



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 31, 2018

Raul Chavarria
Superintendent
Crockett County Consolidated Common School District
797 Ave D
Ozona, Texas 76943

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Crockett County Consolidated Common School District and White Mesa Wind, LLC, Application 1284

Dear Superintendent Chavarria:

On September 14, 2018, the Comptroller issued written notice that White Mesa Wind, LLC (applicant) submitted a completed application (Application 1284) for a limitation on appraised value under the provisions of Tax Code Chapter 313.¹ This application was originally submitted on July 18, 2018, to the Crockett County Consolidated Common 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.

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

Sec. 313.024(d) Applicant has committed 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 1284.

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 September 14, 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,

A handwritten signature in cursive script that reads "Lisa Craven".

Lisa Craven
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of White Mesa Wind, LLC (project) applying to Crockett County Consolidated Common 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 White Mesa Wind, LLC.

| | |
|---|---|
| Applicant | White Mesa Wind, LLC |
| Tax Code, 313.024 Eligibility Category | Renewable Energy Electric Generation-Wind |
| School District | Crockett County Consolidated CSD |
| 2017-2018 Average Daily Attendance | 693 |
| County | Crockett |
| Proposed Total Investment in District | \$600,000,000 |
| Proposed Qualified Investment | \$600,000,000 |
| Limitation Amount | \$25,000,000 |
| Qualifying Time Period (Full Years) | 2019-2020 |
| Number of new qualifying jobs committed to by applicant | 10 |
| Number of new non-qualifying jobs estimated by applicant | 0 |
| Average weekly wage of qualifying jobs committed to by applicant | \$867 |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B) | \$45,016 |
| Minimum annual wage committed to by applicant for qualified jobs | \$45,100 |
| Minimum weekly wage required for non-qualifying jobs | \$773 |
| Minimum annual wage required for non-qualifying jobs | \$40,210 |
| Investment per Qualifying Job | \$60,000,000 |
| Estimated M&O levy without any limit (15 years) | \$79,823,088 |
| Estimated M&O levy with Limitation (15 years) | \$25,012,396 |
| Estimated gross M&O tax benefit (15 years) | \$54,810,692 |

Table 2 is the estimated statewide economic impact of White Mesa Wind, LLC (modeled).

| Year | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
|------|--------|--------------------|---------|--------------|--------------------|---------------|
| 2019 | 393 | 2,992 | 3,385 | \$19,650,000 | \$193,118,555 | \$212,768,555 |
| 2020 | 10 | 117 | 126.953 | \$451,000 | \$25,183,766 | \$25,634,766 |
| 2021 | 10 | 35 | 45 | \$451,000 | \$15,906,422 | \$16,357,422 |
| 2022 | 10 | (24) | -14 | \$451,000 | \$8,704,273 | \$9,155,273 |
| 2023 | 10 | (47) | -37 | \$451,000 | \$4,675,953 | \$5,126,953 |
| 2024 | 10 | (57) | -47 | \$451,000 | \$1,624,195 | \$2,075,195 |
| 2025 | 10 | (49) | -39 | \$451,000 | \$159,352 | \$610,352 |
| 2026 | 10 | (47) | -37 | \$451,000 | -\$695,141 | -\$244,141 |
| 2027 | 10 | (33) | -23 | \$451,000 | -\$451,000 | \$0 |
| 2028 | 10 | (26) | -16 | \$451,000 | -\$451,000 | \$0 |
| 2029 | 10 | (14) | -4 | \$451,000 | \$281,422 | \$732,422 |
| 2030 | 10 | (14) | -4 | \$451,000 | -\$451,000 | \$0 |
| 2031 | 10 | (12) | -2 | \$451,000 | \$281,422 | \$732,422 |
| 2032 | 10 | (4) | 6 | \$451,000 | \$525,563 | \$976,563 |
| 2033 | 10 | (4) | 6 | \$451,000 | \$769,703 | \$1,220,703 |
| 2034 | 10 | (4) | 6 | \$451,000 | \$1,013,844 | \$1,464,844 |

