



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

April 13, 2017

George McFarland
Superintendent
Tahoka Independent School District
PO Box 1230
Tahoka, Texas 79373

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Tahoka Independent School District
and Tahoka Wind, LLC, Application 1181

Dear Superintendent McFarland:

On March 30, 2017, the Comptroller issued written notice that Tahoka Wind, LLC (applicant) submitted a completed application (Application 1181) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on March 9, 2017, to the Tahoka Independent School District (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

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

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 1181.

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'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, 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 50-826) 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 agreement by December 31, 2017.

Note that any building or improvement existing as of the application review start date of March 30, 2017, 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 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 read 'Mike Reissig', is written over the typed 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 Tahoka Wind, LLC (project) applying to Tahoka 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 Tahoka Wind, LLC.

Applicant	Tahoka Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Tahoka ISD
Estimated 2015-2016 Average Daily Attendance	546
County	Lynn
Proposed Total Investment in District	\$352,640,000
Proposed Qualified Investment	\$342,640,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	6*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$770
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$770
Minimum annual wage committed to by applicant for qualified jobs	\$40,049
Minimum weekly wage required for non-qualifying jobs	\$797
Minimum annual wage required for non-qualifying jobs	\$41,445
Investment per Qualifying Job	\$58,773,333
Estimated M&O levy without any limit (15 years)	\$35,062,402
Estimated M&O levy with Limitation (15 years)	\$9,618,749
Estimated gross M&O tax benefit (15 years)	\$25,443,653

* 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 Tahoka Wind, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	200	(163)	37	\$8,000,000	-\$5,802,730	\$2,197,270
2019	6	14	19.5313	\$240,293	\$980,407	\$1,220,700
2020	6	19	25	\$240,293	\$1,956,977	\$2,197,270
2021	6	23	29	\$240,293	\$1,956,977	\$2,197,270
2022	6	25	31	\$240,293	\$2,323,187	\$2,563,480
2023	6	25	31	\$240,293	\$2,689,397	\$2,929,690
2024	6	21	27	\$240,293	\$2,445,257	\$2,685,550
2025	6	29	35	\$240,293	\$3,055,607	\$3,295,900
2026	6	25	31	\$240,293	\$2,445,257	\$2,685,550
2027	6	25	31	\$240,293	\$2,933,537	\$3,173,830
2028	6	21	27	\$240,293	\$2,689,397	\$2,929,690
2029	6	12	18	\$240,293	\$1,956,977	\$2,197,270
2030	6	10	16	\$240,293	\$1,224,547	\$1,464,840
2031	6	6	12	\$240,293	\$1,224,547	\$1,464,840
2032	6	4	10	\$240,293	\$492,127	\$732,420
2033	6	4	10	\$240,293	\$736,267	\$976,560

