

FINDINGS
of the
***LAZBUDDIE 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

LAZBUDDIE WIND ENERGY LLC

Comptroller Application Number 1374

November 14, 2019

has the right to transact business in Texas, as 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 Parmer 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 August 30, 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 Lazbuddie Independent School District. A copy of a report prepared by McDowell School Finance Consulting, LLC and dated September 12, 2019, is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Lazbuddie Wind Energy Application in the Lazbuddie 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 3 of §313.054 of the Texas Tax Code at the time the Application was deemed complete by the Comptroller. *See* "2018 Property Value Study Report," attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Lazbuddie Wind Energy 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 pursuant to Section 48.256(d) of the Texas Education Code. 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 §9.1055(e)(1). *See* copy of October 30, 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 Lazbuddie Wind Energy’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’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.

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 Lazbuddie Wind Energy 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	2019	\$0	\$0	\$0	\$0
	2020	\$0	\$0	\$0	\$0
	2021	\$408,000	\$408,000	\$0	\$0
Limitation Period (10 Years)	2022	\$204,000	\$612,000	\$1,980,478	\$1,980,478
	2023	\$204,000	\$816,000	\$1,805,745	\$3,786,223
	2024	\$204,000	\$1,020,000	\$1,617,202	\$5,403,425
	2025	\$204,000	\$1,224,000	\$1,413,446	\$6,816,871
	2026	\$204,000	\$1,428,000	\$1,193,540	\$8,010,411
	2027	\$204,000	\$1,632,000	\$956,078	\$8,966,489
	2028	\$204,000	\$1,836,000	\$699,657	\$9,666,146
	2029	\$204,000	\$2,040,000	\$422,639	\$10,088,785
	2030	\$204,000	\$2,244,000	\$268,519	\$10,357,304
	2031	\$204,000	\$2,448,000	\$268,432	\$10,625,736
Maintain Viable Presence (5 Years)	2032	\$472,347	\$2,920,347	\$0	\$10,625,736
	2033	\$472,264	\$3,392,611	\$0	\$10,625,736
	2034	\$472,182	\$3,864,793	\$0	\$10,625,736
	2035	\$472,102	\$4,336,895	\$0	\$10,625,736
	2036	\$472,024	\$4,808,918	\$0	\$10,625,736
Additional Years as Required by 313.026(c)(1) (10 Years)	2037	\$471,947	\$5,280,865	\$0	\$10,625,736
	2038	\$471,871	\$5,752,737	\$0	\$10,625,736
	2039	\$471,798	\$6,224,534	\$0	\$10,625,736
	2040	\$471,725	\$6,696,259	\$0	\$10,625,736
	2041	\$471,654	\$7,167,914	\$0	\$10,625,736
	2042	\$471,585	\$7,639,498	\$0	\$10,625,736
	2043	\$471,517	\$8,111,015	\$0	\$10,625,736
	2044	\$471,450	\$8,582,465	\$0	\$10,625,736
	2045	\$471,385	\$9,053,850	\$0	\$10,625,736
	2046	\$471,320	\$9,525,170	\$0	\$10,625,736
		\$9,525,170	is less than	\$10,625,736	
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, Lazbuddie Wind Energy, LLC

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2020	100	89	189	\$5,000,000	\$8,000,000	\$13,000,000	656000	-343000	\$999,000
2021	175	161	336	\$8,750,000	\$15,250,000	\$24,000,000	1137000	-488000	\$1,625,000
2022	5	16	21	\$275,000	\$3,725,000	\$4,000,000	160000	328000	-\$168,000
2023	5	9	14	\$275,000	\$2,725,000	\$3,000,000	130000	305000	-\$175,000
2024	5	1	6	\$275,000	\$1,725,000	\$2,000,000	130000	275000	-\$145,000
2025	5	5	10	\$275,000	\$725,000	\$1,000,000	122000	252000	-\$130,000
2026	5	1	6	\$275,000	\$725,000	\$1,000,000	145000	221000	-\$76,000
2027	5	5	10	\$275,000	\$725,000	\$1,000,000	107000	168000	-\$61,000
2028	5	3	8	\$275,000	\$725,000	\$1,000,000	107000	160000	-\$53,000
2029	5	1	6	\$275,000	\$725,000	\$1,000,000	107000	145000	-\$38,000
2030	5	1	6	\$275,000	\$725,000	\$1,000,000	99000	114000	-\$15,000
2031	5	1	6	\$275,000	\$725,000	\$1,000,000	92000	92000	\$0
2032	5	5	10	\$275,000	-\$275,000	\$0	76000	69000	\$7,000
2033	5	3	8	\$275,000	\$725,000	\$1,000,000	76000	23000	\$53,000
2034	5	3	8	\$275,000	\$725,000	\$1,000,000	61000	31000	\$30,000
2035	5	1	6	\$275,000	-\$275,000	\$0	23000	15000	\$8,000
2036	5	3	8	\$275,000	-\$275,000	\$0	23000	-38000	\$61,000
2037	5	3	8	\$275,000	-\$275,000	\$0	-8000	-46000	\$38,000
2038	5	(1)	4	\$275,000	-\$275,000	\$0	0	-46000	\$46,000
2039	5	3	8	\$275,000	\$725,000	\$1,000,000	15000	-69000	\$84,000
2040	5	(1)	4	\$275,000	-\$275,000	\$0	-15000	-99000	\$84,000
2041	5	3	8	\$275,000	-\$275,000	\$0	-15000	-107000	\$92,000
2042	5	3	8	\$275,000	-\$275,000	\$0	0	-107000	\$107,000
2043	5	(1)	4	\$275,000	-\$275,000	\$0	-15000	-137000	\$122,000
2044	5	(5)	0	\$275,000	-\$275,000	\$0	-46000	-122000	\$76,000
2045	5	(1)	4	\$275,000	-\$275,000	\$0	-92000	-206000	\$114,000
2046	5	(1)	4	\$275,000	-\$275,000	\$0	-15000	-183000	\$168,000
Total							\$3,060,000	\$207,000	\$2,853,000
							\$12,378,170	is greater than	\$10,625,736
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.

