

**FINDINGS OF THE EDINBURG  
CONSOLIDATED INDEPENDENT SCHOOL  
DISTRICT BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
HIDALGO WIND FARM LLC (#1003)**



December 9, 2014

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OF THE  
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SCHOOL DISTRICT BOARD OF TRUSTEES  
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**DECEMBER 9, 2014**

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INDEPENDENT SCHOOL DISTRICT BOARD OF  
TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
HIDALGO WIND FARM LLC (#1003)

*STATE OF TEXAS* §

*COUNTY OF MARTIN* §

On the 9<sup>th</sup> day of December, 2014, a public meeting of the Board of Trustees of the Edinburg Consolidated Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Hidalgo Wind Farm LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

In April 2014, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The application was determined complete by the Comptroller on May 19, 2014. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32042891542), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Martin County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on July 17, 2014 in which the Comptroller has determined that: 1) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 2) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25<sup>th</sup> anniversary of the beginning of the limitation period; and, 3) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment D**.

The Board of Trustees has confirmed that the taxable value of property in the District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment E**.

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is attached to these findings as **Attachment F**.

At the specific direction of the Comptroller's Office, the parties used the template Texas Economic Development Agreement. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**. In November 2014, the Texas Comptroller's Office announced its intention to modify Comptroller Form 50-

286 and to permit amendments to existing agreements including the agreement for which these Findings are being made.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

**Board Finding Number 1.**

**The Board finds that the property meets the requirements of §313.024 for eligibility for a limitation on appraised value.**

In support of Finding 1, the Application indicates that:

Hidalgo Wind Farm LLC (Atlas) is requesting an appraised value limitation from Edinburg Consolidated Independent School District (EISD) for their proposed renewable energy wind project.

Property that is used for manufacturing satisfies the requirements of §313.024(b)(5).

**Board Finding Number 2.**

**The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement.**

In support of Finding 2, the economic impact evaluation Attachment B states:

This represents the Comptroller's determination that Hidalgo Wind Farm 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>                                                                                                                           | 2014     | \$0                                           | \$0                                               | \$0                                                             | \$0                                                                 |
|                                                                                                                                                       | 2015     | \$0                                           | \$0                                               | \$0                                                             | \$0                                                                 |
|                                                                                                                                                       | 2016     | \$0                                           | \$0                                               | \$0                                                             | \$0                                                                 |
| <b>Limitation Period (10 Years)</b>                                                                                                                   | 2017     | \$260,000                                     | \$260,000                                         | \$1,071,200                                                     | \$1,071,200                                                         |
|                                                                                                                                                       | 2018     | \$260,000                                     | \$520,000                                         | \$1,004,640                                                     | \$2,075,840                                                         |
|                                                                                                                                                       | 2019     | \$260,000                                     | \$780,000                                         | \$938,080                                                       | \$3,013,920                                                         |
|                                                                                                                                                       | 2020     | \$260,000                                     | \$1,040,000                                       | \$871,520                                                       | \$3,885,440                                                         |
|                                                                                                                                                       | 2021     | \$260,000                                     | \$1,300,000                                       | \$804,960                                                       | \$4,690,400                                                         |
|                                                                                                                                                       | 2022     | \$260,000                                     | \$1,560,000                                       | \$738,400                                                       | \$5,428,800                                                         |
|                                                                                                                                                       | 2023     | \$260,000                                     | \$1,820,000                                       | \$671,840                                                       | \$6,100,640                                                         |
|                                                                                                                                                       | 2024     | \$260,000                                     | \$2,080,000                                       | \$605,280                                                       | \$6,705,920                                                         |
|                                                                                                                                                       | 2025     | \$260,000                                     | \$2,340,000                                       | \$538,720                                                       | \$7,244,640                                                         |
|                                                                                                                                                       | 2026     | \$260,000                                     | \$2,600,000                                       | \$472,160                                                       | \$7,716,800                                                         |
| <b>Maintain Viable Presence (5 Years)</b>                                                                                                             | 2027     | \$665,600                                     | \$3,265,600                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2028     | \$599,040                                     | \$3,864,640                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2029     | \$532,480                                     | \$4,397,120                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2030     | \$465,920                                     | \$4,863,040                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2031     | \$399,360                                     | \$5,262,400                                       | \$0                                                             | \$7,716,800                                                         |
| <b>Additional Years as Required by 313.026(c)(1) (10 Years)</b>                                                                                       | 2032     | \$399,360                                     | \$5,661,760                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2033     | \$399,360                                     | \$6,061,120                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2034     | \$399,360                                     | \$6,460,480                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2035     | \$399,360                                     | \$6,859,840                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2036     | \$399,360                                     | \$7,259,200                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2037     | \$399,360                                     | \$7,658,560                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2038     | \$399,360                                     | \$8,057,920                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2039     | \$399,360                                     | \$8,457,280                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2040     | \$399,360                                     | \$8,856,640                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       | 2041     | \$399,360                                     | \$9,256,000                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                                                                                                       |          | <b>\$9,256,000</b>                            | is greater than                                   | <b>\$7,716,800</b>                                              |                                                                     |
| <b>Analysis Summary</b>                                                                                                                               |          |                                               |                                                   |                                                                 |                                                                     |
| Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? |          |                                               |                                                   |                                                                 | Yes                                                                 |

