

FINDINGS
of the
***ZAPATA COUNTY INDEPENDENT
SCHOOL DISTRICT
BOARD OF TRUSTEES***

**Under Chapter 313 of the
Texas Tax Code**

**ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY**

SUBMITTED BY

LAS LOMAS WIND PROJECT, LLC

Comptroller Application Number 1358

December 18, 2019

RESOLUTION AND FINDINGS OF FACT
of the
ZAPATA COUNTY INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY
SUBMITTED BY LAS LOMAS WIND PROJECT, LLC

STATE OF TEXAS §
COUNTY OF ZAPATA §
ZAPATA COUNTY INDEPENDENT SCHOOL DISTRICT §

PREAMBLE

On the 18th day of December, 2019, a public meeting of the Board of Trustees of the Zapata County Independent School District (the “Board”) was held to solicit input from interested parties on the application by Las Lomas Wind Project, LLC¹ (“Las Lomas Wind Project” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by Las Lomas Wind Project for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Analysis under Texas Tax Code §313.026, the Board of Trustees of the Zapata County Independent School District, in accordance with Texas Tax Code §313.025(e) and (f) and 34 T.A.C. §9.1054, makes the following Findings regarding the Application:

On or about the 27th day of March, 2019, the Board of Trustees for the Zapata County Independent School District received an Application for Appraised Value Limitation on Qualified Property from Las Lomas Wind Project, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for a renewable energy electric generation project; specifically, a renewable energy project using wind turbines (the “Property”). *See* Application, §6.2.5, and Tab 4, attached hereto as Attachment A; *see also* Attachment D. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon the District’s determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about April 9, 2019. Thereafter, on or about June 4, 2019, the District on behalf of the Applicant, submitted pages for Amendment No. 01 (revised §§ 12 and 14, Tabs 4, 7, 8, 11, 12, 13 and Schedules); on or about June 27, 2019, submitted pages for Amendment No. 2 (revised map); and, on or about August 8, 2019, submitted Amendment No. 3 (update all references to Applicant name). Thereafter, on or about August 15, 2019 and September 3, 2019, the Applicant

¹The Application was filed by “Las Lomas Wind Energy, LLC.” Applicant changed its name to Las Lomas Wind Project, LLC, and the comptroller was notified of this change in Amendment No. 3, dated August 8, 2019.

submitted pages collectively as Supplement No. 1 (§14, Tabs 3, 11 and 13). The Comptroller issued its notice of completeness and determined the Application complete as of July 2, 2019, the Application Review Start Date. The Application and Amendment Nos. 01, 02 and 03 and Supplement No. 1 are hereafter collectively referred to as the “Application.” A copy of the Application and Comptroller’s completeness letter of July 2, 2019 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for Las Lomas Wind Project, LLC is 32057777529. Las Lomas Wind Project is an entity subject to Chapter 171 of the Texas Tax Code and is active and has the right to transact business in Texas, a represented by the Texas Comptroller of Public Accounts and as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §§313.025(a)(1) and 313.031(b) of the Texas Tax Code, 34 T.A.C. §9.1054(a), and Local District Policy.

The Application was delivered to the Texas Comptroller’s Office for review pursuant to §313.025(b) of the Texas Tax Code.

A copy of the Application was delivered to the Zapata County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller’s Office pursuant to Texas Tax Code §§313.024, 313.025 and 313.026. After receipt of the Application, the Texas Comptroller’s Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on September 18, 2019 that the Application be approved (the “Certificate Decision”). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Zapata County Independent School District. A copy of a revised report prepared by Moak, Casey & Associates and dated July 7, 2019 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of property applicable to the Las Lomas Wind Project Application in the Zapata County Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within a rural school district, Category 2 of §313.054 of the Texas Tax Code at the time the Certificate Decision was issued. *See* “2018 Property Value Study Report,” attached hereto as Attachment G; *see also* Attachment D.

The District’s Board of Trustees, by resolution dated November 20, 2019, granted Applicant’s request to extend the statutory deadline by which the District must consider its Application until

December 31, 2019. The Comptroller was provided notice of this extension, as set out under 34 Texas Administrative Code §9.1054(d). See Resolution authorizing extension of consideration period and notice to Applicant, collectively attached hereto as Attachment K.

After receipt of the completed Application, the District entered into negotiations with Las Lomas Wind Project regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the “Agreement”) pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller’s Office, the parties changed only the provisions of the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code §9.1051 and adopted by §9.1052(a)(6)) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). See copy of November 18, 2019, Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller’s Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Las Lomas Wind Project’s Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

Board Finding Number 1.

Based on the Application and the Comptroller’s Certificate Decision, the Property meets the requirements of Texas Tax Code §313.024 for eligibility for a limitation on appraised value under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation project.

In support of Finding Number 1, the Comptroller’s Certificate Decision states:

Determination required by 313.025(h)

* * *

Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

* * *

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.

See Attachment C. See also Attachment A (Tab 1, §6.2(5) and Tabs 4 and 8) and Attachment D.

Board Finding Number 2.

The project proposed by Applicant is reasonably likely to generate sufficient tax revenue to offset the 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.

In support of Finding Number 2, the Certificate Decision states:

Certification 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 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.

See Attachment C.

Also in support of Finding Number 2, the Comptroller's Economic Impact Analysis states:

Attachment B - Tax Revenue before 25th Anniversary of Limitation Start

This [table] represents the Comptroller's determination that Las Lomas Wind Project, 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.

