



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 28, 2018

Jeff Byrd  
Superintendent  
Vernon Independent School District  
1713 Wilbarger Street  
Vernon, Texas 76384

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Vernon Independent School District and Lockett Windfarm, LLC, Application 1248

Dear Superintendent Byrd:

On June 11, 2018, the Comptroller issued written notice that Lockett Windfarm, LLC (applicant) submitted a completed application (Application 1248) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on March 28, 2018, to the Vernon 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.

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<sup>1</sup> All Statutory references are to the Texas Tax Code, unless otherwise noted.

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 1248.

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, 2018.

Note that any building or improvement existing as of the application review start date of June 11, 2018, 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](mailto: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 Lockett Windfarm, LLC (project) applying to Vernon 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 Lockett Windfarm, LLC.

Applicant	Lockett Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Vernon ISD
2016-2017 Average Daily Attendance	1,886
County	Wilbarger
Proposed Total Investment in District	\$184,329,000
Proposed Qualified Investment	\$194,329,000
Limitation Amount	\$30,000,000
Qualifying Time Period (Full Years)	2019-2020
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	\$1,077
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5) (B)	\$1061.99
Minimum annual wage committed to by applicant for qualified jobs	\$56,000
Minimum weekly wage required for non-qualifying jobs	\$702
Minimum annual wage required for non-qualifying jobs	\$36,479
Investment per Qualifying Job	\$30,721,500
Estimated M&O levy without any limit (15 years)	\$21,102,825
Estimated M&O levy with Limitation (15 years)	\$9,480,333
Estimated gross M&O tax benefit (15 years)	\$11,622,492

\* 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 Lockett Windfarm, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	20	25	44.54	\$800,000	\$2,110,000	\$2,910,000
2019	180	218	398	\$7,200,000	\$19,680,000	\$26,880,000
2020	6	29	35	\$336,000	\$4,204,000	\$4,540,000
2021	6	26	32	\$336,000	\$3,524,000	\$3,860,000
2022	6	16	22	\$336,000	\$2,654,000	\$2,990,000
2023	6	11	17	\$336,000	\$2,084,000	\$2,420,000
2024	6	9	15	\$336,000	\$1,744,000	\$2,080,000
2025	6	9	15	\$336,000	\$1,614,000	\$1,950,000
2026	6	9	15	\$336,000	\$1,594,000	\$1,930,000
2027	6	10	16	\$336,000	\$1,654,000	\$1,990,000
2028	6	11	17	\$336,000	\$1,754,000	\$2,090,000
2029	6	12	18	\$336,000	\$1,874,000	\$2,210,000
2030	6	9	15	\$0	\$1,680,000	\$1,680,000
2031	6	9	15	\$0	\$1,660,000	\$1,660,000
2032	6	9	15	\$0	\$1,680,000	\$1,680,000
2033	6	9	15	\$0	\$1,730,000	\$1,730,000