Source: CPA REMI, White Mesa 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* | Crockett County CCSD I&S Tax Levy | Crockett County CCSD M&O Tax Levy | Crockett County CCSD M&O and I&S Tax Levies | Crockett County Tax Levy | Crockett City Groundwater District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-----------------------------------|-----------------------------------|---|--------------------------|---|--------------------------------|
| | | | | 0.0540 | 1.0600 | | 0.9500 | 0.4367 | |
| 2020 | \$591,780,000 | \$591,780,000 | | \$319,561 | \$6,272,868 | \$6,592,429 | \$5,621,910 | \$2,584,362 | \$14,798,702 |
| 2021 | \$582,900,000 | \$582,900,000 | | \$314,766 | \$6,178,740 | \$6,493,506 | \$5,537,550 | \$2,545,583 | \$14,576,639 |
| 2022 | \$573,360,000 | \$573,360,000 | | \$309,614 | \$6,077,616 | \$6,387,230 | \$5,446,920 | \$2,503,920 | \$14,338,071 |
| 2023 | \$563,040,000 | \$563,040,000 | | \$304,042 | \$5,968,224 | \$6,272,266 | \$5,348,880 | \$2,458,852 | \$14,079,998 |
| 2024 | \$551,880,000 | \$551,880,000 | | \$298,015 | \$5,849,928 | \$6,147,943 | \$5,242,860 | \$2,410,115 | \$13,800,918 |
| 2025 | \$539,820,000 | \$539,820,000 | | \$291,503 | \$5,722,092 | \$6,013,595 | \$5,128,290 | \$2,357,448 | \$13,499,333 |
| 2026 | \$526,740,000 | \$526,740,000 | | \$284,440 | \$5,583,444 | \$5,867,884 | \$5,004,030 | \$2,300,326 | \$13,172,240 |
| 2027 | \$512,700,000 | \$512,700,000 | | \$276,858 | \$5,434,620 | \$5,711,478 | \$4,870,650 | \$2,239,012 | \$12,821,140 |
| 2028 | \$497,520,000 | \$497,520,000 | | \$268,661 | \$5,273,712 | \$5,542,373 | \$4,726,440 | \$2,172,720 | \$12,441,532 |
| 2029 | \$481,080,000 | \$481,080,000 | | \$259,783 | \$5,099,448 | \$5,359,231 | \$4,570,260 | \$2,100,924 | \$12,030,416 |
| 2030 | \$463,380,000 | \$463,380,000 | | \$250,225 | \$4,911,828 | \$5,162,053 | \$4,402,110 | \$2,023,627 | \$11,587,790 |
| 2031 | \$444,240,000 | \$444,240,000 | | \$239,890 | \$4,708,944 | \$4,948,834 | \$4,220,280 | \$1,940,041 | \$11,109,154 |
| 2032 | \$423,600,000 | \$423,600,000 | | \$228,744 | \$4,490,160 | \$4,718,904 | \$4,024,200 | \$1,849,904 | \$10,593,008 |
| 2033 | \$401,280,000 | \$401,280,000 | | \$216,691 | \$4,253,568 | \$4,470,259 | \$3,812,160 | \$1,752,430 | \$10,034,849 |
| 2034 | \$377,160,000 | \$377,160,000 | | \$203,666 | \$3,997,896 | \$4,201,562 | \$3,583,020 | \$1,647,095 | \$9,431,678 |
| | | | Total | \$4,066,459 | \$79,823,088 | \$83,889,547 | \$71,539,560 | \$32,886,359 | \$188,315,466 |