[see table on next page]

	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	2018	\$0	\$0	\$0	\$0
	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2021	\$260,000	\$260,000	\$1,778,400	\$1,778,400
	2022	\$260,000	\$520,000	\$1,635,712	\$3,414,112
	2023	\$260,000	\$780,000	\$1,503,008	\$4,917,120
	2024	\$260,000	\$1,040,000	\$1,379,602	\$6,296,722
	2025	\$260,000	\$1,300,000	\$1,264,827	\$7,561,549
	2026	\$260,000	\$1,560,000	\$1,158,092	\$8,719,641
	2027	\$260,000	\$1,820,000	\$1,058,824	\$9,778,465
	2028	\$260,000	\$2,080,000	\$966,503	\$10,744,968
	2029	\$260,000	\$2,340,000	\$880,651	\$11,625,619
	2030	\$260,000	\$2,600,000	\$800,810	\$12,426,430
Maintain Viable Presence (5 Years)	2031	\$1,007,770	\$3,607,770	\$0	\$12,426,430
	2032	\$957,382	\$4,565,153	\$0	\$12,426,430
	2033	\$909,511	\$5,474,664	\$0	\$12,426,430
	2034	\$864,032	\$6,338,696	\$0	\$12,426,430
	2035	\$820,830	\$7,159,526	\$0	\$12,426,430
Additional Years as Required by 313.026(c)(1) (10 Years)	2036	\$779,792	\$7,939,318	\$0	\$12,426,430
	2037	\$740,802	\$8,680,121	\$0	\$12,426,430
	2038	\$703,758	\$9,383,878	\$0	\$12,426,430
	2039	\$668,574	\$10,052,453	\$0	\$12,426,430
	2040	\$635,149	\$10,687,602	\$0	\$12,426,430
	2041	\$603,387	\$11,290,989	\$0	\$12,426,430
	2042	\$573,217	\$11,864,206	\$0	\$12,426,430
	2043	\$544,554	\$12,408,760	\$0	\$12,426,430
	2044	\$520,000	\$12,928,760	\$0	\$12,426,430
	2045	\$520,000	\$13,448,760	\$0	\$12,426,430

\$13,448,760

is greater than

\$12,426,430

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, Las Lomas Wind Project, LLC

See Attachment D.

Board Finding Number 3.

The new qualifying jobs creation requirement under § 313.051(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant’s facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant submitted information as Tab 12 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Applicant states that a project of the size and type described in the Application will require less than ten (10) permanent jobs. Applicant reports in Tab 12 that wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences. This number will vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. The permanent employees of a wind project maintain, and service wind

turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations. Applicant further reports the industry standard for employment is typically one full-time employee for approximately every 15 turbines. In line with that industry standard for job requirements, Las Lomas Wind Project, LLC has committed to create three (3) total jobs for the anticipated 43 wind turbines within Zapata County ISD for this project. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J. See also Attachment A, §14 of Tab 1 and Tab 4.

Board Finding Number 4.

The Applicant will create three (3) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$34,477 (\$663 per week), an amount equal to at least 110% of the Regional average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.

See Attachments A, D and J.

Board Finding Number 5.

The Applicant does not intend to create any non-qualifying jobs.

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$961² per week, which exceeds the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). See Attachments A and D.

Board Finding Number 6.

The ability of the Applicant to locate the proposed renewable energy facility in another state or another region of this state is significant because of the highly competitive marketplace for electricity and economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Zapata County ISD.

See Attachment C.

² The weekly wage recited in the Comptroller 's Economic Impact Analysis is rounded to the nearest dollar; the Application (Tab 1, §14#7.a) provides for a weekly wage of \$960.75.

In support of Finding Number 6, the Comptroller's Certificate states, "[t]he Comptroller **has determined** that the limitation on appraised value is a determining factor in the Las Lomas Wind Project, LLC's decision to invest capital and construct the project in this state." *See* Attachment D. The Economic Impact Analysis further states:

- ENGIE in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "ENGIE is one of the largest non-residential retail electricity suppliers in the United States and currently serves commercial, industrial, and institutional customers in 14 markets. Supplying energy to nearly 50 percent of Fortune 100 companies, ENGIE serves over 89,000 accounts, with an estimated peak load totaling nearly 13,000 MW."
 - B. "The applicant is actively assessing and developing opportunities for this project in Oklahoma, Nebraska, Indiana, South Dakota and Colorado. With Texas wholesale electric prices already below the international average, it is necessary to limit the property tax liabilities for a wind project in order to be able to offer electricity at prices that are marketable to Texas customers, at competitive rates. Global markets that have various available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas."
 - C. "The property tax liability of a project without tax incentives in Texas would reduce the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement (PPA). Therefore, the applicant would be unable to finance and build the project in Texas even with a signed PPA because of the low price in the PPA. Without the 313 Value Limitation, the applicant would be forced to walk away from this project and spend the potential investment in other states where the rate of return is higher."

See Attachment D.

Board Finding Number 7.

The proposed limitation on appraised value for the qualified property is \$25,000,000.

The Comptroller's Minimum School District Limitation Values Report, effective as of January 1, 2019, provides that the District is a Subchapter C, Category 2 District, with a minimum limitation of \$25,000,000. *See* Attachments A and D.

Board Finding Number 8.

The revenue gains that will be realized by the school district if the Application is approved will be significant in the long term, with special reference to revenues used for supporting school district debt.

In support of this Finding, the analysis prepared by Moak, Casey & Associates indicates that the Project would add an estimated \$178,400,000 to the tax base for debt service purposes at the peak investment level for the 2021-22 school year (tax year 2021). See Table 5, Attachment E. The Project remains fully taxable for debt services taxes, with the District currently not levying an I&S tax rate. See Attachment E, pp. 5-6. As a result, local taxpayers could see a potential benefit from the addition of the project to the local I&S tax roll, most notably in the early years of the Project if the District decides to pursue a future bond issue. See Attachment E, p. 5. In addition, the estimated potential revenue gains from Supplemental Payments as provided for in the proposed Agreement are estimated to be \$4,053,400. See Estimated Financial Impact Table dated October 29, 2019, at the last page of Attachment E, and Attachment H (Article VI).

Board Finding Number 9.

The effect of the Applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Zapata County ISD can accommodate the student growth anticipated from Applicant's project with its existing facilities.

See TEA's Facilities Impact Review Letter at Attachment F.

Board Finding Number 10.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes after Value Limit"), and the total amount of M&O taxes that would be imposed on the qualified property with the limitation on appraised valued is estimated to be \$6,235,987.

Board Finding Number 11.

The projected dollar amount of the maintenance and operations taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table 5 of Attachment E (column labeled "Taxes before Value Limit"), and the total amount of M&O taxes that would be imposed on the qualified property without the limitation on appraised valued is estimated to be \$16,453,838.

Board Finding Number 12.

Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application was true and correct when submitted.