See Attachment D (at Attachment B thereof).

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, as Tab 12 to its Application, information regarding the industry standard for the number of jobs for a project with qualified property of this size and type. The Application states that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. Applicant reports in Tab 12 of the Application that wind farm projects create a large number of full-time, temporary jobs during the construction phase, but require a small number of highly skilled technicians to operate the wind farm project once construction operations end and commercial operations have been established. The permanent employees of a wind energy project maintain and service wind mills, mounting racks, underground electrical connections, substations and related infrastructure. There are also asset managers who

supervise, monitor, and support wind project operations from offsite locations. Applicant further reports that wind industry standard for the number of permanent qualifying jobs necessary for the operation and maintenance of a wind energy facility is less than the minimum new qualifying jobs requirement. Industry standard is that an average wind energy facility will employ approximately one (1) new permanent employee for every fifteen (15) wind turbines installed. Applicant further reports that, in line with wind industry standards and based on the anticipated needs of this project, it is committed to creating five (5) new qualifying jobs. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J.

See also Attachments A (Tab 4), and D.

Board Finding Number 4.

The Applicant will create five (5) 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 \$55,000 (\$1,041 per week)¹, 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 \$820 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 Lazbuddie ISD.

See Attachment C.

¹ The weekly salary the Comptroller's Economic Impact Analysis is rounded; the Application (Tab 1, §14#7.c), provides for a weekly wage of \$1,040.56.

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 applicant's decision to invest capital and construct the project in this state." See Attachment C. The Economic Impact Analysis further states:

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Lazbuddie Wind Energy 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 Lazbuddie Wind Energy LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "The only agreements that Lazbuddie Wind Energy LLC has entered into for this project are (i) written lease agreements with landowners that permit the installation of wind energy project facilities on the land, and (ii) consultant agreements for feasibility studies, tax matters, legal advice, etc. The written leases may be terminated by Lazbuddie Wind Energy LLC if it elects not to construct the project. None of the agreements described in this paragraph obligate Lazbuddie Wind Energy LLC to construct the project."
 - B. "Without tax incentives such as the Ch.313 Value Limitation on Qualified Property, the economic return for this project is negatively impacted to the point that locating the project in Parmer County becomes unlikely. If Lazbuddie Wind Energy LLC was not able to obtain a value limitation agreement for this project, the project would most likely be terminated and financial resources would be allocated to projects with more favorable economic returns."
 - C. "Invenergy is currently considering alternative sites outside the State of Texas for wind farm developments, including locations in the following states: Oklahoma."

See Attachment D (at Attachment C thereof).

Board Finding Number 7.

The proposed limitation on appraised value for the qualified property is \$20,000,000.

The Comptroller's Minimum School District Limitation Values Report, effective as of January 1, 2019, provides that the District is a Subchapter C, Category 3 District, with a minimum limitation of \$20,000,000. 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, McDowell School Finance Consulting, LLC estimates in the District's Financial Impact Report, based on the property values recited Lazbuddie Wind Energy's Application, that the project would add \$214,164,500 to the tax base at the peak investment level for tax year 2022 (school year 2022-2023). The additional project value is fully taxable for debt service taxes and can be used to meet any current or future debt needs serviced by an interest and sinking fund tax of the District. See Table I of Attachment E. See also Schedule B (Tab 14) of Attachment A, and Table 4 of Attachment D. In addition, the potential revenue gains from Supplemental Payments provided for in the proposed Agreement are estimated to be approximately \$750,000. See Attachment H at Section 6.2.A and Table VI of Attachment E.

Board Finding Number 9.

The effect of the Applicant's proposed project is not expected to increase the District's instructional facility needs. Lazbuddie ISD can easily accommodate the student growth anticipated from Applicant's project with its existing facilities.

In support of this finding, the District's Financial Impact Report states:

Lazbuddie Wind Energy LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that five full-time employees are expected. It is not known whether these would be new employees to the Lazbuddie ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new seven positions equates to 3 new students.

