



**GLENN HEGAR** TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 27, 2020

Carolyn Mendiola  
Superintendent  
Mercedes Independent School District  
206 W. Sixth Street  
Mercedes, Texas 78570

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations taxes by and between Mercedes Independent School District and Monte Alto Windpower, LLC, Application 1440

Dear Superintendent Mendiola:

On December 2, 2019, the Comptroller issued written notice that Monte Alto Windpower, LLC (applicant) submitted a completed application (Application 1440) for a limitation on appraised value under the provisions of Tax Code Chapter 313.<sup>1</sup> This application was originally submitted on September 16, 2019, to the Mercedes Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

**Determination required by 313.025(h)**

Sec. 313.024(a) Applicant is subject to tax imposed by Chapter 171.  
Sec. 313.024(b) Applicant is proposing to use the property for an eligible project.

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

Sec. 313.024(d) Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.

Sec. 313.024(d-2) Not applicable to Application 1440.

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

### **Certificate decision required by 313.025(d)**

#### **Determination required by 313.026(c)(1)**

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district's maintenance and operations *ad valorem tax* revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period, see Attachment B.

#### **Determination required by 313.026(c)(2)**

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state, see Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2020.

Note that any building or improvement existing as of the application review start date of December 2, 2019, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at [will.counihan@cpa.texas.gov](mailto:will.counihan@cpa.texas.gov) or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,

A handwritten signature in blue ink that reads "Lisa Craven". The signature is fluid and cursive, with the first name "Lisa" and last name "Craven" clearly legible.

Lisa Craven  
Deputy Comptroller

Enclosure

cc: Will Counihan

## Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller’s economic impact analysis of Monte Alto Windpower, LLC (project) applying to Mercedes Independent School District (district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

**Table 1** is a summary of investment, employment and tax impact of Monte Alto Windpower, LLC.

Applicant	Monte Alto Windpower, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Mercedes ISD
2018-2019 Average Daily Attendance	4,834
County	Hidalgo
Proposed Total Investment in District	\$38,825,960
Proposed Qualified Investment	\$38,825,960
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2021-2022
Number of new qualifying jobs committed to by applicant	1*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$757.39
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$757.39
Minimum annual wage committed to by applicant for qualified jobs	\$39,384.28
Minimum weekly wage required for non-qualifying jobs	\$665.50
Minimum annual wage required for non-qualifying jobs	\$34,606.00
Investment per Qualifying Job	\$38,825,960
Estimated M&O levy without any limit (15 years)	\$4,452,714
Estimated M&O levy with Limitation (15 years)	\$3,260,502
Estimated gross M&O tax benefit (15 years)	\$1,192,211

\* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).

**Table 2** is the estimated statewide economic impact of Monte Alto Windpower, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2022	151	141	292	\$4,008,534	\$15,161,673	\$19,170,207
2023	1	21	22.4129	\$39,384	\$3,130,551	\$3,169,935
2024	1	10	11	\$39,384	\$2,035,406	\$2,074,791
2025	1	1	2	\$39,384	\$1,127,056	\$1,166,440
2026	1	(4)	-3	\$39,384	\$522,919	\$562,303
2027	1	(5)	-4	\$39,384	\$166,987	\$206,371
2028	1	(5)	-4	\$39,384	-\$4,848	\$34,536
2029	1	(5)	-4	\$39,384	-\$45,078	-\$5,694
2030	1	(3)	-2	\$39,384	\$1,584	\$40,968
2031	1	(2)	-1	\$39,384	\$90,896	\$130,280
2032	1	(0)	1	\$39,384	\$199,183	\$238,568
2033	1	1	2	\$39,384	\$300,087	\$339,471
2034	1	2	3	\$39,384	\$397,616	\$437,000
2035	1	2	3	\$39,384	\$481,342	\$520,726
2036	1	3	4	\$39,384	\$546,440	\$585,824
2037	1	3	4	\$39,384	\$597,135	\$636,519