Source: CPA, White Mesa Wind, LLC

*Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Crockett 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 | Tax Rate* | Crockett County CCSD I&S Tax Levy | Crockett County CCSD M&O Tax Levy | Crockett County CCSD M&O and I&S Tax Levies | Crockett County Tax Levy | Crockett City Groundwater District Tax Levy | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|--------------|-----------------------------------|-----------------------------------|---|--------------------------|---|--------------------------------|
| | | | | 0.0540 | 1.0600 | | 0.9500 | 0.4367 | |
| 2020 | \$591,780,000 | \$25,000,000 | | \$319,561 | \$265,000 | \$584,561 | \$2,248,764 | \$2,584,362 | \$5,417,688 |
| 2021 | \$582,900,000 | \$25,000,000 | | \$314,766 | \$265,000 | \$579,766 | \$2,215,020 | \$2,545,583 | \$5,340,369 |
| 2022 | \$573,360,000 | \$25,000,000 | | \$309,614 | \$265,000 | \$574,614 | \$2,178,768 | \$2,503,920 | \$5,257,303 |
| 2023 | \$563,040,000 | \$25,000,000 | | \$304,042 | \$265,000 | \$569,042 | \$2,139,552 | \$2,458,852 | \$5,167,446 |
| 2024 | \$551,880,000 | \$25,000,000 | | \$298,015 | \$265,000 | \$563,015 | \$2,097,144 | \$2,410,115 | \$5,070,274 |
| 2025 | \$539,820,000 | \$25,000,000 | | \$291,503 | \$265,000 | \$556,503 | \$3,076,974 | \$2,357,448 | \$5,990,925 |
| 2026 | \$526,740,000 | \$25,000,000 | | \$284,440 | \$265,000 | \$549,440 | \$3,002,418 | \$2,300,326 | \$5,852,184 |
| 2027 | \$512,700,000 | \$25,000,000 | | \$276,858 | \$265,000 | \$541,858 | \$2,922,390 | \$2,239,012 | \$5,703,260 |
| 2028 | \$497,520,000 | \$25,000,000 | | \$268,661 | \$265,000 | \$533,661 | \$2,835,864 | \$2,172,720 | \$5,542,244 |
| 2029 | \$481,080,000 | \$25,000,000 | | \$259,783 | \$265,000 | \$524,783 | \$2,742,156 | \$2,100,924 | \$5,367,864 |
| 2030 | \$463,380,000 | \$463,380,000 | | \$250,225 | \$4,911,828 | \$5,162,053 | \$4,402,110 | \$2,023,627 | \$11,587,790 |
| 2031 | \$444,240,000 | \$444,240,000 | | \$239,890 | \$4,708,944 | \$4,948,834 | \$4,220,280 | \$1,940,041 | \$11,109,154 |
| 2032 | \$423,600,000 | \$423,600,000 | | \$228,744 | \$4,490,160 | \$4,718,904 | \$4,024,200 | \$1,849,904 | \$10,593,008 |
| 2033 | \$401,280,000 | \$401,280,000 | | \$216,691 | \$4,253,568 | \$4,470,259 | \$3,812,160 | \$1,752,430 | \$10,034,849 |
| 2034 | \$377,160,000 | \$377,160,000 | | \$203,666 | \$3,997,896 | \$4,201,562 | \$3,583,020 | \$1,647,095 | \$9,431,678 |
| | | | | | | | | | |
| | | | Total | \$4,066,459 | \$25,012,396 | \$29,078,855 | \$45,500,820 | \$32,886,359 | \$107,466,034 |
| | | | Diff | \$0 | \$54,810,692 | \$54,810,692 | \$26,038,740 | \$0 | \$80,849,432 |