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. A Chapter 313 application is a governmental record under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32057777529) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on the Comptroller's acknowledgment that Applicant's right to transact business in Texas is active as a franchise-tax paying entity subject to taxes imposed by Chapter 171 of the Texas Tax Code.

See Attachments A, B and C.

Board Finding Number 14.

The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be

required, the District will cooperate with the Applicant's efforts to ensure that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.

See Attachment A (Tab 16).

Board Finding Number 15.

Per Applicant's certification in its Application, no construction of Qualified Property has begun on the project site.

See Attachment A (§7.2 of Tab 1, and Tabs 10 and 11).

Board Finding Number 16.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.

In support of this Finding, and based on current school finance law and the information provided and certified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District is projected to receive a revenue protection payment in tax year 2021 (school year 2021-22) in the estimated amount of \$1,680,877. See Table 5 in Attachment E. Therefore, any potential negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See proposed Agreement, Article IV, at Attachment H, and Estimated Financial Impact Table dated 10/29/2019 at Attachment E.

Board Finding Number 17.

The Board finds that all conflicts of interest known at the time of its consideration of the Agreement have been disclosed.

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees have disclosed any potential conflicts of interest, and that disclosures for all existing conflicts have been made, and disclosures will be made if any additional conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

The Board further finds that it has taken appropriate action to ensure that all required District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures

will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code, Chapters 171 and 176.

Board Finding Number 18.

Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Las Lomas Wind Project's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Board Finding Number 19.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.

See also Attachment I.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Zapata County Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and (f) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment H is APPROVED contemporaneously with these Findings and is hereby authorized to be executed and delivered by the Trustees whose signatures appear below on behalf of the Zapata County Independent School District, along with a copy of these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Zapata County Independent School District Board of Trustees.

Dated this 18th day of December, 2019.

Zapata County Independent School District

By

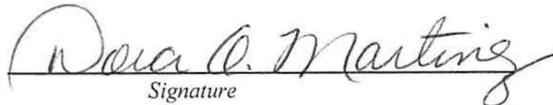

Signature

Manuel Gonzalez, Jr.
Printed Name and Title

Vice-President

Attest:

By


Signature

Dora O. Martinez
Printed Name and Title

Secretary

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Applicant's Franchise Tax Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Analysis
F	TEA's Facilities Impact Letter
G	Comptroller's 2018 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's November 18, 2019 Agreement Review Letter
J	Job Waiver Request
K	Extension Notice and Resolution



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

July 2, 2019

Carlos Gonzalez
Superintendent
Zapata County Independent School District
1302 Glenn Street
Zapata, TX 78076

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Zapata County Independent School District and Las Lomas Wind Energy, LLC, Application 1358

Dear Superintendent Gonzalez:

On April 9, 2019, the Comptroller's office received Las Lomas Wind Energy, LLC's (applicant) application for a limitation on appraised value (Application 1358) from Zapata County Independent School District (school district).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on July 2, 2019.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the school district and the applicant.

This letter does not constitute a review of the application under Section 313.025(h) to determine if the project meets the requirements of Section 313.024 for eligibility for a limitation on appraised value. Likewise, this letter does not address the determinations required under Section 313.026(c).

Should you have any questions, please contact Annette Holmes with our office. She can be reached by email at annette.holmes@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5- 3792 or at 512-475- 3792.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Matt Riley, ENGIE North America
Keith Kurtz, ENGIE North America
Sam Gregson, Cummings Westlake LLC

See Application documents
(Comptroller No. 1358)
posted on Comptroller Website:
Application (posted 5/31/19);
Amendment No. 1 (posted 6/26/19);
Amendment No. 2 (posted 7/2/19);
Amendment No. 3 (posted 8/15/19); and
Supplement No. 1 (posted 8/21/19)



Franchise Tax Account Status

As of : 11/25/2019 13:27:51

This page is valid for most business transactions but is not sufficient for filings with the Secretary of State

LAS LOMAS WIND PROJECT, LLC	
Texas Taxpayer Number	32057777529
Mailing Address	1990 POST OAK BLVD STE 1900 C/O: ENGIE HOUSTON, TX 77056-3831
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	07/14/2015
Texas SOS File Number	0802253164
Registered Agent Name	CAPITOL CORPORATE SERVICES, INC.
Registered Office Street Address	206 E 9TH ST., SUITE 1300 AUSTIN, TX 78701

See Certification Packet
(Comptroller No. 1358)
posted on Comptroller Website (9/18/2019)

See Certification Packet
(Comptroller No. 1358)
posted on Comptroller Website (9/18/2019)

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED LAS LOMAS
WIND, LLC PROJECT IN THE ZAPATA COUNTY
INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1358)**

PREPARED BY



**JULY 7, 2019
REVISED**

Executive Summary

Las Lomas Wind, LLC (Company) has requested that the Zapata County Independent School District (ZCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to ZCISD on March 27, 2019 the Company plans to invest \$178.4 million to construct a renewable energy electric generation facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

The Las Lomas Wind project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

Under the provisions of Chapter 313, ZCISD may offer a minimum value limitation of \$25 million. This value limitation, under the proposed application, will begin in the 2021-22 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report. This analysis incorporates to the fullest extent possible the changes approved in House Bill 3 as approved in 2019, the most significant school finance revisions in more than 30 years. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

Total Revenue Loss Payment owed to ZCISD	\$1.68 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$8.54 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The Completeness Letter for the project was issued on July 2, 2019.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. After the certificate

is received, the district has until the 150th day from the receipt of the Completeness Letter to adopt an agreement, although extensions may be requested by the Company and granted by the District

After the Comptroller's certificate is received, the Underwood Law Firm will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, the Underwood Law Firm will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. The school board will be asked to consider the adoption of a job waiver during this meeting, as part of the board's consideration of the Las Lomas Wind application.

How the 313 Agreement Interacts with Texas School Finance

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). Recapture costs are primarily a Tier I issue, although Tier II also can involve recapture costs for some school districts.

The basic allotment is now set at \$6,160 per weighted ADA (WADA) and is the basis for Tier I calculations. In the case of Tier II, the first eight cents of additional tax effort can be used to generate state aid of up to \$98.56 per WADA for what are known as "golden" pennies. Tax effort for golden pennies is not subject to recapture. Up to an additional nine cents may be levied to generate \$49.28 per WADA for what are known as "copper" pennies (generating half the revenue per WADA of the golden pennies).

