3,047,481
2027	\$108,466,766	\$108,466,766		\$323,231	\$1,128,054	\$1,451,285	\$382,020	\$664,793	\$65,080	\$4,339	\$2,567,517
2028	\$98,325,919	\$98,325,919		\$293,011	\$1,022,590	\$1,315,601	\$346,304	\$602,640	\$58,996	\$3,933	\$2,327,473
2029	\$71,292,602	\$71,292,602		\$212,452	\$741,443	\$953,895	\$251,093	\$436,952	\$42,776	\$2,852	\$1,687,567
2030	\$67,908,934	\$67,908,934		\$202,369	\$706,253	\$908,622	\$239,175	\$416,214	\$40,745	\$2,716	\$1,607,472
2031	\$67,903,853	\$67,903,853		\$202,353	\$706,200	\$908,554	\$239,157	\$416,183	\$40,742	\$2,716	\$1,607,352
2032	\$67,898,848	\$67,898,848		\$202,339	\$706,148	\$908,487	\$239,140	\$416,152	\$40,739	\$2,716	\$1,607,234
2033	\$67,893,918	\$67,893,918		\$202,324	\$706,097	\$908,421	\$239,122	\$416,122	\$40,736	\$2,716	\$1,607,117
			Total	\$7,275,118	\$25,389,675	\$32,664,793	\$8,598,311	\$14,962,819	\$1,464,789	\$97,653	\$57,788,364

Source: CPA, Morada del Sol, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Upton 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 Upton County, McCamey Hospital District, and Upton County Emergency Services District #2.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	McCamey ISD I&S Tax Levy	McCamey ISD M&O Tax Levy	McCamey ISD M&O and I&S Tax Levies	Upton County Tax Levy	McCamey Hospital District Tax Levy	Upton County Emergency Services Distict #2 Tax Levy	Upton County Water District Tax Levy	Estimated Total Property Taxes
			0.2980	1.0400			0.3522	0.6129	0.0600	0.0040	
2019	\$338,251,000	\$25,000,000		\$1,007,988	\$260,000	\$1,267,988	\$119,132	\$0	\$101,475	\$13,530	\$1,502,125
2020	\$311,216,920	\$25,000,000		\$927,426	\$260,000	\$1,187,426	\$109,611	\$0	\$93,365	\$12,449	\$1,402,851
2021	\$284,182,930	\$25,000,000		\$846,865	\$260,000	\$1,106,865	\$100,089	\$0	\$85,255	\$11,367	\$1,303,577
2022	\$253,770,519	\$25,000,000		\$756,236	\$260,000	\$1,016,236	\$89,378	\$0	\$76,131	\$10,151	\$1,191,896
2023	\$223,358,195	\$25,000,000		\$665,607	\$260,000	\$925,607	\$78,667	\$0	\$67,007	\$8,934	\$1,080,216
2024	\$192,945,957	\$25,000,000		\$574,979	\$260,000	\$834,979	\$101,933	\$118,257	\$115,768	\$7,718	\$1,178,654
2025	\$159,155,293	\$25,000,000		\$474,283	\$260,000	\$734,283	\$84,082	\$97,546	\$95,493	\$6,366	\$1,017,770
2026	\$128,743,223	\$25,000,000		\$383,655	\$260,000	\$643,655	\$68,015	\$78,907	\$77,246	\$5,150	\$872,972
2027	\$108,466,766	\$25,000,000		\$323,231	\$260,000	\$583,231	\$57,303	\$66,479	\$65,080	\$4,339	\$776,432
2028	\$98,325,919	\$25,000,000		\$293,011	\$260,000	\$553,011	\$51,946	\$60,264	\$58,996	\$3,933	\$728,149
2029	\$71,292,602	\$71,292,602		\$212,452	\$741,443	\$953,895	\$251,093	\$436,952	\$42,776	\$2,852	\$1,687,567
2030	\$67,908,934	\$67,908,934		\$202,369	\$706,253	\$908,622	\$239,175	\$416,214	\$40,745	\$2,716	\$1,607,472
2031	\$67,903,853	\$67,903,853		\$202,353	\$706,200	\$908,554	\$239,157	\$416,183	\$40,742	\$2,716	\$1,607,352
2032	\$67,898,848	\$67,898,848		\$202,339	\$706,148	\$908,487	\$239,140	\$416,152	\$40,739	\$2,716	\$1,607,234
2033	\$67,893,918	\$67,893,918		\$202,324	\$706,097	\$908,421	\$239,122	\$416,122	\$40,736	\$2,716	\$1,607,117
			Total	\$7,275,118	\$6,166,141	\$13,441,259	\$2,067,843	\$2,523,076	\$1,041,555	\$97,653	\$19,171,385
			Diff	\$0	\$19,223,534	\$19,223,534	\$6,530,468	\$12,439,743	\$423,234	\$0	\$38,616,979

Assumes School Value Limitation and Tax Abatements with the County.