Source: CPA, White Mesa 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 White Mesa 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 | \$265,000 | \$265,000 | \$6,007,868 | \$6,007,868 |
| | 2021 | \$265,000 | \$530,000 | \$5,913,740 | \$11,921,608 |
| | 2022 | \$265,000 | \$795,000 | \$5,812,616 | \$17,734,224 |
| | 2023 | \$265,000 | \$1,060,000 | \$5,703,224 | \$23,437,448 |
| | 2024 | \$265,000 | \$1,325,000 | \$5,584,928 | \$29,022,376 |
| | 2025 | \$265,000 | \$1,590,000 | \$5,457,092 | \$34,479,468 |
| | 2026 | \$265,000 | \$1,855,000 | \$5,318,444 | \$39,797,912 |
| | 2027 | \$265,000 | \$2,120,000 | \$5,169,620 | \$44,967,532 |
| | 2028 | \$265,000 | \$2,385,000 | \$5,008,712 | \$49,976,244 |
| | 2029 | \$265,000 | \$2,650,000 | \$4,834,448 | \$54,810,692 |
| Maintain Viable Presence (5 Years) | 2030 | \$4,911,828 | \$7,561,828 | \$0 | \$54,810,692 |
| | 2031 | \$4,708,944 | \$12,270,772 | \$0 | \$54,810,692 |
| | 2032 | \$4,490,160 | \$16,760,932 | \$0 | \$54,810,692 |
| | 2033 | \$4,253,568 | \$21,014,500 | \$0 | \$54,810,692 |
| | 2034 | \$3,997,896 | \$25,012,396 | \$0 | \$54,810,692 |
| Additional Years as Required by 313.026(c)(1) (10 Years) | 2035 | \$3,721,872 | \$28,734,268 | \$0 | \$54,810,692 |
| | 2036 | \$3,423,588 | \$32,157,856 | \$0 | \$54,810,692 |
| | 2037 | \$3,101,772 | \$35,259,628 | \$0 | \$54,810,692 |
| | 2038 | \$2,754,516 | \$38,014,144 | \$0 | \$54,810,692 |
| | 2039 | \$2,378,640 | \$40,392,784 | \$0 | \$54,810,692 |
| | 2040 | \$1,973,508 | \$42,366,292 | \$0 | \$54,810,692 |
| | 2041 | \$1,590,000 | \$43,956,292 | \$0 | \$54,810,692 |
| | 2042 | \$1,590,000 | \$45,546,292 | \$0 | \$54,810,692 |
| | 2043 | \$1,590,000 | \$47,136,292 | \$0 | \$54,810,692 |
| | 2044 | \$1,590,000 | \$48,726,292 | \$0 | \$54,810,692 |