Changes in the recapture calculation are an important part of HB 3, although they do not appear to affect the Las Lomas-related calculations. Rather than being tied to property wealth exceeding an equalized wealth level per WADA, recapture is now defined as the amount of revenue collected more than a district's Tier I allotment, or for Tier II the amount of collections in excess of the entitlement provided for tax effort generating copper-penny-level state aid. (Golden pennies are not subject to recapture.) The changes in the recapture methodology may affect the results of revenue protection payments relative to what was calculated when the equalized wealth level was used to determine the amount of recapture owed the state by school districts subject to recapture. In the estimates presented below, recapture costs are not an issue for ZCISD.

Another significant school funding change is establishing current-year property values to determine state funding and recapture under the Foundation School Program. The traditional approach for the last 30 years has been to rely upon prior-year state property values as

determined annually under the Comptroller's State Property Value Study (Section 403 of the Government Code). The change in House Bill 3 calls for using current-year property values as determined by the Comptroller's Property Value Study, without an explanation as to how the property value study is to be completed on a real-time basis.

While school district funding will now be determined on the basis of current-year property values, House Bill 3 included language that addressed the property values to be used in determining calculating revenue protection payments under Chapter 313 agreements. This information is contained in Section 48.256(d), Education Code, as shown below:

- d) This subsection applies to a school district in which the board of trustees entered into a written agreement with a property owner under Section 313.027, Tax Code, for the implementation of a limitation on appraised value under Subchapter B or C, Chapter 313, Tax Code. For purposes of determining "DPV" under Subsection (a) for a school district to which this subsection applies, the commissioner shall exclude a portion of the market value of property not otherwise fully taxable by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter. The comptroller shall provide information to the agency necessary for this subsection. **A revenue protection payment required as part of an agreement for a limitation on appraised value shall be based on the district's taxable value of property for the preceding tax year [emphasis added].**

Given this directive about the use of preceding-tax-year values to calculate revenue protection payments required under Chapter 313 agreements, the amounts collected are expected to be consistent with the patterns shown since these calculations were first calculated under the standard Chapter 313 agreement language, dating back to 2004. The most significant impact is typically in the first limitation year, although major value increases in project values in later limitation years may also trigger a revenue protection payment. The additional factor that may generate a variance with the traditional pattern of revenue protection amounts is the new methodology in the calculation of recapture, as noted previously.

The calculations shown below are based on the Section 48.256(d), Education Code directive to use preceding-tax-year property values to determine the revenue protection payment, if any, owed to the school district under the terms of the Chapter 313 Agreement between the Applicant and the School District. These calculations are to be made for each of the 10 limitation years under the terms of the Agreement. Chapter 313 will be subject to legislative renewal in 2021 and any changes made may impact these calculations moving forward.

(For more detailed information on the school finance funding system, please review the Texas Education Agency's (TEA) website ([Manuals and Presentations](#)) or ([School Finance- One Page Descriptions](#)). The current information is expected to be updated as the details of House Bill 3 implementation are determined by TEA.

The implementation of recent legislative action on school funding in House Bill 3 could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment is now set to \$6,160, the Tier II golden penny yield is set to \$98.56 per WADA for up to eight cents, while the copper penny yield is \$49.28 per WADA for up to nine cents of local tax effort. These amounts are maintained for future years at this time.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used.

ADA:	3,377
Local M&O Tax Base	\$1.04 billion
2019-20 M&O Tax Rate:	\$0.9700 per \$100 of Taxable Value
2020-21 Projected M&O Tax Rate:	\$0.9565 per \$100 of Taxable Value
I&S Tax Rate:	\$0.0000 per \$100 of Taxable Value

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

Table 1 - Base District Information with Las Lomas Wind Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	Sec. 48.256(d)	Sec. 48.256(d)	DPV Value with WADA	DPV Value with Limitation per WADA
						District Revenue Protection District Property Value with Project	District Revenue Protection District Property Value with Limitation		
QTP0	2019-20	3,377.31	4,963.04	\$0.9700	\$0.0000	\$1,065,506,300	\$1,065,506,300	\$214,688	\$214,688
QTP1	2020-21	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,065,506,300	\$1,065,506,300	\$217,847	\$217,847
QTP2/VL1	2021-22	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,065,506,300	\$1,065,506,300	\$217,847	\$217,847
VL2	2022-23	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,268,906,300	\$1,115,506,300	\$259,433	\$228,070
VL3	2023-24	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,256,508,300	\$1,115,506,300	\$256,898	\$228,070
VL4	2024-25	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,244,975,600	\$1,115,506,300	\$254,540	\$228,070
VL5	2025-26	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,234,248,100	\$1,115,506,300	\$252,347	\$228,070
VL6	2026-27	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,224,269,800	\$1,115,506,300	\$250,307	\$228,070
VL7	2027-28	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,214,987,600	\$1,115,506,300	\$248,409	\$228,070
VL8	2028-29	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,206,353,500	\$1,115,506,300	\$246,644	\$228,070
VL9	2029-30	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,198,321,500	\$1,115,506,300	\$245,001	\$228,070
VL10	2030-31	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,190,849,600	\$1,115,506,300	\$243,474	\$228,070
VP1	2031-32	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,183,898,800	\$1,115,506,300	\$242,053	\$228,070
VP2	2032-33	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,250,641,015	\$1,250,641,015	\$255,698	\$255,698
VP3	2033-34	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,238,625,530	\$1,238,625,530	\$253,242	\$253,242
VP4	2034-35	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,227,434,657	\$1,227,434,657	\$250,954	\$250,954
VP5	2035-36	3,377.31	4,891.08	\$0.9565	\$0.0000	\$1,217,008,996	\$1,217,008,996	\$248,822	\$248,822

*Basic Allotment: \$6,160; Golden Penny Yield: \$98.56; Copper Penny Yield: \$49.28

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Las Lomas Wind Project on ZCISD

A model is established to make a calculation of the “Baseline Revenue Model” (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the “Value Limitation Revenue Model” (Table 3) by adding the project’s limited value of \$25 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of \$1.68 million over the course of the Agreement, with all the loss reflected in the first limitation year (2021-22).