Source: CPA REMI, Monte Alto Windpower, LLC

**Table 3** examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Mercedes ISD I&S Tax Levy	Mercedes ISD M&O Tax Levy	Mercedes ISD M&O and I&S Tax Levies	Hidalgo County Tax Levy	South Texas College Tax Levy	Emergency Services District #2 Tax Levy	South Texas ISD Tax Levy	Hidalgo County Drainage District #1 Tax Levy	Estimated Total Property Taxes
2023	\$38,825,960	\$38,825,960		0.21000	1.0684		0.57500	0.17330	0.03600	0.04920	0.10510	
2024	\$36,884,662	\$36,884,662		\$81,535	\$414,817	\$496,351	\$223,249	\$67,285	\$13,977	\$19,102	\$40,806	\$786,886
2025	\$35,040,429	\$35,040,429		\$77,458	\$394,076	\$471,534	\$212,087	\$63,921	\$13,278	\$18,147	\$38,766	\$747,541
2026	\$33,288,407	\$33,288,407		\$73,585	\$374,372	\$447,957	\$201,482	\$60,725	\$12,615	\$17,240	\$36,827	\$710,164
2027	\$31,623,987	\$31,623,987		\$69,906	\$355,653	\$425,559	\$191,408	\$57,689	\$11,984	\$16,378	\$34,986	\$674,656
2028	\$30,042,788	\$30,042,788		\$66,410	\$337,871	\$404,281	\$181,838	\$54,804	\$11,385	\$15,559	\$33,237	\$640,923
2029	\$28,540,648	\$28,540,648		\$63,090	\$320,977	\$384,067	\$172,746	\$52,064	\$10,815	\$14,781	\$31,575	\$608,877
2030	\$27,113,616	\$27,113,616		\$59,935	\$304,928	\$364,864	\$164,109	\$49,461	\$10,275	\$14,042	\$29,996	\$578,433
2031	\$25,757,935	\$25,757,935		\$56,939	\$289,682	\$346,620	\$155,903	\$46,988	\$9,761	\$13,340	\$28,496	\$549,512
2032	\$24,470,038	\$24,470,038		\$54,092	\$275,198	\$329,289	\$148,108	\$44,639	\$9,273	\$12,673	\$27,072	\$522,036
2033	\$23,246,536	\$23,246,536		\$51,387	\$261,438	\$312,825	\$140,703	\$42,407	\$8,809	\$12,039	\$25,718	\$495,934
2034	\$22,084,210	\$22,084,210		\$48,818	\$248,366	\$297,184	\$133,668	\$40,286	\$8,369	\$11,437	\$24,432	\$471,138
2035	\$20,979,999	\$20,979,999		\$46,377	\$235,948	\$282,325	\$126,984	\$38,272	\$7,950	\$10,865	\$23,211	\$447,581
2036	\$19,930,999	\$19,930,999		\$44,058	\$224,150	\$268,208	\$120,635	\$36,358	\$7,553	\$10,322	\$22,050	\$425,202
2037	\$18,934,449	\$18,934,449		\$41,855	\$212,943	\$254,798	\$114,603	\$34,540	\$7,175	\$9,806	\$20,947	\$403,942
				\$39,762	\$202,296	\$242,058	\$108,873	\$32,813	\$6,816	\$9,316	\$19,900	\$383,744
			<b>Total</b>	<b>\$875,206</b>	<b>\$4,452,714</b>	<b>\$5,327,919</b>	<b>\$2,396,397</b>	<b>\$722,253</b>	<b>\$150,035</b>	<b>\$205,048</b>	<b>\$438,020</b>	<b>\$8,446,569</b>