This projected student growth can be accommodated with the current facilities of Lazbuddie ISD....

See Table VII of Attachment E. See also 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 not receive a limitation on appraised value, based on the further depreciations

of investment provided by Applicant, is shown in Table II of Attachment E (column labeled “Taxes w/o Agreement”), and is further based on the assumption that the projected total maintenance and operations tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
2019-2020	1.0355	0.000	0	0	0	0
2020-2021	1.0548	0.000	0	0	0	0
2021-2022	1.0415	0.000	416,617	0	0	0
2022-2023	1.0372	0.000	2,221,226	2,013,795	(2,023,493)	(9,698)
2023-2024	1.0328	0.000	2,034,957	1,828,398	0	1,828,398
2024-2025	1.0285	0.000	1,836,297	1,630,606	0	1,630,606
2025-2026	1.0241	0.000	1,624,000	1,419,173	0	1,419,173
2026-2027	1.0198	0.000	1,397,311	1,193,344	0	1,193,344
2027-2028	1.0156	0.000	1,155,022	951,911	0	951,911
2028-2029	1.0113	0.000	895,946	693,687	0	693,687
2029-2030	1.0071	0.000	618,688	417,276	0	417,276
2030-2031	1.0028	0.000	464,570	264,002	0	264,002
2031-2032	0.9986	0.000	462,541	262,812	0	262,812
2032-2033	0.9945	0.000	460,524	0	0	0
2033-2034	0.9903	0.000	458,518	0	0	0
2034-2035	0.9862	0.000	456,524	0	0	0
2035-2036	0.9821	0.000	454,542	0	0	0
2036-2037	0.9780	0.000	452,587	0	0	0
Totals			15,409,871	10,675,004	(2,023,493)	9,023,770

See also Table 3 of Attachment D².

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 receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate per \$100 in valuation in each year of the Agreement will be as indicated in Table II.

² The estimated M&O tax rates provided by McDowell School Finance Consulting are compressed according to HB 3 of the Texas Legislature’s 86th Regular Session.

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2019-2020	1.0355	0.000	0	0	0	0
2020-2021	1.0548	0.000	0	0	0	0
2021-2022	1.0415	0.000	416,617	0	0	0
2022-2023	1.0372	0.000	2,221,226	2,013,795	(2,023,493)	(9,698)
2023-2024	1.0328	0.000	2,034,957	1,828,398	0	1,828,398
2024-2025	1.0285	0.000	1,836,297	1,630,606	0	1,630,606
2025-2026	1.0241	0.000	1,624,000	1,419,173	0	1,419,173
2026-2027	1.0198	0.000	1,397,311	1,193,344	0	1,193,344
2027-2028	1.0156	0.000	1,155,022	951,911	0	951,911
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2030-2031	1.0028	0.000	464,570	264,002	0	264,002
2031-2032	0.9986	0.000	462,541	262,812	0	262,812
2032-2033	0.9945	0.000	460,524	0	0	0
2033-2034	0.9903	0.000	458,518	0	0	0
2034-2035	0.9862	0.000	456,524	0	0	0
2035-2036	0.9821	0.000	454,542	0	0	0
2036-2037	0.9780	0.000	452,587	0	0	0
Totals			15,409,871	10,675,004	(2,023,493)	9,023,770

See also Table 4 of Attachment D. See note 2, *supra*.

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. 32070403335) 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 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 Chapters 312 and 313 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 for so long as the law allows.

See Attachment A (Tabs 11 and 16).

Board Finding Number 15.

Per Applicant's certified Application, it has provided notice of existing property that is not eligible for value limitation, with an estimated value of \$1,701,063.00. But, no construction for this Project has occurred.

See Attachment A (§13 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 the information provided and certified by Applicant in its Application, the District's Financial Impact Analysis demonstrates that the District will be entitled to an estimated revenue protection payment of \$2,023,493 during tax year 2022 (school years 2022-23) pursuant to current school finance law, including Texas Education Code §48.256(d). 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 Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

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 Lazbuddie Wind Energy's Application and enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

See Attachment D.

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 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 Lazbuddie 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 Lazbuddie 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 Lazbuddie Independent School District Board of Trustees.

Dated this 14th day of November, 2019.

Lazbuddie Independent School District

By  _____
Signature

Candice Weaver Board President
Printed Name and Title

Attest:

By  _____
Signature

Doyle W. Weir Board Vice-President
Printed Name and Title

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 October 30, 2019 Agreement Review Letter
J	Job Waiver Request



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

July 16, 2019

Steve Wolf
Superintendent
Lazbuddie Independent School District
P.O. Box 9
Lazbuddie, Texas 79053

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Lazbuddie Independent School District and Lazbuddie Wind Energy, LLC, Application 1374

Dear Superintendent Wolf:

On May 17, 2019, the Comptroller's office received Lazbuddie Wind Energy, LLC's (applicant) application for a limitation on appraised value (Application 1374) from Lazbuddie 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 16, 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 Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5- 5626 or at 512-475- 5626.