Source: CPA REMI, Lockett Windfarm, 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*	Vernon ISD I&S Tax Levy	Vernon ISD M&O Tax Levy	M&O and I&S Tax Levies	Wilbarger County Tax Levy	General Hosspital District Tax Levy	Vernon College Tax Levy	Estimated Total Property Taxes
				<b>0.0698</b>	<b>1.0672</b>		<b>0.4987</b>	<b>0.1605</b>	<b>0.2324</b>	
2019	\$18,329,000	\$18,329,000		\$12,797	\$195,602	\$208,398	\$91,412	\$29,412	\$42,591	\$371,813
2020	\$180,642,420	\$180,642,420		\$126,119	\$1,927,762	\$2,053,881	\$900,918	\$289,870	\$419,753	\$3,664,422
2021	\$169,803,875	\$169,803,875		\$118,552	\$1,812,096	\$1,930,648	\$846,863	\$272,477	\$394,568	\$3,444,557
2022	\$159,615,642	\$159,615,642		\$111,439	\$1,703,370	\$1,814,809	\$796,051	\$256,129	\$370,894	\$3,237,883
2023	\$150,038,704	\$150,038,704		\$104,753	\$1,601,168	\$1,705,921	\$748,288	\$240,761	\$348,640	\$3,043,610
2024	\$141,036,382	\$141,036,382		\$98,467	\$1,505,098	\$1,603,565	\$703,391	\$226,315	\$327,722	\$2,860,994
2025	\$132,574,199	\$132,574,199		\$92,559	\$1,414,792	\$1,507,351	\$661,187	\$212,737	\$308,059	\$2,689,334
2026	\$124,619,747	\$124,619,747		\$87,006	\$1,329,905	\$1,416,910	\$621,516	\$199,972	\$289,575	\$2,527,974
2027	\$117,142,562	\$117,142,562		\$81,785	\$1,250,110	\$1,331,896	\$584,225	\$187,974	\$272,201	\$2,376,295
2028	\$110,114,008	\$110,114,008		\$76,878	\$1,175,104	\$1,251,982	\$549,172	\$176,696	\$255,869	\$2,233,718
2029	\$103,507,168	\$103,507,168		\$72,266	\$1,104,597	\$1,176,863	\$516,221	\$166,094	\$240,517	\$2,099,695
2030	\$97,296,738	\$97,296,738		\$67,930	\$1,038,322	\$1,106,251	\$485,248	\$156,128	\$226,086	\$1,973,713
2031	\$91,458,933	\$91,458,933		\$63,854	\$976,022	\$1,039,876	\$456,133	\$146,760	\$212,520	\$1,855,290
2032	\$85,971,397	\$85,971,397		\$60,023	\$917,461	\$977,484	\$428,765	\$137,955	\$199,769	\$1,743,973
2033	\$80,813,114	\$80,813,114		\$56,421	\$862,413	\$918,835	\$403,039	\$129,678	\$187,783	\$1,639,334
2034	\$75,964,327	\$75,964,327		\$53,036	\$810,669	\$863,705	\$378,857	\$121,897	\$176,516	\$1,540,974
2035	\$71,406,467	\$71,406,467		\$49,854	\$762,028	\$811,882	\$356,125	\$114,583	\$165,925	\$1,448,516
2036	\$67,122,079	\$67,122,079		\$46,863	\$716,307	\$763,169	\$334,758	\$107,708	\$155,970	\$1,361,605
			<b>Total</b>	<b>\$1,380,601</b>	<b>\$21,102,825</b>	<b>\$22,483,426</b>	<b>\$9,862,170</b>	<b>\$3,173,146</b>	<b>\$4,594,957</b>	<b>\$40,113,699</b>

Source: CPA, Lockett Windfarm, LLC

\*Tax Rate per \$100 Valuation

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

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		Vernon ISD I&S Tax Levy	Vernon ISD M&O Tax Levy	M&O and I&S Tax Levies	Wilbarger County Tax Levy	General Hosspital District Tax Levy	Vernon College Tax Levy	Estimated Total Property Taxes
			Tax Rate*	0.0698	1.0672		0.4987	0.1605	0.2324	
2019	\$18,329,000	\$18,329,000		\$12,797	\$195,602	\$208,398	\$91,412	\$29,412	\$42,591	\$371,813
2020	\$180,642,420	\$30,000,000		\$126,119	\$320,151	\$446,270	\$406,044	\$289,870	\$419,753	\$1,561,937
2021	\$169,803,875	\$30,000,000		\$118,552	\$320,151	\$438,703	\$381,681	\$272,477	\$394,568	\$1,487,430
2022	\$159,615,642	\$30,000,000		\$111,439	\$320,151	\$431,590	\$358,780	\$256,129	\$370,894	\$1,417,393
2023	\$150,038,704	\$30,000,000		\$104,753	\$320,151	\$424,904	\$337,253	\$240,761	\$348,640	\$1,351,558
2024	\$141,036,382	\$30,000,000		\$98,467	\$320,151	\$418,618	\$317,018	\$226,315	\$327,722	\$1,289,674
2025	\$132,574,199	\$30,000,000		\$92,559	\$320,151	\$412,710	\$297,997	\$212,737	\$308,059	\$1,231,503
2026	\$124,619,747	\$30,000,000		\$87,006	\$320,151	\$407,157	\$280,117	\$199,972	\$289,575	\$1,176,822
2027	\$117,142,562	\$30,000,000		\$81,785	\$320,151	\$401,936	\$263,310	\$187,974	\$272,201	\$1,125,421
2028	\$110,114,008	\$30,000,000		\$76,878	\$320,151	\$397,029	\$247,512	\$176,696	\$255,869	\$1,077,105
2029	\$103,507,168	\$30,000,000		\$72,266	\$320,151	\$392,417	\$232,661	\$166,094	\$240,517	\$1,031,688
2030	\$97,296,738	\$97,296,738		\$67,930	\$1,038,322	\$1,106,251	\$485,248	\$156,128	\$226,086	\$1,973,713
2031	\$91,458,933	\$91,458,933		\$63,854	\$976,022	\$1,039,876	\$456,133	\$146,760	\$212,520	\$1,855,290
2032	\$85,971,397	\$85,971,397		\$60,023	\$917,461	\$977,484	\$428,765	\$137,955	\$199,769	\$1,743,973
2033	\$80,813,114	\$80,813,114		\$56,421	\$862,413	\$918,835	\$403,039	\$129,678	\$187,783	\$1,639,334
2034	\$75,964,327	\$75,964,327		\$53,036	\$810,669	\$863,705	\$378,857	\$121,897	\$176,516	\$1,540,974
2035	\$71,406,467	\$71,406,467		\$49,854	\$762,028	\$811,882	\$356,125	\$114,583	\$165,925	\$1,448,516
2036	\$67,122,079	\$67,122,079		\$46,863	\$716,307	\$763,169	\$334,758	\$107,708	\$155,970	\$1,361,605
			Total	\$1,380,601	\$9,480,333	\$10,860,934	\$6,056,712	\$3,173,146	\$4,594,957	\$24,685,749
			Diff	\$0	\$11,622,492	\$11,622,492	\$3,805,458	\$0	\$0	\$15,427,950