Source: CPA, Morada del Sol, LLC

*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 before 25th Anniversary of Limitation Start

This represents the Comptroller’s determination that Morada del Sol, 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 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	\$260,000	\$260,000	\$3,257,810	\$3,257,810
	2020	\$260,000	\$520,000	\$2,976,656	\$6,234,466
	2021	\$260,000	\$780,000	\$2,695,502	\$8,929,969
	2022	\$260,000	\$1,040,000	\$2,379,213	\$11,309,182
	2023	\$260,000	\$1,300,000	\$2,062,925	\$13,372,107
	2024	\$260,000	\$1,560,000	\$1,746,638	\$15,118,745
	2025	\$260,000	\$1,820,000	\$1,395,215	\$16,513,960
	2026	\$260,000	\$2,080,000	\$1,078,930	\$17,592,890
	2027	\$260,000	\$2,340,000	\$868,054	\$18,460,944
	2028	\$260,000	\$2,600,000	\$762,590	\$19,223,534
Maintain Viable Presence (5 Years)	2029	\$741,443	\$3,341,443	\$0	\$19,223,534
	2030	\$706,253	\$4,047,696	\$0	\$19,223,534
	2031	\$706,200	\$4,753,896	\$0	\$19,223,534
	2032	\$706,148	\$5,460,044	\$0	\$19,223,534
	2033	\$706,097	\$6,166,141	\$0	\$19,223,534
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$706,046	\$6,872,187	\$0	\$19,223,534
	2035	\$705,997	\$7,578,184	\$0	\$19,223,534
	2036	\$705,948	\$8,284,131	\$0	\$19,223,534
	2037	\$705,899	\$8,990,030	\$0	\$19,223,534
	2038	\$705,852	\$9,695,882	\$0	\$19,223,534
	2039	\$705,805	\$10,401,687	\$0	\$19,223,534
	2040	\$705,759	\$11,107,446	\$0	\$19,223,534
	2041	\$705,713	\$11,813,159	\$0	\$19,223,534
	2042	\$705,669	\$12,518,828	\$0	\$19,223,534
	2043	\$705,625	\$13,224,452	\$0	\$19,223,534

\$13,224,452

 is less than

 \$19,223,534

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 levv directly related to this project.
 Source: CPA, Morada del Sol, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	552	2,053	2,605	\$21,785,240	\$134,098,560	\$155,883,800	17219500	-4760700	\$21,980,200
2019	2	86	87.8906	\$115,240	\$18,317,360	\$18,432,600	915500	1861600	-\$946,100
2020	2	25	27	\$115,240	\$11,847,660	\$11,962,900	770600	1838700	-\$1,068,100
2021	2	(12)	-10	\$115,240	\$6,476,560	\$6,591,800	556900	1739500	-\$1,182,600
2022	2	(37)	-35	\$115,240	\$3,180,660	\$3,295,900	351000	1594500	-\$1,243,500
2023	2	(43)	-41	\$115,240	\$1,105,460	\$1,220,700	274700	1434300	-\$1,159,600
2024	2	(43)	-41	\$115,240	\$6,860	\$122,100	259400	1251200	-\$991,800
2025	2	(33)	-31	\$115,240	-\$969,740	-\$854,500	190700	1098600	-\$907,900
2026	2	(31)	-29	\$115,240	-\$1,335,940	-\$1,220,700	175500	946000	-\$770,500
2027	2	(22)	-20	\$115,240	-\$1,091,840	-\$976,600	137300	778200	-\$640,900
2028	2	(18)	-16	\$115,240	-\$847,640	-\$732,400	145000	648500	-\$503,500
2029	2	(10)	-8	\$115,240	-\$603,540	-\$488,300	145000	541700	-\$396,700
2030	2	(8)	-6	\$115,240	-\$847,640	-\$732,400	145000	442500	-\$297,500
2031	2	(4)	-2	\$115,240	\$373,060	\$488,300	152600	343300	-\$190,700
2032	2	2	4	\$115,240	\$128,860	\$244,100	137300	274700	-\$137,400
2033	2	2	4	\$115,240	\$617,160	\$732,400	106800	175500	-\$68,700
2034	2	2	4	\$115,240	\$861,360	\$976,600	68700	122100	-\$53,400
2035	2	4	6	\$115,240	\$617,160	\$732,400	61000	53400	\$7,600
2036	2	2	4	\$115,240	\$373,060	\$488,300	15300	-30500	\$45,800
2037	2	(0)	2	\$115,240	\$617,160	\$732,400	0	-83900	\$83,900
2038	2	(6)	-4	\$115,240	\$128,860	\$244,100	0	-129700	\$129,700
2039	2	(2)	0	\$115,240	\$617,160	\$732,400	-45800	-221300	\$175,500
2040	2	(6)	-4	\$115,240	-\$359,340	-\$244,100	-91600	-274700	\$183,100
2041	2	(6)	-4	\$115,240	\$373,060	\$488,300	-106800	-328100	\$221,300
2042	2	(4)	-2	\$115,240	-\$115,240	\$0	-91600	-335700	\$244,100
2043	2	(10)	-8	\$115,240	-\$115,240	\$0	-91600	-381500	\$289,900
2044	2	(12)	-10	\$115,240	\$373,060	\$488,300	-45800	-404400	\$358,600
2045	2	(8)	-6	\$115,240	-\$115,240	\$0	-91600	-495900	\$404,300
Total							\$21,263,000	\$7,697,900	\$13,565,100
							\$26,789,552	is greater than	\$19,223,524

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