GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

August 24, 2018

Wynn Robinson
Superintendent
Southland Independent School District
190 Eight Street
Southland, TX 79364

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Southland Independent School District and Sage Draw Wind, LLC, Application 1249

Dear Superintendent Robinson:

On June 6, 2018, the Comptroller issued written notice that Sage Draw Wind, LLC (applicant) submitted a completed application (Application 1249) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on April 13, 2018, to the Southland 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;
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.

[1] 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 1249.

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 6, 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 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 Sage Draw Wind, LLC (project) applying to Southland 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 Sage Draw Wind, LLC.

Applicant	Sage Draw Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable energy electric generation-Wind
School District	Southland ISD
2016-2017 Average Daily Attendance	154
County	Garza
Proposed Total Investment in District	$206,500,000
Proposed Qualified Investment	$206,500,000
Limitation Amount	$20,000,000
Qualifying Time Period (Full Years)	2019-2020
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	$804.04
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	$804
Minimum annual wage committed to by applicant for qualified jobs	$41,811
Minimum weekly wage required for non-qualifying jobs	$729
Minimum annual wage required for non-qualifying jobs	$37,922
Investment per Qualifying Job	$68,833,333
Estimated M&O levy without any limit (15 years)	$21,598,606
Estimated M&O levy with Limitation (15 years)	$6,833,810
Estimated gross M&O tax benefit (15 years)	$14,764,796

** 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 Sage Draw Wind, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2019	96	109	205	$3,840,000	$11,790,000	$15,630,000
2020	3	18	21	$125,430	$2,564,570	$2,690,000
2021	3	13	16	$125,430	$2,074,570	$2,200,000
2022	3	9	12	$125,430	$1,954,570	$2,080,000
2023	3	11	14	$125,430	$1,584,570	$1,710,000
2024	3	7	10	$125,430	$1,334,570	$1,460,000
2025	3	13	16	$125,430	$1,464,570	$1,590,000
2026	3	9	12	$125,430	$1,464,570	$1,590,000
2027	3	13	16	$125,430	$1,584,570	$1,710,000
2028	3	13	16	$125,430	$1,824,570	$1,950,000
2029	3	9	12	$125,430	$2,074,570	$2,200,000
2030	3	9	12	$125,430	$1,584,570	$1,710,000
2031	3	7	10	$125,430	$1,584,570	$1,710,000
2032	3	11	14	$125,430	$1,094,570	$1,220,000
2033	3	9	12	$125,430	$1,334,570	$1,460,000
2034	3	7	10	$125,430	$1,334,570	$1,460,000

Source: CPA REMI, Sage Draw 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		Southland ISD I&S Tax Levy	Southland ISD M&O Tax Levy	Southland ISD M&O and I&S Tax Levies	Lynn County Tax Levy	Garza County Tax Levy	Lynn Hospital Tax Levy	Garza Hospital Tax Levy	High Plains UWD Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.0000**	**1.1700**		**0.8500**	**0.5946**	**0.2899**	**0.1329**	**0.0069**	
2020	$206,500,000	$206,500,000		$0	$2,416,050	$2,416,050	$807,415	$663,038	$275,397	$148,197	$14,249	$4,324,346
2021	$190,040,000	$190,040,000		$0	$2,223,468	$2,223,468	$743,056	$610,188	$253,445	$136,384	$13,113	$3,979,654
2022	$174,894,400	$174,894,400		$0	$2,046,264	$2,046,264	$683,837	$561,558	$233,246	$125,515	$12,068	$3,662,488
2023	$160,958,144	$160,958,144		$0	$1,883,210	$1,883,210	$629,346	$516,811	$214,660	$115,513	$11,106	$3,370,647
2024	$148,134,577	$148,134,577		$0	$1,733,175	$1,733,175	$579,206	$475,636	$197,558	$106,310	$10,221	$3,102,107
2025	$136,334,771	$136,334,771		$0	$1,595,117	$1,595,117	$533,069	$437,749	$181,822	$97,842	$9,407	$2,855,006
2026	$125,476,912	$125,476,912		$0	$1,468,080	$1,468,080	$490,615	$402,886	$167,341	$90,050	$8,658	$2,627,630
2027	$115,485,724	$115,485,724		$0	$1,351,183	$1,351,183	$451,549	$370,806	$154,017	$82,879	$7,969	$2,418,403
2028	$106,291,953	$106,291,953		$0	$1,243,616	$1,243,616	$415,602	$341,286	$141,755	$76,281	$7,334	$2,225,875
2029	$97,831,880	$97,831,880		$0	$1,144,633	$1,144,633	$382,523	$314,123	$130,473	$70,210	$6,750	$2,048,711
2030	$90,046,882	$90,046,882		$0	$1,053,549	$1,053,549	$352,083	$289,126	$120,090	$64,623	$6,213	$1,885,684
2031	$82,883,021	$82,883,021		$0	$969,731	$969,731	$324,073	$266,124	$110,536	$59,482	$5,719	$1,735,665
2032	$76,290,674	$76,290,674		$0	$892,601	$892,601	$298,297	$244,957	$101,744	$54,751	$5,264	$1,597,614
2033	$70,224,183	$70,224,183		$0	$821,623	$821,623	$274,577	$225,479	$93,654	$50,397	$4,845	$1,470,575
2034	$64,641,540	$64,641,540		$0	$756,306	$756,306	$252,748	$207,554	$86,209	$46,391	$4,460	$1,353,668
			Total	**$0**	**$21,598,606**	**$21,598,606**	**$7,217,996**	**$5,927,322**	**$2,461,948**	**$1,324,825**	**$127,376**	**$38,658,073**