Source: CPA REMI, Tahoka Wind, 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	Tahoka ISD I&S Tax Levy	Tahoka ISD M&O Tax Levy	Tahoka ISD M&O and I&S Tax Levies	Lynn County Tax Levy	Lynn County Hospital District Tax Levy	High Plains Underground Water Conservation District No. 1 Tax Levy	Estimated Total Property Taxes
2019	\$335,787,200	\$335,787,200		\$960,351	\$3,928,710	\$4,889,062	\$2,988,506	\$981,170	\$25,184	\$8,858,738
2020	\$308,943,824	\$308,943,824		\$883,579	\$3,614,643	\$4,498,222	\$2,749,600	\$902,734	\$23,171	\$8,150,556
2021	\$284,246,742	\$284,246,742		\$812,946	\$3,325,687	\$4,138,633	\$2,529,796	\$830,569	\$21,319	\$7,498,998
2022	\$261,524,321	\$261,524,321		\$747,960	\$3,059,835	\$3,807,794	\$2,327,566	\$764,174	\$19,614	\$6,899,535
2023	\$240,618,655	\$240,618,655		\$688,169	\$2,815,238	\$3,503,408	\$2,141,506	\$703,088	\$18,046	\$6,348,001
2024	\$221,384,465	\$221,384,465		\$633,160	\$2,590,198	\$3,223,358	\$1,970,322	\$646,885	\$16,604	\$5,840,565
2025	\$203,688,093	\$203,688,093		\$582,548	\$2,383,151	\$2,965,699	\$1,812,824	\$595,177	\$15,277	\$5,373,699
2026	\$187,406,567	\$187,406,567		\$535,983	\$2,192,657	\$2,728,640	\$1,667,918	\$547,602	\$14,055	\$4,944,160
2027	\$172,426,751	\$172,426,751		\$493,141	\$2,017,393	\$2,510,534	\$1,534,598	\$503,831	\$12,932	\$4,548,963
2028	\$158,644,559	\$158,644,559		\$453,723	\$1,856,141	\$2,309,865	\$1,411,937	\$463,559	\$11,898	\$4,185,361
2029	\$145,964,225	\$145,964,225		\$417,458	\$1,707,781	\$2,125,239	\$1,299,082	\$426,507	\$10,947	\$3,850,828
2030	\$134,297,644	\$134,297,644		\$384,091	\$1,571,282	\$1,955,374	\$1,195,249	\$392,418	\$10,072	\$3,543,040
2031	\$123,563,756	\$123,563,756		\$353,392	\$1,445,696	\$1,799,088	\$1,099,717	\$361,053	\$9,267	\$3,259,859
2032	\$113,687,983	\$113,687,983		\$325,148	\$1,330,149	\$1,655,297	\$1,011,823	\$332,196	\$8,527	\$2,999,316
2033	\$104,601,713	\$104,601,713		\$299,161	\$1,223,840	\$1,523,001	\$930,955	\$305,646	\$7,845	\$2,759,602
			Total	\$8,570,809	\$35,062,402	\$43,633,211	\$26,671,400	\$8,756,610	\$224,759	\$79,061,221

Source: CPA, Tahoka Wind, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district, Lynn County, Lynn County Hospital District and High Plains Underground Water Conservation District No. 1 with all property tax incentives being sought 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	Tax Rate ¹	Tahoka ISD I&S Tax Levy	Tahoka ISD M&O Tax Levy	Tahoka ISD M&O and I&S Tax Levies	Lynn County Tax Levy	Lynn County Hospital District Tax Levy	High Plains Underground Water Conservation District No. 1 Tax Levy	Estimated Total Property Taxes	
2019	\$335,787,200	\$20,000,000		0.2860	1.1700		0.8900	0.2922	0.0075		
				\$960,351	\$234,000	\$1,194,351	\$0	\$196,234	\$25,184	\$1,390,585	
2020	\$308,943,824	\$20,000,000		\$883,579	\$234,000	\$1,117,579	\$0	\$180,547	\$23,171	\$1,298,126	
2021	\$284,246,742	\$20,000,000		\$812,946	\$234,000	\$1,046,946	\$0	\$166,114	\$21,319	\$1,213,059	
2022	\$261,524,321	\$20,000,000		\$747,960	\$234,000	\$981,960	\$0	\$305,670	\$19,614	\$1,287,629	
2023	\$240,618,655	\$20,000,000		\$688,169	\$234,000	\$922,169	\$0	\$281,235	\$18,046	\$1,203,404	
2024	\$221,384,465	\$20,000,000		\$633,160	\$234,000	\$867,160	\$0	\$258,754	\$16,604	\$1,125,914	
2025	\$203,688,093	\$20,000,000		\$582,548	\$234,000	\$816,548	\$0	\$357,106	\$15,277	\$1,173,654	
2026	\$187,406,567	\$20,000,000		\$535,983	\$234,000	\$769,983	\$0	\$328,561	\$14,055	\$1,098,544	
2027	\$172,426,751	\$20,000,000		\$493,141	\$234,000	\$727,141	\$0	\$302,299	\$12,932	\$1,029,439	
2028	\$158,644,559	\$20,000,000		\$453,723	\$234,000	\$687,723	\$0	\$278,136	\$11,898	\$965,859	
2029	\$145,964,225	\$145,964,225		\$417,458	\$1,707,781	\$2,125,239	\$1,299,082	\$426,507	\$10,947	\$3,850,828	
2030	\$134,297,644	\$134,297,644		\$384,091	\$1,571,282	\$1,955,374	\$1,195,249	\$392,418	\$10,072	\$3,543,040	
2031	\$123,563,756	\$123,563,756		\$353,392	\$1,445,696	\$1,799,088	\$1,099,717	\$361,053	\$9,267	\$3,259,859	
2032	\$113,687,983	\$113,687,983		\$325,148	\$1,330,149	\$1,655,297	\$1,011,823	\$332,196	\$8,527	\$2,999,316	
2033	\$104,601,713	\$104,601,713		\$299,161	\$1,223,840	\$1,523,001	\$930,955	\$305,646	\$7,845	\$2,759,602	
				Total	\$8,570,809	\$9,618,749	\$18,189,559	\$5,536,826	\$4,472,476	\$224,759	\$28,198,861
				Diff	\$0	\$25,443,653	\$25,443,653	\$21,134,573	\$4,284,134	\$0	\$50,862,361