Table 2- “Baseline Revenue Model” --Project Value Added to DPV with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2019-20	\$10,200,913	\$20,921,358	\$0	\$438,749	\$1,576,340	\$0	-\$3,002	\$33,134,358
QTP1	2020-21	\$10,065,953	\$21,065,220	\$0	\$439,322	\$1,547,118	\$0	-\$2,927	\$33,114,686
QTP2/VL1	2021-22	\$11,920,945	\$21,065,220	\$0	\$520,282	\$1,832,509	\$0	-\$3,503	\$35,335,453
VL2	2022-23	\$11,807,318	\$19,201,063	\$0	\$515,323	\$1,442,007	\$0	-\$3,468	\$32,962,243
VL3	2023-24	\$11,701,621	\$19,314,690	\$0	\$510,710	\$1,447,041	\$0	-\$3,435	\$32,970,627
VL4	2024-25	\$11,603,303	\$19,420,387	\$0	\$506,419	\$1,455,299	\$0	-\$3,405	\$32,982,003
VL5	2025-26	\$11,511,852	\$19,518,705	\$0	\$502,428	\$1,459,665	\$0	-\$3,377	\$32,989,273
VL6	2026-27	\$11,426,781	\$19,610,156	\$0	\$498,715	\$1,463,726	\$0	-\$3,351	\$32,996,027
VL7	2027-28	\$11,347,650	\$19,695,227	\$0	\$495,261	\$1,471,110	\$0	-\$3,326	\$33,005,922
VL8	2028-29	\$11,274,037	\$19,774,358	\$0	\$492,048	\$1,474,633	\$0	-\$3,303	\$33,011,773
VL9	2029-30	\$11,205,557	\$19,847,971	\$0	\$489,060	\$1,477,910	\$0	-\$3,282	\$33,017,216
VL10	2030-31	\$11,141,853	\$19,916,451	\$0	\$486,279	\$1,480,958	\$0	-\$3,263	\$33,022,278
VP1	2031-32	\$11,728,774	\$19,980,155	\$0	\$511,895	\$1,571,076	\$0	-\$3,452	\$33,788,448
VP2	2032-33	\$11,620,855	\$19,368,464	\$0	\$507,185	\$1,449,423	\$0	-\$3,417	\$32,942,510
VP3	2033-34	\$11,520,342	\$19,478,586	\$0	\$502,798	\$1,454,301	\$0	-\$3,386	\$32,952,641
VP4	2034-35	\$11,426,702	\$19,581,150	\$0	\$498,711	\$1,458,845	\$0	-\$3,356	\$32,962,052
VP5	2035-36	\$11,339,437	\$19,676,701	\$0	\$494,903	\$1,466,681	\$0	-\$3,329	\$32,974,393

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$10.2 million in M&O taxes over the life of the agreement. The ZCISD revenue losses are expected to total approximately \$1.68 million, as noted previously. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to reach \$8.54 million, prior to any negotiations with Las Lomas Wind on supplemental payments.

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, although ZCISD is not currently levying an I&S tax rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. If a bond issue is pursued

in the future, the additional taxable value associated with the Las Lomas Wind project should benefit local taxpayers.

Table 3- “Value Limitation Revenue Model” --Project Value Added to DPV with Value Limitation in Effect

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2019-20	\$10,200,913	\$20,921,358	\$0	\$438,749	\$1,576,340	\$0	-\$3,002	\$33,134,358
QTP1	2020-21	\$10,065,953	\$21,065,220	\$0	\$439,322	\$1,547,118	\$0	-\$2,927	\$33,114,686
QTP2/VL1	2021-22	\$10,515,037	\$21,065,220	\$0	\$458,922	\$1,618,466	\$0	-\$3,069	\$33,654,576
VL2	2022-23	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL3	2023-24	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL4	2024-25	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL5	2025-26	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL6	2026-27	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL7	2027-28	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL8	2028-29	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL9	2029-30	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VL10	2030-31	\$10,515,037	\$20,606,971	\$0	\$458,922	\$1,522,814	\$0	-\$3,069	\$33,100,675
VP1	2031-32	\$11,728,774	\$20,606,971	\$0	\$511,895	\$1,700,661	\$0	-\$3,452	\$34,544,849
VP2	2032-33	\$11,620,855	\$19,368,464	\$0	\$507,185	\$1,449,423	\$0	-\$3,417	\$32,942,510
VP3	2033-34	\$11,520,342	\$19,478,586	\$0	\$502,798	\$1,454,301	\$0	-\$3,386	\$32,952,641
VP4	2034-35	\$11,426,702	\$19,581,150	\$0	\$498,711	\$1,458,845	\$0	-\$3,356	\$32,962,052
VP5	2035-36	\$11,339,437	\$19,676,701	\$0	\$494,903	\$1,466,681	\$0	-\$3,329	\$32,974,393

QTP= Qualifying Time Period
 VL= Value Limitation
 VP= Viable Presence

Table 4 - Value Limitation Revenue Model Less Baseline Revenue Model with No Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2019-20	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2020-21	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2021-22	-\$1,405,908	\$0	\$0	-\$61,360	-\$214,043	\$0	\$434	-\$1,680,877
VL2	2022-23	-\$1,292,281	\$1,405,908	\$0	-\$56,401	\$80,807	\$0	\$399	\$138,432
VL3	2023-24	-\$1,186,584	\$1,292,281	\$0	-\$51,788	\$75,773	\$0	\$366	\$130,048
VL4	2024-25	-\$1,088,266	\$1,186,584	\$0	-\$47,497	\$67,515	\$0	\$336	\$118,672
VL5	2025-26	-\$996,815	\$1,088,266	\$0	-\$43,506	\$63,149	\$0	\$308	\$111,402
VL6	2026-27	-\$911,744	\$996,815	\$0	-\$39,793	\$59,088	\$0	\$282	\$104,648
VL7	2027-28	-\$832,613	\$911,744	\$0	-\$36,339	\$51,704	\$0	\$257	\$94,753
VL8	2028-29	-\$759,000	\$832,613	\$0	-\$33,126	\$48,181	\$0	\$234	\$88,902
VL9	2029-30	-\$690,520	\$759,000	\$0	-\$30,138	\$44,904	\$0	\$213	\$83,459
VL10	2030-31	-\$626,816	\$690,520	\$0	-\$27,357	\$41,856	\$0	\$194	\$78,397
VP1	2031-32	\$0	\$626,816	\$0	\$0	\$129,585	\$0	\$0	\$756,401
VP2	2032-33	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2033-34	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2034-35	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2035-36	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