\$48,726,292

is less than

\$54,810,692

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

Source: CPA, White Mesa Wind, LLC

| Year | Employment | | | Personal Income | | | Revenue & Expenditure | | | |
|--------------|------------|--------------------|---------|-----------------|--------------------|--------------|-----------------------|---------------------|---------------------|---------------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total | Revenue | Expenditure | Net Tax Effect | |
| 2019 | 393 | 2,992 | 3,385 | \$19,650,000 | \$193,118,555 | ##### | 25619506.8 | -6210327.1 | \$31,829,834 | |
| 2020 | 10 | 117 | 126.953 | \$451,000 | \$25,183,766 | \$25,634,766 | 1213073.7 | 2380371.1 | -\$1,167,297 | |
| 2021 | 10 | 35 | 45 | \$451,000 | \$15,906,422 | \$16,357,422 | 984191.9 | 2349853.5 | -\$1,365,662 | |
| 2022 | 10 | (24) | -14 | \$451,000 | \$8,704,273 | \$9,155,273 | 656127.9 | 2250671.4 | -\$1,594,544 | |
| 2023 | 10 | (47) | -37 | \$451,000 | \$4,675,953 | \$5,126,953 | 518798.8 | 2082824.7 | -\$1,564,026 | |
| 2024 | 10 | (57) | -47 | \$451,000 | \$1,624,195 | \$2,075,195 | 495910.6 | 1914978 | -\$1,419,067 | |
| 2025 | 10 | (49) | -39 | \$451,000 | \$159,352 | \$610,352 | 450134.3 | 1724243.2 | -\$1,274,109 | |
| 2026 | 10 | (47) | -37 | \$451,000 | -\$695,141 | -\$244,141 | 366210.9 | 1541137.7 | -\$1,174,927 | |
| 2027 | 10 | (33) | -23 | \$451,000 | -\$451,000 | \$0 | 373840.3 | 1350402.8 | -\$976,563 | |
| 2028 | 10 | (26) | -16 | \$451,000 | -\$451,000 | \$0 | 335693.4 | 1190185.5 | -\$854,492 | |
| 2029 | 10 | (14) | -4 | \$451,000 | \$281,422 | \$732,422 | 404357.9 | 1083374 | -\$679,016 | |
| 2030 | 10 | (14) | -4 | \$451,000 | -\$451,000 | \$0 | 343322.8 | 961303.7 | -\$617,981 | |
| 2031 | 10 | (12) | -2 | \$451,000 | \$281,422 | \$732,422 | 328064 | 839233.4 | -\$511,169 | |
| 2032 | 10 | (4) | 6 | \$451,000 | \$525,563 | \$976,563 | 312805.2 | 755310.1 | -\$442,505 | |
| 2033 | 10 | (4) | 6 | \$451,000 | \$769,703 | \$1,220,703 | 282287.6 | 640869.1 | -\$358,582 | |
| 2034 | 10 | (4) | 6 | \$451,000 | \$1,013,844 | \$1,464,844 | 244140.6 | 556945.8 | -\$312,805 | |
| 2035 | 10 | (2) | 8 | \$451,000 | \$1,013,844 | \$1,464,844 | 205993.7 | 480651.9 | -\$274,658 | |
| 2036 | 10 | (2) | 8 | \$451,000 | \$769,703 | \$1,220,703 | 152587.9 | 373840.3 | -\$221,252 | |
| 2037 | 10 | (4) | 6 | \$451,000 | \$769,703 | \$1,220,703 | 114440.9 | 312805.2 | -\$198,364 | |
| 2038 | 10 | (10) | 0 | \$451,000 | \$1,013,844 | \$1,464,844 | 106811.5 | 282287.6 | -\$175,476 | |
| 2039 | 10 | (6) | 4 | \$451,000 | \$769,703 | \$1,220,703 | 61035.2 | 190734.9 | -\$129,700 | |
| 2040 | 10 | (10) | 0 | \$451,000 | \$525,563 | \$976,563 | 0 | 137329.1 | -\$137,329 | |
| 2041 | 10 | (10) | 0 | \$451,000 | \$37,281 | \$488,281 | -30517.6 | 68664.6 | -\$99,182 | |
| 2042 | 10 | (12) | -2 | \$451,000 | -\$206,859 | \$244,141 | -30517.6 | 15258.8 | -\$45,776 | |
| 2043 | 10 | (20) | -10 | \$451,000 | \$525,563 | \$976,563 | 0 | -30517.6 | \$30,518 | |
| 2044 | 10 | (14) | -4 | \$451,000 | \$1,990,406 | \$2,441,406 | 30517.6 | -22888.2 | \$53,406 | |
| 2045 | 10 | (12) | -2 | \$451,000 | \$1,502,125 | \$1,953,125 | -15258.8 | -106811.5 | \$91,553 | |
| 2046 | 10 | (10) | 0 | \$451,000 | \$1,990,406 | \$2,441,406 | 61035.2 | -68664.6 | \$129,700 | |
| Total | | | | | | | | \$33,584,595 | \$17,044,067 | \$16,540,527 |
| | | | | | | | | \$65,266,819 | is greater than | \$54,810,629 |

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 White Mesa 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 White Mesa Wind, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “The Project is in the middle stages of development as of the date of this application. This Project was selected as a candidate to explore for development because of the fertile wind resource and investment made in Crockett, access to the ERCOT market, and the favorable property tax incentives under the Tax Code, including the potential availability of tax abatement agreements under Tax Code Chapter 312 and a value limitation agreement under Tax Code Chapter 313.”
 - B. “A myriad of variables remain undetermined at this early stage, and Apex could elect to allocate resources to other developable counties and/or states competing for similar projects where Apex has land interests. Apex would like to develop and build its proposed project, but given the number of undetermined variables at this early stage, a Chapter 313 Appraised Value Limitation Agreement is necessary to make the economics of the project viable by providing relief for the greatest operational cost of the project. If Apex cannot secure a Chapter 313 Appraised Value Limitation Agreement, resources will be likely reallocated to other developable counties and/or states competing for similar projects where Apex has land interests.”
- Per Comptroller research:
 - A. Per the *White Mesa Wind* website under “About White Mesa Wind- Why Crockett County?” it states “Rural Crockett County was selected by Apex Clean Energy after a thorough examination of many candidate sites within Texas for the following reasons: Verified wind resource, Expansive commercial farmland, Existing network of state highways, Avoids sensitive military and environmental areas, Strong local landowner and community support.”
 - B. Also on the *White Mesa Wind* website under “About White Mesa Wind- Wind Energy for Rural America,” Apex stated that “Now, a new study confirms wind energy is at the point where it’s cheaper than coal, even without subsidies. *”