Source: CPA, Monte Alto Windpower, LLC

\*Tax Rate per \$100 Valuation

**Table 4** examines the estimated direct impact on ad valorem taxes to the school district, Hidalgo County, South Texas College, Emergency Services District #2, South Texas ISD and Hidalgo County Drainage District #1, with all property tax incentives sought using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatements with the county and college.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate*	Mercedes ISD I&S Tax Levy	Mercedes ISD M&O Tax Levy	Mercedes ISD M&O and I&S Tax Levies	Hidalgo County Tax Levy	South Texas College Tax Levy	Emergency Services District #2 Tax Levy	South Texas ISD Tax Levy	Hidalgo County Drainage District #1 Tax Levy	Estimated Total Property Taxes	
2023	\$38,825,960	\$20,000,000		0.21000	1.0684		0.57500	0.17330	0.03600	0.04920	0.10510		
				\$81,535	\$213,680	\$295,215	\$0	\$0	\$13,977	\$19,102	\$40,806	\$295,215	
2024	\$36,884,662	\$20,000,000		\$77,458	\$213,680	\$291,138	\$0	\$0	\$13,278	\$18,147	\$38,766	\$291,138	
2025	\$35,040,429	\$20,000,000		\$73,585	\$213,680	\$287,265	\$0	\$0	\$12,615	\$17,240	\$36,827	\$287,265	
2026	\$33,288,407	\$20,000,000		\$69,906	\$213,680	\$283,586	\$0	\$0	\$11,984	\$16,378	\$34,986	\$283,586	
2027	\$31,623,987	\$20,000,000		\$66,410	\$213,680	\$280,090	\$0	\$0	\$11,385	\$15,559	\$33,237	\$280,090	
2028	\$30,042,788	\$20,000,000		\$63,090	\$213,680	\$276,770	\$0	\$0	\$10,815	\$14,781	\$31,575	\$276,770	
2029	\$28,540,648	\$20,000,000		\$59,935	\$213,680	\$273,615	\$0	\$0	\$10,275	\$14,042	\$29,996	\$273,615	
2030	\$27,113,616	\$20,000,000		\$56,939	\$213,680	\$270,619	\$0	\$0	\$9,761	\$13,340	\$28,496	\$270,619	
2031	\$25,757,935	\$20,000,000		\$54,092	\$213,680	\$267,772	\$0	\$0	\$9,273	\$12,673	\$27,072	\$267,772	
2032	\$24,470,038	\$20,000,000		\$51,387	\$213,680	\$265,067	\$0	\$0	\$8,809	\$12,039	\$25,718	\$265,067	
2033	\$23,246,536	\$23,246,536		\$48,818	\$248,366	\$297,184	\$133,668	\$40,286	\$8,369	\$11,437	\$24,432	\$471,138	
2034	\$22,084,210	\$22,084,210		\$46,377	\$235,948	\$282,325	\$126,984	\$38,272	\$7,950	\$10,865	\$23,211	\$447,581	
2035	\$20,979,999	\$20,979,999		\$44,058	\$224,150	\$268,208	\$120,635	\$36,358	\$7,553	\$10,322	\$22,050	\$425,202	
2036	\$19,930,999	\$19,930,999		\$41,855	\$212,943	\$254,798	\$114,603	\$34,540	\$7,175	\$9,806	\$20,947	\$403,942	
2037	\$18,934,449	\$18,934,449		\$39,762	\$202,296	\$242,058	\$108,873	\$32,813	\$6,816	\$9,316	\$19,900	\$383,744	
				<b>Total</b>	<b>\$875,206</b>	<b>\$3,260,502</b>	<b>\$4,135,708</b>	<b>\$604,763</b>	<b>\$182,270</b>	<b>\$150,035</b>	<b>\$205,048</b>	<b>\$438,020</b>	<b>\$4,922,742</b>
				<b>Diff</b>	<b>\$0</b>	<b>\$1,192,211</b>	<b>\$1,192,211</b>	<b>\$1,791,634</b>	<b>\$539,983</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$3,523,828</b>

Assumes School Value Limitation and Tax Abatements with the County and College

Source: CPA, Monte Alto Windpower, LLC

\*Tax Rate per \$100 Valuation

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## Attachment B – Tax Revenue before 25<sup>th</sup> Anniversary of Limitation Start

This represents the Comptroller’s determination that Monte Alto Windpower, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
<b>Limitation Pre-Years</b>	2020	\$0	\$0	\$0	\$0
	2021	\$0	\$0	\$0	\$0
	2022	\$0	\$0	\$0	\$0
<b>Limitation Period (10 Years)</b>	2023	\$213,680	\$213,680	\$201,137	\$201,137
	2024	\$213,680	\$427,360	\$180,396	\$381,532
	2025	\$213,680	\$641,040	\$160,692	\$542,224
	2026	\$213,680	\$854,720	\$141,973	\$684,198
	2027	\$213,680	\$1,068,400	\$124,191	\$808,388
	2028	\$213,680	\$1,282,080	\$107,297	\$915,685
	2029	\$213,680	\$1,495,760	\$91,248	\$1,006,934
	2030	\$213,680	\$1,709,440	\$76,002	\$1,082,936
	2031	\$213,680	\$1,923,120	\$61,518	\$1,144,453
	2032	\$213,680	\$2,136,800	\$47,758	\$1,192,211
<b>Maintain Viable Presence (5 Years)</b>	2033	\$248,366	\$2,385,166	\$0	\$1,192,211
	2034	\$235,948	\$2,621,114	\$0	\$1,192,211
	2035	\$224,150	\$2,845,264	\$0	\$1,192,211
	2036	\$212,943	\$3,058,207	\$0	\$1,192,211
	2037	\$202,296	\$3,260,502	\$0	\$1,192,211
<b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>	2038	\$192,181	\$3,452,683	\$0	\$1,192,211
	2039	\$182,572	\$3,635,255	\$0	\$1,192,211
	2040	\$173,443	\$3,808,698	\$0	\$1,192,211
	2041	\$164,771	\$3,973,469	\$0	\$1,192,211
	2042	\$156,533	\$4,130,002	\$0	\$1,192,211
	2043	\$148,706	\$4,278,708	\$0	\$1,192,211
	2044	\$141,271	\$4,419,978	\$0	\$1,192,211
	2045	\$134,207	\$4,554,186	\$0	\$1,192,211
	2046	\$127,497	\$4,681,682	\$0	\$1,192,211
	2047	\$121,122	\$4,802,804	\$0	\$1,192,211