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.
James Williams, Invenergy, LLC
Julia Kimmerly, Invenergy, LLC
Adam Glatz, Ernst & Young LLP

See Application documents
(Comptroller No. 1374)
posted on Comptroller Website:
Application (posted 06/11/19),
Amendment No. 1 (posted 07/15/19)
And Supplement No. 1 (posted 9/18/19)



Franchise Tax Account Status

As of : 11/10/2019 10:19:54

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

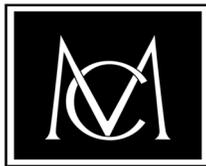
LAZBUDDIE WIND ENERGY LLC	
Texas Taxpayer Number	32070403335
Mailing Address	1999 BRYAN ST STE 900 DALLAS, TX 75201-3140
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	04/12/2019
Texas SOS File Number	0803291760
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

See Certification Packet
(Comptroller No. 1374)
Issued August 30, 2019 and
posted on Comptroller Website 09/05/19

See Certification Packet
(Comptroller No. 1374)
Issued August 30, 2019 and
posted on Comptroller Website 09/05/19

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Lazbuddie Wind Energy, LLC**

September 12, 2019



MCDOWELL
School Finance
CONSULTING

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Summary of Lazbuddie ISD Financial Impact of the Limited Appraised Value Application from Lazbuddie Wind Energy, LLC

Introduction

Lazbuddie Wind Energy, LLC applied for a property value limitation from Lazbuddie Independent School District under Chapter 313 of the Tax Code. The application was submitted on May 14, 2019 and subsequently approved for consideration by the Lazbuddie ISD Board of Trustees. Lazbuddie Wind Energy, LLC (“Lazbuddie Wind”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

“The Economic Development Act “, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007 and additionally House Bill 3390 from the 83rd Legislative Session.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below:

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year or a later year if agreed upon by the District and the Company.

Years Prior to Start of Value Limitation Period:

The tax years prior to the start of the value limitation period are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2020 & 2021 are the years that are Prior to the Start of Value Limitation Period.

Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the Minimum Limitation Amount for the applicable school district as determined by the State Comptroller’s Office. Lazbuddie ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million. Thus, Lazbuddie ISD has a Minimum Qualified Investment amount of \$10 million and a Minimum Limitation Amount of \$20 million. A qualifying entity’s taxable value would be reduced to \$20 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Lazbuddie ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2022 and continue through tax year 2031.

Final Five Years of the Agreement – Continue to Maintain a Viable Presence:

Tax years 2032 through 2036 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Taxable Value Projections from Application

The following data shows the projected taxable values that Lazbuddie Wind Energy reported in the application to the District:

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value with Agreement
Each Year Prior to Start of Value Limitation Period	0	2019-2020	2019	\$0	\$0
	0	2020-2021	2020	\$0	\$0
	0	2021-2022	2021	\$40,000,000	\$40,000,000
Value Limitation Period	1	2022-2023	2022	\$214,164,500	\$20,000,000
	2	2023-2024	2023	\$197,033,800	\$20,000,000
	3	2024-2025	2024	\$178,549,250	\$20,000,000
	4	2025-2026	2025	\$158,573,146	\$20,000,000
	5	2026-2027	2026	\$137,013,684	\$20,000,000
	6	2027-2028	2027	\$113,733,160	\$20,000,000
	7	2028-2029	2028	\$88,593,871	\$20,000,000
	8	2029-2030	2029	\$61,435,163	\$20,000,000
	9	2030-2031	2030	\$46,325,382	\$20,000,000
Continue to Maintain Viable Presence	10	2031-2032	2031	\$46,316,874	\$20,000,000
	11	2032-2033	2032	\$46,308,536	\$46,308,536
	12	2033-2034	2033	\$46,300,366	\$46,300,366
	13	2034-2035	2034	\$46,292,358	\$46,292,358
	14	2035-2036	2035	\$46,284,511	\$46,284,511
Additional Years for 25 Year Economic Impact Study	15	2036-2037	2036	\$46,276,821	\$46,276,821
	16	2037-2038	2037	\$46,269,285	\$46,269,285
	17	2038-2039	2038	\$46,261,899	\$46,261,899
	18	2039-2040	2039	\$46,254,661	\$46,254,661
	19	2040-2041	2040	\$46,247,568	\$46,247,568
	20	2041-2042	2041	\$46,240,616	\$46,240,616
	21	2042-2043	2042	\$46,233,804	\$46,233,804
	22	2043-2044	2043	\$46,227,128	\$46,227,128
	23	2044-2045	2044	\$46,220,585	\$46,220,585
24	2045-2046	2045	\$46,214,174	\$46,214,174	
	25	2046-2047	2046	\$46,207,890	\$46,207,890