Source: CPA, Lockett Windfarm, 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 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Lockett Windfarm, 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)
<b>Limitation Pre-Years</b>	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
	2019	\$195,602	\$195,602	\$0	\$0
<b>Limitation Period (10 Years)</b>	2020	\$320,151	\$515,753	\$1,607,611	\$1,607,611
	2021	\$320,151	\$835,904	\$1,491,945	\$3,099,556
	2022	\$320,151	\$1,156,055	\$1,383,219	\$4,482,775
	2023	\$320,151	\$1,476,206	\$1,281,017	\$5,763,792
	2024	\$320,151	\$1,796,357	\$1,184,947	\$6,948,739
	2025	\$320,151	\$2,116,508	\$1,094,641	\$8,043,380
	2026	\$320,151	\$2,436,659	\$1,009,754	\$9,053,134
	2027	\$320,151	\$2,756,810	\$929,959	\$9,983,093
	2028	\$320,151	\$3,076,961	\$854,953	\$10,838,046
	2029	\$320,151	\$3,397,112	\$784,446	\$11,622,492
<b>Maintain Viable Presence (5 Years)</b>	2030	\$1,038,322	\$4,435,433	\$0	\$11,622,492
	2031	\$976,022	\$5,411,455	\$0	\$11,622,492
	2032	\$917,461	\$6,328,916	\$0	\$11,622,492
	2033	\$862,413	\$7,191,330	\$0	\$11,622,492
	2034	\$810,669	\$8,001,998	\$0	\$11,622,492
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2035	\$762,028	\$8,764,027	\$0	\$11,622,492
	2036	\$716,307	\$9,480,333	\$0	\$11,622,492
	2037	\$673,328	\$10,153,662	\$0	\$11,622,492
	2038	\$632,929	\$10,786,590	\$0	\$11,622,492
	2039	\$594,953	\$11,381,543	\$0	\$11,622,492
	2040	\$559,256	\$11,940,799	\$0	\$11,622,492
	2041	\$525,700	\$12,466,499	\$0	\$11,622,492
	2042	\$494,158	\$12,960,658	\$0	\$11,622,492
	2043	\$464,509	\$13,425,166	\$0	\$11,622,492
	2044	\$436,638	\$13,861,805	\$0	\$11,622,492

**\$13,861,805**

is greater than

**\$11,622,492**

### 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

Source: CPA, Lockett Windfarm, 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.