**\$4,802,804**

is greater than

**\$1,192,211**

### 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**

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Source: CPA, Monte Alto Windpower, LLC

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

## Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant’s decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

### Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

### Determination

The Comptroller **has determined** that the limitation on appraised value is a determining factor in the Monte Alto Windpower, 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 Monte Alto Windpower, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  - A. “Yes. Terra-Gen management team is uniquely qualified to develop and construct wind and other renewable energy projects in the United States. In North America, Terra-Gen currently operates over 2,000 MW of renewable energy projects. Based on this experience the management team evaluates all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities both OUTSIDE the State of Texas as WITHIN the State of Texas. Other locations being evaluated include, but are not limited to: California, Oklahoma, Louisiana, Colorado, Wyoming and Nevada.”
  - B. “For these reasons, Terra-Gen studies and evaluates various competing sites throughout the market areas across the U.S. where wind development is attractive. Without a Value Limitation program, Terra-Gen would seek to move to alternative sites outside of the State of Texas.”
  - C. “Therefore, a 313 Limitation of Appraised Value Agreement is a vital tax incentive necessary to ensure the Project is economically competitive with other wind projects with similar incentives. Without the requested value limitation, the Monte Alto Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associate returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the total projected capital costs of approximately \$228.388M, of which \$38.83M will be within Mercedes ISD boundary, needed to purchase wind turbines and other infrastructure, and to fund the construction of the facility.”
- Per Monte Alto Windpower, LLC in Tab 4 of their Application for a Limitation on Appraised Value:
  - A. “Specific to Mercedes ISD, the wind farm will have an estimated 41 MW which is comprised of 15 wind turbines with a nameplate capacity of 2.2MW. The wind farm project within Mercedes ISD is a critical and invaluable portion of the project as a whole. Should the Limitation of Appraised Value Agreement for Mercedes ISD not be granted, then it is likely that Monte Alto Windpower

would not be viable and would be forced to redeploy [its] assets and capital to other states competing for similar wind projects.”

- Supplemental Information provided by the applicant indicated the following:
  - A. Is this project known by any specific names not otherwise mentioned in this application? *No.*
  - B. Please also list any other names by which this project may have been known in the past--in media reports, investor presentations, or any listings with any federal or state agency. *Formerly known as West Willacy Windpower, LLC.*
  - C. Has this project applied to ERCOT at this time? If so, please provide the project’s GINR number and when was it assigned. Does the project have a different GINR number assigned to it since this portion of project is in Hidalgo County? *19INR0022 Assigned July 6, 2017*

**Supporting Information**

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
- c) Additional information provided by the Applicant or located by the Comptroller

**Disclaimer:** This examination is based on information from the application submitted to the school district and forwarded to the comptroller. It is intended to meet the statutory requirement of Chapter 313 of the Tax Code and is not intended for any other purpose.

# **Supporting Information**

**Section 8 of the Application for  
a Limitation on Appraised Value**

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

**SECTION 7: Project Description**

1. In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

# **Supporting Information**

Attachments provided in Tab 5  
of the Application for a  
Limitation on Appraised Value

## Attachment 5

***Documentation to assist in determining if limitation is a determining factor.***

***Chapter 313.026(e) states “the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c) (2).” If you answered “yes” to any of the questions in Section 8, attach supporting information in Tab 5.***

### **2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?**

Monte Alto Windpower, LLC was formed in 2017. In support of its creation, the participating members of Terra-Gen, executed documents necessary to form the entity including an Operating Agreement and a Development Agreement with Monte Alto Windpower, LLC.