- Supplemental information provided by the applicant:
 - A. When asked if the project had alternative names, they stated “The project hasn’t had any other names.”
 - B. The project has applied to ERCOT and the IGNR number is 19INR0128 which was assigned 1/29/18.
 - C. The White Mesa Wind site went “live” on May 18, 2018.
 - D. The Applicant did not consider a website to be equivalent to “a public statement in an SEC filing or other document.” Our interpretation of “other document” was not broad enough to include a website. This is the only reason that the Applicant checked “NO” on Section 8, Question 4. There was no attempt to hold back any relevant information from the Comptroller for its determining factor analysis.
 - E. Apex sometimes finds it useful to publish a website with information about a possible project and about wind energy projects in general when it is in the process of introducing itself to landowners for the purpose of negotiating wind energy agreements such as leases and easements. When a potential participating landowner has questions about either (i) the proposed project, (ii) Apex’s history and experience as a developer, or (iii) wind energy projects in general, the Apex employees meeting with landowners in the field can point them to the website for that information. It ensures that consistent information is being supplied to all potential landowners (and it gives landowners some assurance that they are all being provided the same information). It also displays a level of professionalism to landowners so that they will have confidence in Apex’s ability to develop a good project that will use their land responsibly. In summary, the website is a tool to assist with the Applicant’s development efforts in the project area. It does not serve as an announcement that a project is definitely going to be built.
 - F. The White Mesa project still faces development obstacles and financial obstacles, including securing a 313 agreement from the school district. All of the statements that were made in Tab 5 of the application to assist the Comptroller in its “determining factor” analysis remain true. The securing of a Chapter 313 agreement remains an essential factor in Apex selecting the White Mesa project for development over its other current pending development opportunities.

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 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 5

Documentation to assist in determining if limitation is a determining factor

Apex, the ultimate parent company of White Mesa Wind, LLC, has been in the renewable energy sector for over nine years and has capabilities in the development, financing, construction and operation of over 14,000 MW of independent power assets throughout the United States, of which over 1000 MW have the opportunity to be developed in Texas.

The Project is in the middle stages of development as of the date of this application. This Project was selected as a candidate to explore for development because of the fertile wind resource and investment made in Crockett, access to the ERCOT market, and the favorable property tax incentives under the Tax Code, including the potential availability of tax abatement agreements under Tax Code Chapter 312 and a value limitation agreement under Tax Code Chapter 313.

The approval of the Project's application for a Chapter 313 Appraised Value Limitation remains an essential factor in the Project being selected for development by Apex. A myriad of variables remain undetermined at this early stage, and Apex could elect to allocate resources to other developable counties and/or states competing for similar projects where Apex has land interests.

Apex would like to develop and build its proposed project, but given the number of undetermined variables at this early stage, a Chapter 313 Appraised Value Limitation Agreement is necessary to make the economics of the project viable by providing relief for the greatest operational cost of the project. If Apex cannot secure a Chapter 313 Appraised Value Limitation Agreement, resources will be likely reallocated to other developable counties and/or states competing for similar projects where Apex has land interests. Apex is currently developing the following facilities that are competing for investment capital with the proposed project in Crockett County:

- a. A large wind farm in Illinois known internally as "Lincoln Land";
- b. A large wind farm in Minnesota known internally as "Big Bend" ;
- c. A large wind farm in Michigan known internally as "Isabella";
- d. A large wind farm in Indiana known internally as "Roaming Bison";
- e. A large wind farm in Colorado known internally as "Antelope Creek"; and
- f. A large wind farm in New Mexico known internally as "Grady Martin."