Source: CPA, Tahoka Wind, 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 Tahoka Wind, 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	\$234,000	\$234,000	\$3,694,710	\$3,694,710
	2020	\$234,000	\$468,000	\$3,380,643	\$7,075,353
	2021	\$234,000	\$702,000	\$3,091,687	\$10,167,040
	2022	\$234,000	\$936,000	\$2,825,835	\$12,992,874
	2023	\$234,000	\$1,170,000	\$2,581,238	\$15,574,113
	2024	\$234,000	\$1,404,000	\$2,356,198	\$17,930,311
	2025	\$234,000	\$1,638,000	\$2,149,151	\$20,079,462
	2026	\$234,000	\$1,872,000	\$1,958,657	\$22,038,118
	2027	\$234,000	\$2,106,000	\$1,783,393	\$23,821,511
	2028	\$234,000	\$2,340,000	\$1,622,141	\$25,443,653
Maintain Viable Presence (5 Years)	2029	\$1,707,781	\$4,047,781	\$0	\$25,443,653
	2030	\$1,571,282	\$5,619,064	\$0	\$25,443,653
	2031	\$1,445,696	\$7,064,760	\$0	\$25,443,653
	2032	\$1,330,149	\$8,394,909	\$0	\$25,443,653
	2033	\$1,223,840	\$9,618,749	\$0	\$25,443,653
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$1,126,029	\$10,744,779	\$0	\$25,443,653
	2035	\$1,036,038	\$11,780,816	\$0	\$25,443,653
	2036	\$953,240	\$12,734,056	\$0	\$25,443,653
	2037	\$877,061	\$13,611,117	\$0	\$25,443,653
	2038	\$806,971	\$14,418,088	\$0	\$25,443,653
	2039	\$786,775	\$15,204,863	\$0	\$25,443,653
	2040	\$786,576	\$15,991,439	\$0	\$25,443,653
	2041	\$786,388	\$16,777,827	\$0	\$25,443,653
	2042	\$786,212	\$17,564,038	\$0	\$25,443,653
	2043	\$786,046	\$18,350,084	\$0	\$25,443,653