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from Lazbuddie Wind” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2022 through 2031, the company’s taxable value will be limited to the \$20,000,000 Minimum Limitation Amount of Lazbuddie ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Lazbuddie Wind	Minimum Limitation Amount	Abated Value	Taxable Value
Jan. 1, 2019	0	n/a	0	0
Jan. 1, 2020	0	n/a	0	0
Jan. 1, 2021	40,000,000	n/a	0	40,000,000
Jan. 1, 2022	214,164,500	(20,000,000)	194,164,500	20,000,000
Jan. 1, 2023	197,033,800	(20,000,000)	177,033,800	20,000,000
Jan. 1, 2024	178,549,250	(20,000,000)	158,549,250	20,000,000
Jan. 1, 2025	158,573,146	(20,000,000)	138,573,146	20,000,000
Jan. 1, 2026	137,013,684	(20,000,000)	117,013,684	20,000,000
Jan. 1, 2027	113,733,160	(20,000,000)	93,733,160	20,000,000
Jan. 1, 2028	88,593,871	(20,000,000)	68,593,871	20,000,000
Jan. 1, 2029	61,435,163	(20,000,000)	41,435,163	20,000,000
Jan. 1, 2030	46,325,382	(20,000,000)	26,325,382	20,000,000
Jan. 1, 2031	46,316,874	(20,000,000)	26,316,874	20,000,000
Jan. 1, 2032	46,308,536	n/a	0	46,308,536
Jan. 1, 2033	46,300,366	n/a	0	46,300,366
Jan. 1, 2034	46,292,358	n/a	0	46,292,358
Jan. 1, 2035	46,284,511	n/a	0	46,284,511
Jan. 1, 2036	46,276,821	n/a	0	46,276,821

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Lazbuddie Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Lazbuddie Wind is \$8.65 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

Lazbuddie ISD projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has held a tax ratification election and the study projects that it will maintain the maximum M&O tax rate allowable that doesn't require an additional voter election for the life of this agreement.
- The district currently has no outstanding bonds and I&S tax rate; however, the district could pursue a bond election and issue bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2019-2020	1.0355	0.000	0	0	0	0
2020-2021	1.0548	0.000	0	0	0	0
2021-2022	1.0415	0.000	416,617	0	0	0
2022-2023	1.0372	0.000	2,221,226	2,013,795	(2,023,493)	(9,698)
2023-2024	1.0328	0.000	2,034,957	1,828,398	0	1,828,398
2024-2025	1.0285	0.000	1,836,297	1,630,606	0	1,630,606
2025-2026	1.0241	0.000	1,624,000	1,419,173	0	1,419,173
2026-2027	1.0198	0.000	1,397,311	1,193,344	0	1,193,344
2027-2028	1.0156	0.000	1,155,022	951,911	0	951,911
2028-2029	1.0113	0.000	895,946	693,687	0	693,687
2029-2030	1.0071	0.000	618,688	417,276	0	417,276
2030-2031	1.0028	0.000	464,570	264,002	0	264,002
2031-2032	0.9986	0.000	462,541	262,812	0	262,812
2032-2033	0.9945	0.000	460,524	0	0	0
2033-2034	0.9903	0.000	458,518	0	0	0
2034-2035	0.9862	0.000	456,524	0	0	0
2035-2036	0.9821	0.000	454,542	0	0	0
2036-2037	0.9780	0.000	452,587	0	0	0
Totals			15,409,871	10,675,004	(2,023,493)	9,023,770

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Lazbuddie ISD. First, a seventeen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a seventeen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a seventeen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the “Calculation of LAVA Impact on District’s Finances” section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2019-2020 fiscal year) were used for state aid and recapture calculation purposes
 - Tier I - Basic Allotment of \$6,160 multiplied by the number of students in average daily attendance (ADA).
 - Level 1 of Tier II yield - \$98.56 - per weighted student in average daily attendance (WADA) per penny of tax effort
 - Level 2 of Tier II yield - \$49.28 – per WADA per penny of tax effort
- Use of current year property values for state funding calculations.
- Use of prior year property values for revenue protection payment calculations in accordance with Article IV of the Agreement.
- The district’s tax rate for maintenance & operations (M&O) for 2018-19 of \$1.194 will be compressed to \$1.0355 for 2019-20 and is projected to decrease based on estimated statewide property tax growth. No future tax ratification elections are projected in the calculations.
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2019 taxable value was used as a baseline for all projections.
- The district’s enrollment is projected to increase; therefore, the projected ADA and WADA for school year 2019-2020 was decreased by .25% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the years of this proposed agreement. Also, Legislative changes to the school finance formulas are almost certain during the life of this agreement.