Supporting Information

Additional information
provided by the Applicant or
located by the Comptroller

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2)
– Crockett County CCSD– White Mesa Wind, LLC App. #1284

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

1. *List any other names by which this project may have known in the past--in media reports, investor presentations, or any listings with any federal or state agency.*
2. *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number and date it was assigned.*

Comptroller Questions (via email on October 9, 2018):

1. *While doing research on the project I found <http://www.whitemesawind.com>/can you tell me when this site was created?*

Comptroller Questions (via email on October 12, 2018):

1. *Why no statement was indicated on the application for the White Mesa Wind website (<http://whitemesawind.com>) under Tab5 and Section 8 Question 4?*
2. *Explain the purpose of the White Mesa Wind website as it pertains to this project and its potential location?*
3. *The White Mesa Wind website became active on May 18, 2018 which is before a chapter 313 application was filed with Crockett County CCSD, can you explain the discrepancy?*

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

1. *The project hasn't had any other names.*
2. *IGNR: 19INR0128 assigned 1/29/18*

Applicant Response (via email on October 9, 2018):

1. *The site was "live" on May 18, 2018.*

Applicant Response (via email on October 15, 2018):

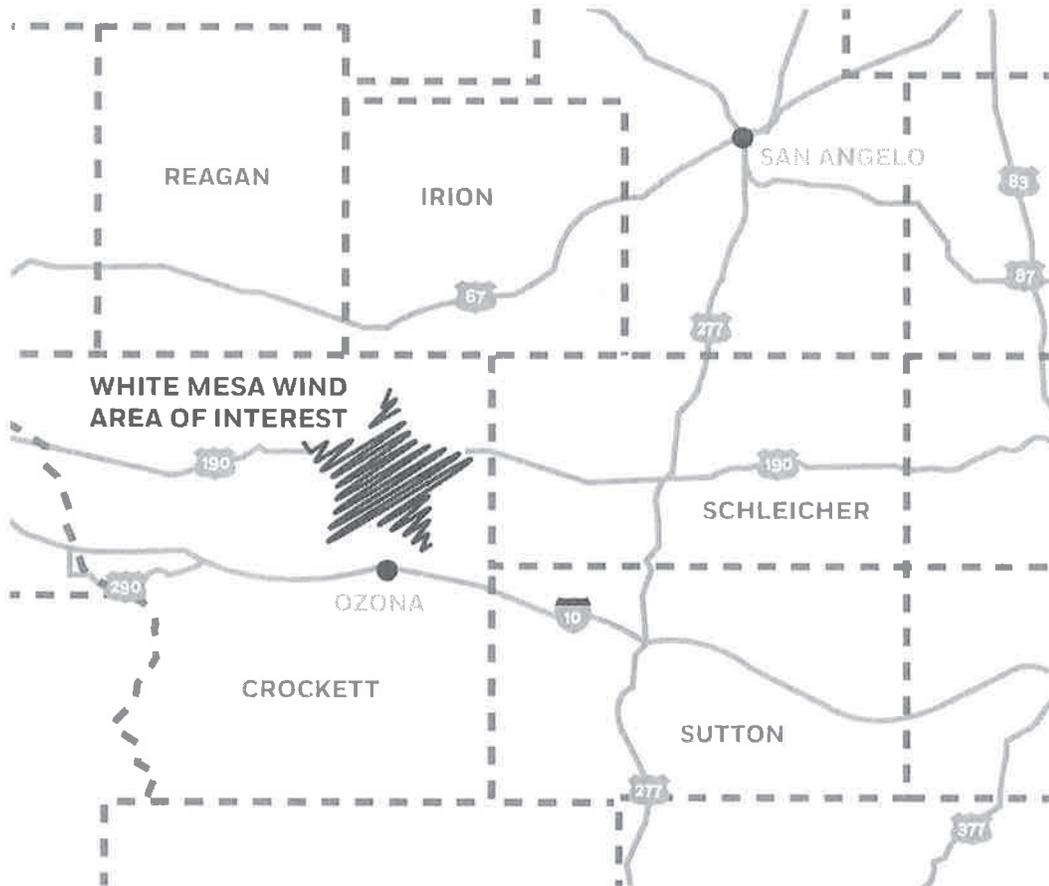
1. *The Applicant did not consider a website to be equivalent to "a public statement in an SEC filing or other document." Our interpretation of "other document" was not broad enough to include a website. This is the only reason that the Applicant checked "NO" on Section 8, Question 4. There was no attempt to hold*

back any relevant information from the Comptroller for its determining factor analysis.