\$18,350,084

is less than

\$25,443,653

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, Tahoka Wind, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2018	200	(163)	37	\$8,000,000	-\$5,802,730	\$2,197,270	13854980	-2914430	\$16,769,410
2019	6	14	19,5313	\$240,293	\$980,407	\$1,220,700	617980	1113890	-\$495,910
2020	6	19	25	\$240,293	\$1,956,977	\$2,197,270	488280	1129150	-\$640,870
2021	6	23	29	\$240,293	\$1,956,977	\$2,197,270	289920	1045230	-\$755,310
2022	6	25	31	\$240,293	\$2,323,187	\$2,563,480	167850	938420	-\$770,570
2023	6	25	31	\$240,293	\$2,689,397	\$2,929,690	106810	801090	-\$694,280
2024	6	21	27	\$240,293	\$2,445,257	\$2,685,550	114440	686650	-\$572,210
2025	6	29	35	\$240,293	\$3,055,607	\$3,295,900	83920	564580	-\$480,660
2026	6	25	31	\$240,293	\$2,445,257	\$2,685,550	53410	442500	-\$389,090
2027	6	25	31	\$240,293	\$2,933,537	\$3,173,830	15260	335690	-\$320,430
2028	6	21	27	\$240,293	\$2,689,397	\$2,929,690	-45780	228880	-\$274,660
2029	6	12	18	\$240,293	\$1,956,977	\$2,197,270	-122070	160220	-\$282,290
2030	6	10	16	\$240,293	\$1,224,547	\$1,464,840	-160220	45780	-\$206,000
2031	6	6	12	\$240,293	\$1,224,547	\$1,464,840	-213620	-38150	-\$175,470
2032	6	4	10	\$240,293	\$492,127	\$732,420	-259400	-129700	-\$129,700
2033	6	4	10	\$240,293	\$736,267	\$976,560	-320430	-228880	-\$91,550
2034	6	4	10	\$240,293	\$980,407	\$1,220,700	-396730	-282290	-\$114,440
2035	6	4	10	\$240,293	\$736,267	\$976,560	-427250	-358580	-\$68,670
2036	6	6	12	\$240,293	\$247,987	\$488,280	-465390	-473020	\$7,630
2037	6	6	12	\$240,293	\$247,987	\$488,280	-511170	-572200	\$61,030
2038	6	2	8	\$240,293	\$3,847	\$244,140	-518800	-617980	\$99,180
2039	6	4	10	\$240,293	\$736,267	\$976,560	-549320	-709530	\$160,210
2040	6	2	8	\$240,293	\$3,847	\$244,140	-595090	-778200	\$183,110
2041	6	6	12	\$240,293	\$736,267	\$976,560	-640870	-862120	\$221,250
2042	6	8	14	\$240,293	\$980,407	\$1,220,700	-671390	-915530	\$244,140
2043	6	2	8	\$240,293	\$1,224,547	\$1,464,840	-686650	-968930	\$282,280
2044	6	4	10	\$240,293	\$1,712,837	\$1,953,130	-701900	-984190	\$282,290
2045	6	4	10	\$240,293	\$736,267	\$976,560	-793460	-1083370	\$289,910
Total							\$7,713,310	-\$4,425,020	\$12,138,330
							\$30,518,414	is greater than	\$25,443,653
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

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 Tahoka Wind, 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 Tahoka Wind, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Without the tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease.”
 - B. “Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project ... in order to reallocate resources in states with more favorable economics.”

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, contracts or letters of intent 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 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. Is the applicant evaluating other locations not in Texas for the proposed project? Yes No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? Yes No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? Yes No
10. 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

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." 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 Item 5

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

Tahoka Wind, LLC ("Tahoka Wind") is a Delaware limited liability company. Tahoka Wind has one member with 100% ownership, Lincoln Clean Energy, LLC ("LCE"). LCE has successfully developed projects involving over \$1 billion in capital investment in some of the largest electricity markets in the United States, including California, New Jersey, and Texas.

The Applicant for this Project has entered into a number of contracts related to the project, including long-term lease option agreements with area landowners and service agreements and scopes with various consultants (environmental, airspace, etc.) to assess the suitability of the site, and a request for studies leading to an interconnection agreement with the transmission provider. None of these contracts obligate Applicant to construct the Project.

In order for the Project to qualify for the federal income tax Production Tax Credit (PTC), the Applicant was required to complete a minimum amount of PTC qualification work before the statutorily imposed deadline of December 31, 2016. This work consisted of earth-moving to prepare eight (8) holes for turbine foundations (though foundations were not installed) and installation of 2,000 linear feet of road connecting two foundation holes. These pre-construction activities were not deemed to have created taxable improvements by the Lynn County Central Appraisal District and no tax bill was delivered. The pre-construction activities did not result in the creation of any Qualified Property.

The Applicant's completion of this minor amount of PTC qualification work does not, either legally or financially commit it to constructing the Project in Lynn County.

The Applicant is a national wind developer with the ability to locate projects of this type in other states within the United States and other regions within Texas with favorable wind characteristics. The Applicant is actively assessing and developing other projects outside of Texas that are competing for limited investment funds. In addition to its projects in Texas, the developer is assessing or developing projects in Oklahoma, Nebraska, Indiana, Iowa, North Dakota, South Dakota, Montana, New Mexico, Arkansas, Alabama, and Mississippi. This appraised value limitation is critical to the ability of the Project to move forward in Tahoka ISD.

Without the available tax incentives, the economics of the Project become far less attractive and the likelihood of selling the electricity at a competitive price will significantly decrease. The Applicant for this Project is competing against other developers who have been offered or are in the process of applying for Value Limitation Agreements with other school districts. Obtaining the limitation is critical to the economic and competitive viability of this Project. Without the limitation approval, the Applicant would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in states with more favorable economics.