QTP= Qualifying Time Period
 VL= Value Limitation
 VP= Viable Presence

Table 5 - Estimated Financial Impact of the Las Lomas Wind Project Property Value Limitation Request Submitted to ZCISD at \$0.9565 per \$100 M&O Tax Rate Beginning in 2020-21 School Year

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits	
	2019-20	\$0	\$0	\$0	\$0.9700	\$0	\$0	\$0	\$0	\$0	
QTP1	2020-21	\$0	\$0	\$0	\$0.9565	\$0	\$0	\$0	\$0	\$0	
	2021-22	\$178,400,000	\$25,000,000	\$153,400,000	\$0.9565	\$1,706,393	\$239,125	\$1,467,268	-\$1,680,877	-\$213,609	
VL2	2022-23	\$166,002,000	\$25,000,000	\$141,002,000	\$0.9565	\$1,587,806	\$239,125	\$1,348,682	\$0	\$1,348,682	
	2023-24	\$154,469,300	\$25,000,000	\$129,469,300	\$0.9565	\$1,477,496	\$239,125	\$1,238,372	\$0	\$1,238,372	
VL4	2024-25	\$143,741,800	\$25,000,000	\$118,741,800	\$0.9565	\$1,374,888	\$239,125	\$1,135,763	\$0	\$1,135,763	
	2025-26	\$133,763,500	\$25,000,000	\$108,763,500	\$0.9565	\$1,279,446	\$239,125	\$1,040,321	\$0	\$1,040,321	
VL6	2026-27	\$124,481,300	\$25,000,000	\$99,481,300	\$0.9565	\$1,190,661	\$239,125	\$951,537	\$0	\$951,537	
	2027-28	\$115,847,200	\$25,000,000	\$90,847,200	\$0.9565	\$1,108,076	\$239,125	\$868,952	\$0	\$868,952	
VL8	2028-29	\$107,815,200	\$25,000,000	\$82,815,200	\$0.9565	\$1,031,251	\$239,125	\$792,126	\$0	\$792,126	
	2029-30	\$100,343,300	\$25,000,000	\$75,343,300	\$0.9565	\$959,782	\$239,125	\$720,657	\$0	\$720,657	
VL10	2030-31	\$93,392,500	\$25,000,000	\$68,392,500	\$0.9565	\$893,298	\$239,125	\$654,173	\$0	\$654,173	
	2031-32	\$88,762,700	\$88,762,700	\$0	\$0.9565	\$849,014	\$849,014	\$0	\$0	\$0	
VP2	2032-33	\$84,363,900	\$84,363,900	\$0	\$0.9565	\$806,939	\$806,939	\$0	\$0	\$0	
	2033-34	\$80,184,100	\$80,184,100	\$0	\$0.9565	\$766,960	\$766,960	\$0	\$0	\$0	
VP4	2034-35	\$76,212,200	\$76,212,200	\$0	\$0.9565	\$728,968	\$728,968	\$0	\$0	\$0	
	2035-36	\$72,437,200	\$72,437,200	\$0	\$0.9565	\$692,861	\$692,861	\$0	\$0	\$0	
							\$16,453,838	\$6,235,987	\$10,217,851	-\$1,680,877	\$8,536,974

QTP= Qualifying Time Period
 VL= Value Limitation
 VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations, which could be significant under HB 3.
- Legislative changes addressing property value appraisals and exemptions.
- Year-to-year appraisals of project values and district taxable values.
- Changes in school district tax rates and student enrollment.



Estimated Financial Impact of the #1358 - Los Lomas Wind, LLC Chapter 313 Property Value Limitation Request Submitted to ZAPATA COUNTY ISD

(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)	(J)
Year of Agreement	School Year	Project Taxable Value for M&O If No Limitation	Project Taxable Value for M&O With Limitation	Assumed M&O Tax Rate	Tax Savings To Company	Article IV Revenue Loss	Estimated Net Tax Benefits	Article VI Supplemental Payment	Potential Company Tax Benefit
QTP1	2020-21	\$0	\$0	\$0.95650	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2021-22	\$178,400,000	\$25,000,000	\$0.95650	\$1,467,268	-\$1,667,038	-\$199,770	\$311,800	-\$511,570
VL2	2022-23	\$166,002,000	\$25,000,000	\$0.95650	\$1,348,682	\$0	\$1,348,682	\$311,800	\$1,036,882
VL3	2023-24	\$154,469,300	\$25,000,000	\$0.95650	\$1,238,372	\$0	\$1,238,372	\$311,800	\$926,572
VL4	2024-25	\$143,741,800	\$25,000,000	\$0.95650	\$1,135,763	\$0	\$1,135,763	\$311,800	\$823,963
VL5	2025-26	\$133,763,500	\$25,000,000	\$0.95650	\$1,040,321	\$0	\$1,040,321	\$311,800	\$728,521
VL6	2026-27	\$124,481,300	\$25,000,000	\$0.95650	\$951,537	\$0	\$951,537	\$311,800	\$639,737
VL7	2027-28	\$115,847,200	\$25,000,000	\$0.95650	\$868,952	\$0	\$868,952	\$311,800	\$557,152
VL8	2028-29	\$107,815,200	\$25,000,000	\$0.95650	\$792,126	\$0	\$792,126	\$311,800	\$480,326
VL9	2029-30	\$100,343,300	\$25,000,000	\$0.95650	\$720,657	\$0	\$720,657	\$311,800	\$408,857
VL10	2030-31	\$93,392,500	\$25,000,000	\$0.95650	\$654,173	\$0	\$654,173	\$311,800	\$342,373
VP1	2031-32	\$88,762,700	\$88,762,700	\$0.95650	\$0	\$0	\$0	\$311,800	-\$311,800
VP2	2032-33	\$84,363,900	\$84,363,900	\$0.95650	\$0	\$0	\$0	\$311,800	-\$311,800
VP3	2033-34	\$80,184,100	\$80,184,100	\$0.95650	\$0	\$0	\$0	\$311,800	-\$311,800
VP4	2034-35	\$76,212,200	\$76,212,200	\$0.95650	\$0	\$0	\$0	\$311,800	-\$311,800
VP5	2035-36	\$72,437,200	\$72,437,200	\$0.95650	\$0	\$0	\$0	\$311,800	-\$311,800
					\$10,217,851	-\$1,667,038	\$8,550,813	\$4,053,400	\$4,497,413

QTP = Qualifying Time Period
 VL = Value Limitation
 VP = Viable Presence

Fully Taxable for I&S

Loss of M&O taxes plus Tier II state aid would have earned on those taxes

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this table.