Source: CPA, HIDALGO WIND FARM, 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.

### **Board Finding Number 3.**

**The limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state.**

In support of Finding 3, the economic impact evaluation Attachment C states:

The Comptroller has determined that the limitation on appraised value is a determining factor in the Hidalgo Wind Farm, LL decision to invest capital and construct the project in this state. This is based on the information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, they can locate the project anywhere in the US with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect to the grid. They have over 7000 MW of development assets in 24 states that they are marketing to different off-takers for potential construction throughout the US. The applicant is considering investment in many of these potential projects, instead of this project.
- Per the applicant, By way of comparison, the Applicant is actively developing and marketing projects in both Kansas and Oklahoma.
- Per the applicant, the Chapter 313 tax abatement has a significant impact on the rate of return for this project and allows it to be competitive not only with other projects in the company's portfolio but also with other projects being developed by competing companies in Texas.

### **Board Finding Number 4.**

**The Board finds that the Application Fee received for the Application for which these Findings are being made was reasonable and only in such an amount as was necessary to cover the District's costs of processing such Application.**

**Board Finding Number 5.**

**Based upon the information provided in the Application and in the Comptroller's Certificate package, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute. And, the Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of said Agreement.**

The Applicant has committed to creating two (2) new qualifying jobs. The average salary level of qualifying jobs will be at least \$42,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

**Board Finding Number 6.**

**Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.**

**Board Finding Number 7.**

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

For any non-qualifying job the Applicant creates, the Applicant must pay at least the county average wage for all jobs in the county.

**Board Finding Number 8.**

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$128 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year, with the project value expected to depreciate over the course of the agreement. The project remains fully taxable for debt services taxes, with the District levying a \$0.0698 per \$100 I&S rate. Under the estimates presented in the school finance analysis, the taxpayers of EISD should see long-term benefit from the Hidalgo Wind project in meeting the District's future service needs even with the expected depreciation of the project's taxable value.

**Board Finding Number 8.**

**The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the new gas processing project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in the District as stated in **Attachment F**.

**Board Finding Number 9.**

**The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.**

**Board Finding Number 10.**

**The Board of Trustees hired consultants to review and verify the information in the Application. Based upon the consultants' review, the Board has determined that the information provided by the Applicant is true and correct.**

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (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 and economic incentives being offered, if any, and (2) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code § 37.01(2)(A); as a result, all statements contained therein are representations 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 Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. The Board finds that reliance by the Board and its consultants 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.

**Board Finding Number 11.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Twenty-Five Million Dollars, which is consistent with the minimum values currently set out by Tax Code, § 313.054(a).**

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2014 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for the District is \$281.56 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in the District is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$25 million.

**Board Finding Number 12.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement.**

**Board Finding Number 13.**

**The Applicant (Taxpayer Id. 32042891542) is eligible for the limitation on appraised value of qualified property as specified in the Agreement as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer Id. 32042891542), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess the eligibility of any business to which an agreement is transferred, to wit: the requirement that all assignments are amendments to the provision forth in Section 10.4 of said Agreement.