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Lazbuddie Wind (Table III), the addition of Lazbuddie Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Lazbuddie Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Lazbuddie Wind Energy, LLC:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State	State	Total State Revenue	Recapture Payment	Total District Revenue
			Revenue Tier I	Revenue Tier II			
2019-2020	65,162,597	681,264	1,245,796	203,102	1,448,898	0	2,130,162
2020-2021	65,814,223	679,169	1,242,393	203,297	1,445,690	0	2,124,859
2021-2022	66,472,365	677,097	1,245,206	202,676	1,447,882	0	2,124,979
2022-2023	67,137,089	680,838	1,238,969	201,491	1,440,460	0	2,121,298
2023-2024	67,808,460	684,523	1,235,891	200,774	1,436,665	0	2,121,188
2024-2025	68,486,545	688,215	1,227,944	199,101	1,427,045	0	2,115,260
2025-2026	69,171,410	691,982	1,216,511	197,126	1,413,637	0	2,105,619
2026-2027	69,863,124	695,758	1,206,458	195,351	1,401,809	0	2,097,567
2027-2028	70,561,755	699,542	1,199,151	193,910	1,393,061	0	2,092,603
2028-2029	71,267,373	703,404	1,194,610	193,023	1,387,633	0	2,091,037
2029-2030	71,980,047	707,276	1,185,898	191,434	1,377,332	0	2,084,608
2030-2031	72,699,847	711,085	1,178,543	189,973	1,368,516	0	2,079,601
2031-2032	73,426,846	714,973	1,168,410	188,163	1,356,573	0	2,071,546
2032-2033	74,161,114	718,943	1,161,032	186,616	1,347,648	0	2,066,591
2033-2034	74,902,725	722,850	1,153,628	185,137	1,338,765	0	2,061,615
2034-2035	75,651,752	726,839	1,144,846	183,784	1,328,630	0	2,055,469
2035-2036	76,408,270	730,837	1,141,577	182,773	1,324,350	0	2,055,187
2036-2037	77,172,353	734,844	1,132,737	181,129	1,313,866	0	2,048,710

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues *with* Lazbuddie Wind Energy, LLC *without* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Total District Revenue
			Tier I	Tier II			
2019-2020	65,162,597	681,264	1,245,796	203,102	1,448,898	0	2,130,162
2020-2021	65,814,223	679,169	1,242,393	203,297	1,445,690	0	2,124,859
2021-2022	106,472,365	978,285	980,094	158,433	1,138,527	0	2,116,812
2022-2023	281,301,589	2,541,053	57,600	7,992	65,592	(497,209)	2,109,436
2023-2024	264,842,260	2,393,543	28,600	21,021	49,621	(333,494)	2,109,670
2024-2025	247,035,795	2,233,959	57,200	35,189	92,389	(221,898)	2,104,450
2025-2026	227,744,556	2,061,069	28,600	48,759	77,359	(43,477)	2,094,951
2026-2027	206,876,808	1,874,051	148,860	64,408	213,268	(15,945)	2,071,374
2027-2028	184,294,916	1,671,669	327,357	81,868	409,225	(10,294)	2,070,600
2028-2029	159,861,244	1,452,692	523,615	101,323	624,938	(4,116)	2,073,514
2029-2030	133,415,209	1,215,680	731,993	126,006	857,999	0	2,073,679
2030-2031	119,025,229	1,086,716	844,226	139,325	983,551	0	2,070,267
2031-2032	119,743,719	1,093,155	831,484	137,540	969,024	0	2,062,179
2032-2033	120,469,650	1,099,661	821,454	136,157	957,611	0	2,057,272
2033-2034	121,203,091	1,106,234	811,354	134,582	945,936	0	2,052,170
2034-2035	121,944,111	1,112,875	799,816	134,483	934,299	0	2,047,174
2035-2036	122,692,781	1,119,585	793,760	132,193	925,953	0	2,045,538
2036-2037	123,449,174	1,126,364	782,087	130,574	912,661	0	2,039,025

TABLE V – District Revenues *with* Lazbuddie Wind Energy, LLC *with* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	Total M&O Taxes	State Revenue		Total State Revenue	Recapture Payment	Payment for District Losses	Total District Revenue
			Tier I	Tier II				
2019-2020	65,162,597	681,264	1,245,796	203,102	1,448,898	0	0	2,130,162
2020-2021	65,814,223	679,169	1,242,393	203,297	1,445,690	0	0	2,124,859
2021-2022	106,472,365	978,285	980,094	158,433	1,138,527	0	0	2,116,812
2022-2023	87,137,089	804,262	1,134,065	179,236	1,313,301	0	2,023,493	4,141,056
2023-2024	87,808,460	810,304	1,128,605	178,525	1,307,130	0	0	2,117,434
2024-2025	88,486,545	816,407	1,118,235	177,801	1,296,036	0	0	2,112,443
2025-2026	89,171,410	822,571	1,104,342	175,114	1,279,456	0	0	2,102,027
2026-2027	89,863,124	828,797	1,091,789	173,149	1,264,938	0	0	2,093,735
2027-2028	90,561,755	835,085	1,081,942	171,788	1,253,730	0	0	2,088,815
2028-2029	91,267,373	841,436	1,074,820	170,834	1,245,654	0	0	2,087,090
2029-2030	91,980,047	847,850	1,063,483	170,134	1,233,617	0	0	2,081,467
2030-2031	92,699,847	854,328	1,053,464	167,871	1,221,335	0	0	2,075,663
2031-2032	93,426,846	860,872	1,040,624	166,069	1,206,693	0	0	2,067,565
2032-2033	120,469,650	1,122,329	798,204	135,951	934,155	0	0	2,056,484
2033-2034	121,203,091	1,129,040	787,961	134,562	922,523	0	0	2,051,563
2034-2035	121,944,111	1,135,820	776,280	134,483	910,763	0	0	2,046,583
2035-2036	122,692,781	1,142,671	770,080	132,175	902,255	0	0	2,044,926
2036-2037	123,449,174	1,149,592	758,262	130,557	888,819	0	0	2,038,411