IMPORTANT: Please keep this letter with your district's records. It must be accessible to the law firm working on the value limitation agreement.

July 12, 2019

Ricardo X. Ramirez, President
Board of Trustees
Zapata County Independent School District
PO Box 158
Zapata, TX 78076-0158

Dear Mr. Ramirez:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Las Lomas Wind Energy LLC project #1358 on the number and size of school facilities in Zapata County Independent School District (ZCISD). Based on an examination of ZCISD enrollment and the number of potential new jobs, the TEA has determined that the Las Lomas Wind Energy LLC project should not have a significant impact on the number or size of school facilities in ZCISD.

Please feel free to contact me by phone at (512) 463-8732 or by email at amy.copeland@tea.texas.gov if you have any questions.

Sincerely,



Amy Copeland
Assistant Director of State Funding

AC/rk
Cc: Carlos M. Gonzalez, Jr.


Taxes

Property Tax Assistance

2018 ISD Summary Worksheet**253-Zapata****253-901/Zapata County ISD**

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	329,221,781	N/A	329,221,781	329,221,781
B. MULTIFAMILY RESIDENCES	8,086,569	N/A	8,086,569	8,086,569
C1. VACANT LOTS	23,036,816	N/A	23,036,816	23,036,816
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	33,843,770	N/A	33,843,770	33,843,770
D2. REAL PROPERTY: FARM & RANCH	7,307,954	N/A	7,307,954	7,307,954
E. REAL PROPERTY: NON-QUALIFYING ACREAGE	68,924,292	N/A	68,924,292	68,924,292
F1. COMMERCIAL REAL ESTATE	54,995,092	N/A	54,995,092	54,995,092
F2. INDUSTRIAL REAL ESTATE	0	N/A	0	0
G. OIL, GAS, MINERAL RIGHTS	419,758,184	N/A	419,758,184	419,758,184
J. UTILITIES	169,225,200	N/A	169,225,200	169,225,200
L1. COMMERCIAL PERSONAL PROPERTY	14,472,030	N/A	14,472,030	14,472,030
L2. INDUSTRIAL PERSONAL PROPERTY	55,816,380	N/A	55,816,380	55,816,380
M. MOBILE HOMES	1,534,291	N/A	1,534,291	1,534,291

N. INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0
O. RESIDENTIAL INVENTORY	104,500	N/A	104,500	104,500
S. SPECIAL INVENTORY	0	N/A	0	0
Subtotal	1,186,326,859	0	1,186,326,859	1,186,326,859
Less Total Deductions	120,820,559	0	120,820,560	120,820,559
Total Taxable Value	1,065,506,300	0	1,065,506,299	1,065,506,300

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M & O Purposes

T1	T2	T3	T4
1,093,612,311	1,065,506,300	1,069,686,054	1,041,580,043

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
28,106,011	23,926,257

T1 = School district taxable value for M & O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I & S Purposes

T7	T8	T9	T10
1,093,612,311	1,065,506,300	1,069,686,054	1,041,580,043

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

253-901-02/Zapata County ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	329,221,781	N/A	329,221,781	329,221,781
B. MULTIFAMILY RESIDENCES	8,086,569	N/A	8,086,569	8,086,569
C1. VACANT LOTS	23,036,816	N/A	23,036,816	23,036,816
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	33,843,770	N/A	33,843,770	33,843,770

D2. REAL PROP:FA RM & RANCH	7,307,954	N/A	7,307,954	7,307,954
E. REAL PROP NO NQUAL ACREAGE	68,924,292	N/A	68,924,292	68,924,292
F1. COMMERCIAL REAL	54,995,092	N/A	54,995,092	54,995,092
F2. INDUSTRIAL R EAL	0	N/A	0	0
G. OIL,GAS,MINER ALS	419,758,184	N/A	419,758,184	419,758,184
J. UTILITIES	169,225,200	N/A	169,225,200	169,225,200
L1. COMMERCIAL PERSONAL	14,472,030	N/A	14,472,030	14,472,030
L2. INDUSTRIAL P ERSONAL	55,816,380	N/A	55,816,380	55,816,380
M. MOBILE HOMES	1,534,291	N/A	1,534,291	1,534,291
N. INTANGIBLE PE RSONAL PROP	0	N/A	0	0
O. RESIDENTIAL IN VENTORY	104,500	N/A	104,500	104,500
S. SPECIAL INVEN TORY	0	N/A	0	0
Subtotal	1,186,326,859		1,186,326,859	1,186,326,859
Less Total Deducti ons	120,820,559		120,820,560	120,820,559
Total Taxable Value	1,065,506,300		1,065,506,299	1,065,506,300

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302(J) AND(K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation(M & O) tax purposes and for interest and sinking fund(I & S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M & O Purposes

T1	T2	T3	T4
1,093,612,311	1,065,506,300	1,069,686,054	1,041,580,043

Loss To the Additional \$10,000 Homestead Exemption	50 % of the loss to the Local Optional Percentage Homestead Exemption
28,106,011	23,926,257

T1 = School district taxable value for M & O purposes before the loss to the additional \$10, 000 homestead exemption

T2 = School district taxable value for M & O purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50 % of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50 % of the loss to the local optional percentage homestead exemption

Value Taxable For I & S Purposes

T7	T8	T9	T10
1,093,612,311	1,065,506,300	1,069,686,054	1,041,580,043

T7 = School district taxable value for I & S purposes before the loss to the additional \$10, 000 homestead exemption

T8 = School district taxable value for I & S purposes after the loss to the additional \$10, 000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50 % of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50 % of the loss to the local optional percentage homestead exemption

See Agreement
(Comptroller No. 1358)
posted on Comptroller Website



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 18, 2019

Carlos Gonzalez
Superintendent
Zapata County Independent School District
1302 Glenn Street
Zapata, TX 78076

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Zapata County Independent School District and Las Lomas Wind Project, LLC, Application 1358

Dear Superintendent Gonzalez:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Zapata County Independent School District and Las Lomas Wind Project, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the Agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Annette Holmes with our office. She can be reached by email at annette.holmes@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-3792, or at 512-475-3792.