Source: CPA, Sage Draw Wind, LLC
*Tax Rate per $100 Valuation

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

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		Southland ISD I&S Tax Levy	Southland ISD M&O Tax Levy	Southland ISD M&O and I&S Tax Levies	Lynn County Tax Levy	Garza County Tax Levy	Lynn Hospital Tax Levy	Garza Hospital Tax Levy	High Plains UWD Tax Levy	Estimated Total Property Taxes
			Tax Rate*	**0.0000**	**1.1700**		**0.8500**	**0.5946**	**0.2899**	**0.1329**	**0.0069**	
2020	$206,500,000	$20,000,000		$0	$234,000	$234,000	$0	$663,038	$0	$148,197	$6,554	$1,045,235
2021	$190,040,000	$20,000,000		$0	$234,000	$234,000	$0	$610,188	$0	$136,384	$6,032	$980,572
2022	$174,894,400	$20,000,000		$0	$234,000	$234,000	$0	$561,558	$0	$125,515	$5,551	$921,073
2023	$160,958,144	$20,000,000		$0	$234,000	$234,000	$0	$516,811	$0	$115,513	$5,109	$866,324
2024	$148,134,577	$20,000,000		$0	$234,000	$234,000	$0	$475,636	$0	$106,310	$4,702	$815,947
2025	$136,334,771	$20,000,000		$0	$234,000	$234,000	$0	$437,749	$0	$97,842	$4,327	$769,591
2026	$125,476,912	$20,000,000		$0	$234,000	$234,000	$0	$402,886	$0	$90,050	$3,983	$726,936
2027	$115,485,724	$20,000,000		$0	$234,000	$234,000	$0	$370,806	$0	$82,879	$3,666	$687,686
2028	$106,291,953	$20,000,000		$0	$234,000	$234,000	$0	$341,286	$0	$76,281	$3,374	$651,568
2029	$97,831,880	$20,000,000		$0	$234,000	$234,000	$0	$314,123	$0	$70,210	$3,105	$618,333
2030	$90,046,882	$90,046,882		$0	$1,053,549	$1,053,549	$352,083	$289,126	$120,090	$64,623	$2,858	$1,879,471
2031	$82,883,021	$82,883,021		$0	$969,731	$969,731	$324,073	$266,124	$110,536	$59,482	$2,631	$1,729,946
2032	$76,290,674	$76,290,674		$0	$892,601	$892,601	$298,297	$244,957	$101,744	$54,751	$2,421	$1,592,350
2033	$70,224,183	$70,224,183		$0	$821,623	$821,623	$274,577	$225,479	$93,654	$50,397	$2,229	$1,465,729
2034	$64,641,540	$64,641,540		$0	$756,306	$756,306	$252,748	$207,554	$86,209	$46,391	$2,052	$1,349,207
			Total	**$0**	**$6,833,810**	**$6,833,810**	**$1,501,777**	**$5,927,322**	**$512,233**	**$1,324,825**	**$58,593**	**$16,099,968**
			Diff	**$0**	**$14,764,796**	**$14,764,796**	**$5,716,218**	**$0**	**$1,949,715**	**$0**	**$68,783**	**$22,558,105**

Source: CPA, Sage Draw Wind, 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 Sage Draw 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	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
	2019	$0	$0	$0	$0
Limitation Period (10 Years)	2020	$234,000	$234,000	$2,182,050	$2,182,050
	2021	$234,000	$468,000	$1,989,468	$4,171,518
	2022	$234,000	$702,000	$1,812,264	$5,983,782
	2023	$234,000	$936,000	$1,649,210	$7,632,993
	2024	$234,000	$1,170,000	$1,499,175	$9,132,167
	2025	$234,000	$1,404,000	$1,361,117	$10,493,284
	2026	$234,000	$1,638,000	$1,234,080	$11,727,364
	2027	$234,000	$1,872,000	$1,117,183	$12,844,547
	2028	$234,000	$2,106,000	$1,009,616	$13,854,163
	2029	$234,000	$2,340,000	$910,633	$14,764,796
Maintain Viable Presence (5 Years)	2030	$1,053,549	$3,393,549	$0	$14,764,796
	2031	$969,731	$4,363,280	$0	$14,764,796
	2032	$892,601	$5,255,881	$0	$14,764,796
	2033	$821,623	$6,077,504	$0	$14,764,796
	2034	$756,306	$6,833,810	$0	$14,764,796
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$696,198	$7,530,008	$0	$14,764,796
	2036	$640,883	$8,170,890	$0	$14,764,796
	2037	$589,977	$8,760,868	$0	$14,764,796
	2038	$543,130	$9,303,998	$3	$14,764,799
	2039	$500,016	$9,804,014	$0	$14,764,799
	2040	$460,338	$10,264,352	$0	$14,764,799
	2041	$423,821	$10,688,173	$0	$14,764,799
	2042	$390,213	$11,078,387	$0	$14,764,799
	2043	$359,282	$11,437,669	$0	$14,764,799
	2044	$330,814	$11,768,483	$0	$14,764,799
		$11,768,483	is less than	**$14,764,799**	