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 3 of the 86th Legislative Session and became effective for the 2019-2020 school year. The primary intent of the new legislation is to reduce maintenance & operations “M&O” tax rate and cooperatively reduce district’s recapture payments; thus, increasing the State’s share of school district funding. The maximum M&O tax rate prior to the Legislative Session was \$1.17 and that rate was reduced to a maximum rate of \$1.06835 for the 2019-2020 school year. The maximum tax rate is expected to continue to be compressed lower when statewide property values increase at a rate greater than 2.5% per year or also when a school district’s property values increase by more than 2.5%. However, a school district’s M&O tax rate can’t be reduced to a rate lower than 90% of the maximum allowable Tier I rate for the respective year.

Prior to the 86th Legislative Session and the passage of House Bill 3, school finance law required the use of a district’s prior year property values for the calculation of property wealth. House Bill 3 changed school finance law and now requires a district’s current year property values for the property wealth calculation; however, it also contains language for the calculation of revenue protection payments for Chapter 313 Agreements using prior year values in Section 48.256(d) as follows:

(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.

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Supplemental Payments

Assuming that the District and Lazbuddie Wind Energy, LLC mutually agree in the LAVA that the greater of \$100 per student in average daily attendance (ADA) or \$50,000, the projected amount of these payments over the life of the agreement is \$750,000 of the \$8.65 million net tax savings amount. This amount will be computed annually according to Section VI of the Agreement.

TABLE VI - Calculation of the Supplemental Payments:

Fiscal Year	Net Tax Savings	Lazbuddie ISD Supplemental	Lazbuddie Wind Energy Share
2019-2020	0	0	0
2020-2021	0	50,000	(50,000)
2021-2022	0	50,000	(50,000)
2022-2023	(9,698)	50,000	(59,698)
2023-2024	1,828,398	50,000	1,778,398
2024-2025	1,630,606	50,000	1,580,606
2025-2026	1,419,173	50,000	1,369,173
2026-2027	1,193,344	50,000	1,143,344
2027-2028	951,911	50,000	901,911
2028-2029	693,687	50,000	643,687
2029-2030	417,276	50,000	367,276
2030-2031	264,002	50,000	214,002
2031-2032	262,812	50,000	212,812
2032-2033	0	50,000	(50,000)
2033-2034	0	50,000	(50,000)
2034-2035	0	50,000	(50,000)
2035-2036	0	0	(134,146)
2036-2037	0	0	0
Totals	8,651,511	750,000	7,901,511

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Lazbuddie School	EE-12	14	308	168	140
Total		14	308	168	140

The building capacities are based on 22 students per classroom for early education through 12th grade. Lazbuddie ISD is an early-education through 12th grade district.

Lazbuddie Wind Energy, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that five employees are expected. It is not known whether these would be new employees to the Lazbuddie ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new five positions equates to 3 new students.

This projected student growth can be accommodated with the current facilities of Lazbuddie ISD as displayed in Table VII above.

Lazbuddie ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Lazbuddie Energy, LLC, would be beneficial to both Lazbuddie Wind Energy and Lazbuddie ISD under the current school finance system.

Lazbuddie Wind Energy, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and supplemental payments to the District, Lazbuddie Wind is projected to benefit from an 84% tax savings during that ten year period of this Agreement. Lazbuddie Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Lazbuddie ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Lazbuddie Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

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 26, 2019

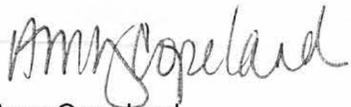
Candice Weaver, President
Board of Trustees
Lazbuddie Independent School District
PO Box 9
Lazbuddie, TX 79053-0009

Dear Mrs. Weaver:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Lazbuddie Wind Energy LLC project #1374 on the number and size of school facilities in Lazbuddie Independent School District (LISD). Based on an examination of LISD enrollment and the number of potential new jobs, the TEA has determined that the Lazbuddie Wind Energy LLC project should not have a significant impact on the number or size of school facilities in LISD.

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: Steve Wolf


Taxes

Property Tax Assistance

2018 ISD Summary Worksheet**035-Castro****185-904/Lazbuddie ISD**

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	0	N/A	0	0
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C1. VACANT LOTS	0	N/A	0	0
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	794,200	N/A	794,200	794,200
D2. REAL PROPERTY: FARM & RANCH	401,130	N/A	401,130	401,130
E. REAL PROPERTY: NON-QUALIFIED ACREAGE	332,360	N/A	332,360	332,360
F1. COMMERCIAL REAL ESTATE	0	N/A	0	0
F2. INDUSTRIAL REAL ESTATE	0	N/A	0	0
G. OIL, GAS, MINERAL RIGHTS	0	N/A	0	0
J. UTILITIES	162,350	N/A	162,350	162,350
L1. COMMERCIAL PERSONAL	0	N/A	0	0
L2. INDUSTRIAL PERSONAL	0	N/A	0	0
M. MOBILE HOMES	0	N/A	0	0