2. *Apex sometimes finds it useful to publish a website with information about a possible project and about wind energy projects in general when it is in the process of introducing itself to landowners for the purpose of negotiating wind energy agreements such as leases and easements. When a potential participating landowner has questions about either (i) the proposed project, (ii) Apex's history and experience as a developer, or (iii) wind energy projects in general, the Apex employees meeting with landowners in the field can point them to the website for that information. It ensures that consistent information is being supplied to all potential landowners (and it gives landowners some assurance that they are all being provided the same information). It also displays a level of professionalism to landowners so that they will have confidence in Apex's ability to develop a good project that will use their land responsibly. In summary, the website is a tool to assist with the Applicant's development efforts in the project area. It does not serve as an announcement that a project is definitely going to be built.*
3. *The White Mesa project still faces development obstacles and financial obstacles, including securing a 313 agreement from the school district. All of the statements that were made in Tab 5 of the application to assist the Comptroller in its "determining factor" analysis remain true. The securing of a Chapter 313 agreement remains an essential factor in Apex selecting the White Mesa project for development over its other current pending development opportunities.*



HOME >



WHITE MESA WIND PROJECT PROFILE

Apex Clean Energy will be actively meeting with landowners, community leaders, and the public to share information about White Mesa Wind as the project progresses. We are excited to be a part of your community.

Many of the details about the proposed White Mesa project are yet to be determined. For example, it's far too early to tell which turbines we will use, exactly how many there will be, or where these turbines will be located. However, as we continue to develop this project, more of these details will be determined, and we will share project updates with you here on this site.

PROJECT SUMMARY

- Planned to be located on approximately 50,000 acres of open farmland in rural Crockett County
- Capable of producing up to 500 MW of clean, homegrown energy, enough to power 180,000 U.S. homes each year
- Expected to consist of up to 150 wind turbines, spaced approximately 1/4 to 1/2 mile apart on active farmland
- Each wind turbine, including the access road, typically requires less than half an acre of land
- Farmers would continue farming their land with very limited disturbance
- Will represent a significant investment in local economy with revenues for farmers, local government, and schools
- Will create up to 200 full-time-equivalent jobs during construction
- Will create up to 12 permanent jobs at a local operations and maintenance facility

WHY CROCKETT COUNTY?

If built, White Mesa will have a capacity of up to 500 MW, producing enough energy to power 180,000 homes every year. Representing a private investment in excess of \$582 million, White Mesa will benefit the economy of Crockett County in the near term with construction jobs and local purchasing of materials and services. In the long term, the project promises to bring sustained tax revenue to the county for the local government as well as 30 years of local purchasing, employment, and investment.



Rural Crockett County was selected by Apex Clean Energy after a thorough examination of many candidate sites within Texas for the following reasons:

- Verified wind resource
- Expansive commercial farmland
- Existing network of state highways

- Avoids sensitive military and environmental areas
- Strong local landowner and community support

Farmers who host turbines on their property and other participating landowners will also receive annual lease payments. These payments will continue over the projected 30-year lifespan of the wind farm, injecting millions of dollars into the economy of Crockett County to support local merchants, contractors, and equipment suppliers.

WIND ENERGY FOR RURAL AMERICA

The cost of wind energy has dropped more than 50% over the past five years, providing a cost-competitive source for clean electricity across the nation. Now, a new study confirms wind energy is at the point where it's cheaper than coal, even without subsidies.* Wind powers the equivalent of 18 million American homes each year.** Wind energy comes with many benefits, including reduced pollution, increased domestic employment, consumer cost savings, water conservation, nationwide availability, and increased community revenues.*** Wind turbines compliment working farms, because they allow for existing agricultural operations to continue around them. They also help farmers by diversifying the rural economy and providing a consistent, drought-resistant new harvest.

POTENTIAL TIMELINE

There are many steps in the process to completion of White Mesa. This means construction is unlikely before 2019. Apex will be working closely with Crockett County on the project planning and permitting, offering additional opportunities for the public to provide input into the process.

*Minnesota Public Radio, *Study: Renewable energy now Minnesota's 2nd-largest electricity source*, March 2018

**AWEA, *Wind Energy Facts at a Glance*, March 2015

***Department of Energy, *Wind Vision: A New Era for Wind Power in the United States*, 2015

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