## 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 Lockett Wind Farm 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 Lockett Windfarm, LLC, (an affiliate of Lincoln Clean Energy) in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Lincoln Clean Energy’ 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. Lincoln Clean Energy is actively assessing and developing other projects outside of Texas that are competing for limited investment funds.”
  - B. “This appraised value limitation is critical to the ability of the Project to move forward as currently sited. Without the available tax incentives, the economics of the Project becomes less attractive and likelihood of selling the electricity at a competitive price will significantly decrease. Lockett 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, Lockett would likely terminate the Project, including the aforementioned contracts, leases, and limited improvements, in order to relocate resources in areas with more favorable economics.”
- An August 4, 2017 KAUZ Newschannel 6, (Vernon) article states that “A new wind farm project is being proposed in Wilbarger County, Vernon ISD board members discussed whether or not to approve the application during a school board meeting on Friday. The Lockett wind farm project has been discussed for more than a year. ”
- Supplemental information provided by the applicant stated the following:
  - A. Lockett Windfarm, LLC is not known by any other name.
  - B. The EROCT IGNR number is 161NR0062b

**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:
 

<input type="checkbox"/> Land has no existing improvements	<input checked="" 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:**

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, 2015, with small amounts of additional work completed in 2016 to show continuous construction. This work consisted of earth-moving to prepare five holes, three in 2015 and two in 2016, for turbine foundations (though foundations were not installed) and installation of 2,000 linear feet of road connecting the five foundation holes. These were not deemed taxable improvements by the Wilbarger County Central Appraisal District and no tax bill was delivered.

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. This appraised value limitation is critical to the ability of the Project to move forward as currently sited.

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 areas with more favorable economics.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

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# Vernon ISD discusses proposed wind farm project vote

By Jesse Canales, Reporter [CONNECT](#)

VERNON, TX (KAUZ) - A new wind farm project is being proposed in Wilbarger County. Vernon Independent School District board members discussed whether or not to approve the application during a school board meeting on Friday.

The Lockett wind farm project has been discussed for more than a year. Dan Casey, a school finance consultant with Moak, Casey & Associates, said if it is approved by the school district then they will have some options.

"They can negotiate \$100 per student in what they call supplemental payments it's an additional benefit," Casey said. "It's one of the things the law allows in most districts." Vernon ISD has more than 2,000 students.

VISD officials said they would like a deal similar to the one they received from the Electra Wind farm project, which they approved two years ago.

"[It's] somewhere close to an extra \$200,000 a year is what we are seeing from that," VISD Board President Emory Byars said.

Casey said the tax relief will also help the school district.

"The improvements in the tax base are helpful as far as paying for taxes on a bond that voters have approved for school construction and related issues," Casey said.

The development investment for the project will cost around \$185 million dollars. Byars said there is another reason they are considering the project.

"There is a long line of counties across the state of Texas, even in our area, that says 'if it doesn't get built here it will get built somewhere else,'" Byars said.

He also said if the district does not approve it, they might not get all the benefits.

"We would probably give up more than any of the other entities."

In late August, VISD will learn where and how many wind turbines will be built during the official presentation.

If the Lockett Wind Farm is approved, construction will start next year and is expected to be finished by January 1, 2019.

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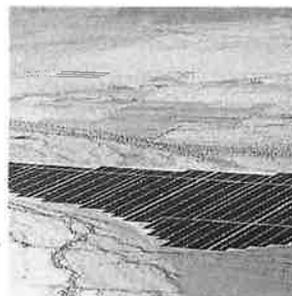
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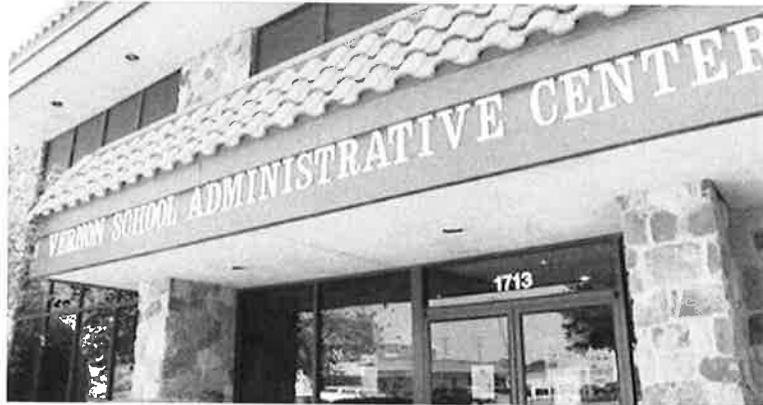


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COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)  
Vernon ISD – Lockett Windfarm, LLC App. #1248

Comptroller Questions (via email on June 11, 2018):

1. *Is the Lockett Windfarm, LLC currently known by any other project names?*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*

Applicant Response (via email on June 11, 2018):

1. *Lockett Windfarm is not known by any other name.*
2. *161NR0062b*