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, Sage Draw Wind, LLC

	Employment			Personal Income			Revenue & Expenditure		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2019	96	109	205	$3,840,000	$11,790,000	$15,630,000	790000	-370000	$1,160,000
2020	3	18	21	$125,430	$2,564,570	$2,690,000	150000	120000	$30,000
2021	3	13	16	$125,430	$2,074,570	$2,200,000	140000	120000	$20,000
2022	3	9	12	$125,430	$1,954,570	$2,080,000	110000	120000	-$10,000
2023	3	11	14	$125,430	$1,584,570	$1,710,000	100000	110000	-$10,000
2024	3	7	10	$125,430	$1,334,570	$1,460,000	110000	110000	$0
2025	3	13	16	$125,430	$1,464,570	$1,590,000	140000	100000	$40,000
2026	3	9	12	$125,430	$1,464,570	$1,590,000	160000	100000	$60,000
2027	3	13	16	$125,430	$1,584,570	$1,710,000	170000	70000	$100,000
2028	3	13	16	$125,430	$1,824,570	$1,950,000	180000	60000	$120,000
2029	3	9	12	$125,430	$2,074,570	$2,200,000	220000	80000	$140,000
2030	3	9	12	$125,430	$1,584,570	$1,710,000	210000	60000	$150,000
2031	3	7	10	$125,430	$1,584,570	$1,710,000	190000	40000	$150,000
2032	3	11	14	$125,430	$1,094,570	$1,220,000	180000	40000	$140,000
2033	3	9	12	$125,430	$1,334,570	$1,460,000	140000	10000	$130,000
2034	3	7	10	$125,430	$1,334,570	$1,460,000	150000	20000	$130,000
2035	3	3	6	$125,430	$1,094,570	$1,220,000	110000	20000	$90,000
2036	3	9	12	$125,430	$1,094,570	$1,220,000	80000	-10000	$90,000
2037	3	7	10	$125,430	$854,570	$980,000	40000	-30000	$70,000
2038	3	3	6	$125,430	$854,570	$980,000	50000	-20000	$70,000
2039	3	5	8	$125,430	$854,570	$980,000	80000	-50000	$130,000
2040	3	5	8	$125,430	$1,094,570	$1,220,000	60000	-90000	$150,000
2041	3	5	8	$125,430	$854,570	$980,000	30000	-110000	$140,000
2042	3	5	8	$125,430	$1,094,570	$1,220,000	80000	-140000	$220,000
2043	3	3	6	$125,430	$1,334,570	$1,460,000	150000	-140000	$290,000
2044	3	7	10	$125,430	$2,314,570	$2,440,000	150000	-130000	$280,000
						Total	**$3,970,000**	**$90,000**	**$3,880,000**
							$15,648,483	is greater than	**$14,764,799**

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 Sage Draw 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 Sage Draw Wind, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Without the available tax incentives, the economics of the Project become 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, including the aforementioned contracts, leases, and limited improvements, in order to reallocate resources in states with more favorable economics"
- Supplemental information provided by the applicant indicated the following:
  A. The Applicant's wind project is not currently known by any other name.
  B. The Project's ERCOT IGNR number is 191NR0163
  C. The IGNR number was assigned on 1/3/2018

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:

- ☐ Land has no existing improvements
- ✓ Land has existing improvements *(complete Section 13)*
- ☐ Expansion of existing operation on the land *(complete Section 13)*
- ☐ 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:

Sage Draw Wind, LLC ("Sage Draw Wind") is a Delaware limited liability company. Sage Draw Wind has one member with 100% ownership, Lincoln Clean Energy, LLC ("LCE"). LCE has successfully developer 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. Additional Production Tax Credit (PTC) work was done prior to the deadline of December 31, 2017. The work consisted of earth moving to prepare eight (8) holes for turbine foundations (though foundations were not installed). 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 and Garza Counties.

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 Southland 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.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Southland ISD– Sage Draw Wind, LLC App. #1249

Comptroller Questions (via email on June 5, 2018):

1. *Is Sage Draw Wind Project 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.*

Comptroller Questions (via email on June 13, 2018):

1. *When was the ERCOT IGNR number assigned?*

Applicant Response (via email on June 6, 2018):

1. *The Applicant's wind project is not currently known by any other name.*

2. *The project's ERCOT IGNR number is 191NR0163.*

Applicant Response (via email on June 13, 2018):

1. *The IGNR number was assigned on 1/3/2018.*