Sincerely,

A handwritten signature in cursive script that reads "Will Counihan".

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
Matt Riley, ENGIE North America
Keith Kurtz, ENGIE North America
Sam Gregson, Cummings Westlake LLC

See Tab 12 of the Amendment No. 3,
(Comptroller No. 1358)
posted on Comptroller Website
(posted 8/15/19)



ZAPATA COUNTY
INDEPENDENT SCHOOL DISTRICT

November 21, 2019

Sam Gregson, Senior Consultant
Cummings Westlake, LLC
12837 Louetta Rd
Cypress, TX 77429

Via Email: sgregson@cwlp.net

Re: Request for Extension on Application of Las Lomas Wind Project, LLC
For an Appraised Value Limitation Agreement
Comptroller App. No. 1358

Dear Mr. Gregson:

Please be advised that at a properly called meeting of the Zapata County Independent School District Board of Trustees on November 20, 2019, the Board took action on the request for an extension to consider the application of Las Lomas Wind Project, LLC fka Las Lomas Wind Energy, LLC for an Appraised Value Limitation Agreement with Zapata County ISD. The District approved the request, and has granted the extension on the application for the maximum time allowed, until December 31, 2019. *See* enclosed copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

If you have any further questions concerning your extension, please do not hesitate to contact me or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,

Carlos M. Gonzalez, Jr.
Superintendent of Schools

**RESOLUTION OF THE BOARD OF TRUSTEES
OF
ZAPATA COUNTY INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of Zapata County Independent School District (“the District”) does hereby make the following resolution regarding a pending application by Las Lomas Wind Project, LLC fka Las Lomas Wind Energy, LLC (“Las Lomas Wind Project”) for an appraised value limitation agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about March 27, 2019, Las Lomas Wind Project submitted to the District an application under Texas Tax Code, Chapter 313 (the “Application”) for an appraised value limitation agreement (“Agreement”);

WHEREAS, on or about April 9, 2019, the Application was received by the Texas Comptroller of Public Accounts (the “Texas Comptroller”), after the District deemed it complete;

WHEREAS, on or about July 2, 2019, the Texas Comptroller issued a letter deeming the Application complete, advising that it would move forward with its economic impact evaluation, and triggering the Application Review Start Date;

WHEREAS, Texas Tax Code §313.025(b) requires that the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Texas Comptroller (the “Deadline”), unless the Texas Comptroller’s economic impact evaluation has not been received or an extension is agreed to by the Board and Las Lomas Wind Project;

WHEREAS, Applicant must rectify with the Texas Comptroller outstanding issues related to its Franchise Tax Account Status and right to transact business in Texas, and therefore the District cannot approve the Application and Agreement before the Deadline; and

WHEREAS, on or about November 14, 2019, Las Lomas Wind Project submitted a request to the District to extend the Deadline, a copy of which is attached here to as Exhibit “A.”

NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District’s best interest to extend the Deadline as requested;

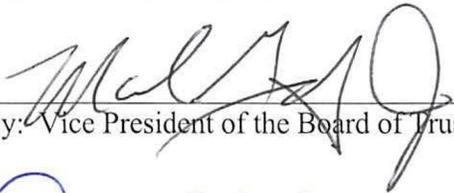
BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant Las Lomas Wind Project’s request, and extend the

Deadline for the maximum time allowed, i.e., until December 31, 2019, in order to allow Applicant time to correct its Franchise Tax Account Status with the Texas Comptroller of Public Accounts; and

BE IT FURTHER RESOLVED, the Superintendent, or his designee, is directed to provide notice to Las Lomas Wind Project and the Comptroller's Office of the Board's decision to grant Las Lomas Wind Project's request, and extend the Deadline until December 31, 2019.

Passed and approved by the Zapata County Independent School District Board of Trustees on this 20th day of November, 2019.

Zapata County Independent School District


By: Vice President of the Board of Trustees


By: Secretary of the Board of Trustees

time to correct its Franchise Tax Account Status with the Texas Comptroller of Public Accounts; and

BE IT FURTHER RESOLVED, the Superintendent, or his designee, is directed to provide notice to Las Lomas Wind Project and the Comptroller's Office of the Board's decision to grant Las Lomas Wind Project's request, and extend the Deadline until December 31, 2019.

Passed and approved by the Zapata County Independent School District Board of Trustees on this 20th day of November, 2019.

Zapata County Independent School District

By: Vice President of the Board of Trustees

By: Secretary of the Board of Trustees

EXHIBIT A



CUMINGS WESTLAKE
PROPERTY TAX ADVISORS

November 14, 2019

Carlos Gonzalez, Superintendent
Zapata County ISD
1302 Glenn Street
Zapata, Tx 70876

Re: Request for Extension to consider 313 Application #1358

Dear Superintendent Gonzalez,

Due to our recent receipt of the Certificate, and recently discovered issues related to the Company's Franchise Tax certificate, we do not believe that Las Lomas Wind Project, LLC will be in a position to execute the Agreement within the 150-day deadline imposed by Texas Tax Code Chapter 313, Section 313.025(b). Accordingly, we are requesting that Zapata County ISD extend that deadline as allowed by Texas Tax Code 313.025(b) and are requesting that deadline be extended to December 31, 2019.

Thank you for your consideration.

Sincerely,



Sam A. Gregson
Senior Consultant

12837 Louetta Road, Suite 201 | Cypress, Texas 77429-5611
P: 713.266.4456 W: cwlp.net