N. INTANGIBLE PERSONAL PROPERTY	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
Subtotal	1,690,040	0	1,690,040	1,690,040
Less Total Deductions	0	0	0	0
Total Taxable Value	1,690,040	0	1,690,040	1,690,040

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
1,690,040	1,690,040	1,690,040	1,690,040

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
0	0

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
1,690,040	1,690,040	1,690,040	1,690,040

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

185-Parmer

185-904/Lazbuddie ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	86,470	N/A	86,470	86,470
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C1. VACANT LOTS	13,632	N/A	13,632	13,632
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	19,026,336	2.1437	8,875,521	19,026,336

D2. REAL PROP:FA RM & RANCH	2,118,082	N/A	2,118,082	2,118,082
E. REAL PROP NO NQUAL ACREAGE	27,737,823	0.9414	29,464,439	27,737,823
F1. COMMERCIAL REAL	465,000	N/A	465,000	465,000
F2. INDUSTRIAL R EAL	8,850,886	N/A	8,850,886	8,850,886
G. OIL,GAS,MINER ALS	0	N/A	0	0
J. UTILITIES	3,996,490	0.9469	4,220,604	3,996,490
L1. COMMERCIAL PERSONAL	1,165,552	N/A	1,165,552	1,165,552
L2. INDUSTRIAL P ERSONAL	4,880,384	N/A	4,880,384	4,880,384
M. MOBILE HOMES	8,036	N/A	8,036	8,036
N. INTANGIBLE PE RSONAL PROP	0	N/A	0	0
O. RESIDENTIAL IN VENTORY	0	N/A	0	0
S. SPECIAL INVEN TORY	0	N/A	0	0
Subtotal	68,348,691	0	60,148,606	68,348,691
Less Total Deducti ons	5,521,308	0	5,521,308	5,521,308
Total Taxable Value	62,827,383	0	54,627,298	62,827,383

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
63,924,351	62,827,383	63,924,351	62,827,383

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
1,096,968	0

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
63,924,351	62,827,383	63,924,351	62,827,383

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 INVALID, BUT LOCAL VALUE WAS CERTIFIED
BECAUSE LOCAL VALUE IS GREATER THAN PTAD VALUE

185-904-02/Lazbuddie ISD

Category	Local Tax Roll Value	2018 WTD Mean Ratio	2018 PTAD Value Estimate	2018 Value Assigned
A. SINGLE-FAMILY RESIDENCES	86,470	N/A	86,470	86,470
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C1. VACANT LOTS	13,632	N/A	13,632	13,632
C2. COLONIA LOTS	0	N/A	0	0
D1. QUALIFIED AGRICULTURAL LAND	19,820,536	2.0498	9,669,721	19,820,536
D2. REAL PROP: FARM & RANCH	2,519,212	N/A	2,519,212	2,519,212
E. REAL PROP NON-QUAL ACREAGE	28,070,183	0.9421	29,796,799	28,070,183
F1. COMMERCIAL REAL	465,000	N/A	465,000	465,000
F2. INDUSTRIAL REAL	8,850,886	N/A	8,850,886	8,850,886
G. OIL, GAS, MINERALS	0	N/A	0	0
J. UTILITIES	4,158,840	0.9489	4,382,954	4,158,840
L1. COMMERCIAL PERSONAL	1,165,552	N/A	1,165,552	1,165,552
L2. INDUSTRIAL PERSONAL	4,880,384	N/A	4,880,384	4,880,384
M. MOBILE HOMES	8,036	N/A	8,036	8,036
N. INTANGIBLE PERSONAL PROP	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0

S. SPECIAL INVENTORY	0	N/A	0	0
Subtotal	70,038,731		61,838,646	70,038,731
Less Total Deductions	5,521,308		5,521,308	5,521,308
Total Taxable Value	64,517,423		56,317,338	64,517,423

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
65,614,391	64,517,423	65,614,391	64,517,423

Loss To the Additional \$10,000 Homestead Exemption	50 % of the loss to the Local Optional Percentage Homestead Exemption
1,096,968	0

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
65,614,391	64,517,423	65,614,391	64,517,423

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 (App No. 1374)
posted on Comptroller Website



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 30, 2019

Steve Wolf
Superintendent
Lazbuddie Independent School District
P.O. Box 9
Lazbuddie, Texas 79053

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Lazbuddie Independent School District and Lazbuddie Wind Energy, LLC, Application 1374

Dear Superintendent Wolf:

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 Lazbuddie Independent School District and Lazbuddie Wind Energy, 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 Tabita Collazo with our office. She can be reached by email at tabita.collazo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-5626, or at 512-475-5626.

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
James Williams, Invenergy, LLC
Julia Kimmerly, Invenergy, LLC
Adam Glatz, Ernst & Young LLP

See Tab 12 in application documents,
(Comptroller No. 1374)
posted on Comptroller Website
(posted 06/11/19)