Terra-Gen has entered into the following representative agreements and contracts for the development of a project within Mercedes ISD and intends to assign these assets to Monte Alto Windpower, LLC:

- Grants of leases and easements covering approximately 3,850 acres,
- Avian Study and contract,
- Bat Acoustic Study and contract,
- Threatened & Endangered Species Studies and contract,
- Enterprise Zone with Hidalgo County Commissioners Court,
- Interconnection Application with ERCOT, and
- Federal Aviation Studies

### **7. Is the applicant evaluating other locations not in Texas for the proposed project?**

Yes. Terra-Gen management team is uniquely qualified to develop and construct wind and other renewable energy projects in the United States. In North America, Terra-Gen currently operates over 2,000 MW of renewable energy projects. Based on this experience the management team evaluates all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities both OUTSIDE the State of Texas as WITHIN the State of Texas. Other locations being evaluated include, but are not limited to:

California  
Oklahoma  
Louisiana  
Colorado  
Wyoming  
Nevada

For these reasons, Terra-Gen studies and evaluates various competing sites throughout the market areas across the U.S. where wind development is attractive. Without a Value Limitation program, Terra-Gen would seek to move to alternative sites outside of the State of Texas.

Monte Alto is currently in a period of assessment to determine whether the identified site represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable. As such, the development resources necessary to advance the Project for a planned 204 MW, of which 41MW will be located within Mercedes ISD, could be redeployed to other renewable energy development projects in other power markets in the United States.

Therefore, a 313 Limitation of Appraised Value Agreement is a vital tax incentive necessary to ensure the Project is economically competitive with other wind projects with similar incentives. Without the requested value limitation, the Monte Alto Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associate returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the total projected capital costs of approximately \$228.388M, of which \$38.83M will be within Mercedes ISD boundary, needed to purchase wind turbines and other infrastructure, and to fund the construction of the facility.

**10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?**

The information provided in this Attachment and throughout the Application has been assembled to provide the reviewer with the best possible information to make an assessment and determination of the critical nature of the Limitation on Appraised Value to the feasibility of the Project.

# **Supporting Information**

Additional information  
provided by the Applicant or  
located by the Comptroller

## Attachment 4

### ***Detailed description of the project.***

***In Tab 4, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.***

Monte Alto Windpower, LLC, (“Monte Alto”) is a special purpose entity formed to facilitate the development and commercialization of a utility-scale wind energy project. Terra-Gen, LLC, (“Terra-Gen”) the exclusive developer of Monte Alto, is in the business of initiating, developing, producing and owning and operating electricity from renewable energy projects including wind, solar, and geothermal.

Terra-Gen currently has many projects in development across the United States and is evaluating other renewable energy project opportunities across the country.

Monte Alto Windpower, LLC was recently created for the purpose of interconnecting Monte Alto into the ERCOT market and there are no existing 312 or 313 agreements in place for this project. Monte Alto is requesting an appraised value limitation from Mercedes ISD for a proposed wind energy project using wind turbines and transmission located in Hidalgo County . Monte Alto *will NOT* be requesting an appraised value of limitation for the portion of the project located within the La Feria ISD school district boundary. The wind farm and its associated infrastructure will be constructed within the jurisdiction of La Villa ISD, Mercedes ISD, Santa Rosa ISD, and La Feria ISD and located within Hidalgo & Cameron Counties, Texas. A map showing the location of the wind farm is included as Attachment 11a.

The wind farm will have an estimated capacity of 201 megawatts (“MW”). To construct the wind farm, Monte Alto expects: 88 wind turbines comprised of 82 wind turbines with a nameplate capacity of 2.2 Megawatts (“MW”) and 6 wind turbines with a nameplate capacity of 3.45 MW of which:

- 47 wind turbines being within the La Villa ISD boundaries,
- 15 wind turbines within the Mercedes ISD boundaries,
- 22 wind turbines within the Santa Rosa ISD boundaries, and
- 4 wind turbines within the La Feria ISD boundaries.

Specific to Mercedes ISD, the wind farm will have an estimated 41 MW which is comprised of 15 wind turbines with a nameplate capacity of 2.2MW. The wind farm project within Mercedes ISD is a critical and invaluable portion of the project as a whole. Should the Limitation of Appraised Value Agreement for Mercedes ISD not be granted, then it is likely that Monte Alto Windpower would not be viable and would be forced to redeploy it’s assets and capital to other states competing for similar wind projects.