**Board Finding Number 14.**

**The project will be located within an area that is currently designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code. Should it be required, the District will cooperate with the Applicant in ensuring that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.**

**Board Finding Number 15.**

**The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.**

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss primarily in the first two years that the value limitation is

in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

**Board Finding Number 16.**

**The Board finds that the methodology and processes for determining Applicant's revenue protection payments as are set forth in Article IV of the Chapter 313 Tax Limitation Agreement (Attachment G) comply with Texas Tax Code, Chapter 313.**

**Board Finding Number 17.**

**The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

**Board Finding Number 18.**

**The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, is in the form of the template Texas Economic Development Act adopted by the Comptroller. Should a new template be adopted that corrects the broken cross references, clarifies wording and grammatical errors, and corrects contractual ambiguities not acceptable to either party, the Board finds that it would be in the District's best interest to agree to amend the Agreement.**

**Board Finding Number 19.**

**The Board finds that there are no conflicts of interest at the time of considering the agreement.**

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), that it has taken appropriate action to ensure that all District Trustees, have disclosed any potential conflicts of interest, and that such disclosures will be made if any

conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that with the adoption of District Policies DBD, DGA, and DH BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings. In addition, Edinburg ISD should ensure that disclosure occurs at the meeting at which the school board will vote on the business's application.

**Board Finding Number 20.**

**The Board finds that it has directed that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.**

**Board Finding Number 21.**

**Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.**

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

It is further ORDERED that upon the issuance by the Comptroller's Office of a new Form 50-286 that the Board, in accordance with Comptroller rules and new form 50-286, will consider an amendment to Attachment G upon the request of Applicant or District staff.

Dated the 9<sup>th</sup> day of December 2014.

EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By:   
\_\_\_\_\_  
Robert Pena, Jr.  
President, Board of Trustees

**ATTEST:**

By:   
\_\_\_\_\_  
Xaviera Salinas  
Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 9, 2014

President and Members  
Board of Trustees  
Edinburg Consolidated Independent School District  
411 N. 8<sup>th</sup> Street  
Edinburg, Texas 78541

*Re: Recommendations and Findings of the Firm Concerning Application of Hidalgo Wind Farm LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President Pena Jr. and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Edinburg Consolidated Independent School District, with respect to the pending Application of Hidalgo Wind Farm LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Hidalgo Wind Farm LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE McCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

December 9, 2014

President and Members  
Of the Board of Trustees  
Edinburg Consolidated Independent School District  
411 N. 8<sup>th</sup> Street  
Edinburg, Texas 78541

*Re: Recommendations and Findings of the Firm Concerning Application of Hidalgo  
Wind Farm LLC for Limitation on Appraised Value of Property for School District  
Maintenance and Operations Taxes, first qualifying year 2015*

Dear President Pena Jr. and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Edinburg Consolidated Independent School District, with respect to the pending Application of Hidalgo Wind Farm LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2015. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Hidalgo Wind Farm LLC Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Hidalgo Wind Farm LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written in a cursive style.

Kevin O'Hanlon  
For the Firm

Attachment A

Application

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
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CERTIFIED, CIVIL TRIAL

**LESLIE McCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

April 14, 2014

Local Government Assistance & Economic Analysis  
Texas Comptroller of Public Accounts  
P.O. Box 13528  
Austin, Texas 78711-3528

RE: Application to the Edinburg Independent School District from Hidalgo Wind Farm LLC

**(First Qualifying Year 2015)**

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Edinburg Independent School District is notifying Hidalgo Wind Farm LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant has used the form of the application posted on the Comptroller's Texas Ahead website and has provided the schedules in electronic format to match the slightly modified version of the PDF that were initially submitted.

The Applicant submitted the Application to the school district on April 9, 2014. The Board voted to accept the application on April 9, 2014. The application has been determined complete as of April 11, 2014. Please prepare the economic impact report.

The Applicant has requested Attachments 3, 9 and 11 of the Application be kept confidential. In accordance with 34 TAC 9.1053, the information that is the subject of this request is segregated from the supplemental materials submitted contemporaneously with this application, that is, the proprietary commercial information regarding the specific location of the possible project. The confidential materials are being submitted separately to protect against unintended disclosure. The applicant has stated that disclosing un-redacted copies of the combined group's Texas Franchise Tax Affiliate Schedule would allow competitors to ascertain certain specific business activities to be conducted on the property covered by this application. Furthermore, this information is confidential and may not be disclosed to the public under Texas Tax Code, Section 171.206.

Letter to Local Government Assistance & Economic Analysis Division  
April 14, 2014  
Page 2 of 2

The information regarding the planned location of the wind farm represents proprietary commercial information found at Attachments 9 and 11. The public release of this information would reveal information which Hidalgo Wind Farm LLC considers to be a trade secret. Hidalgo Wind Farm LLC avers that specific information regarding the location of the wind farm and the planned construction timeline gives the company a competitive advantage of its competitors, and that the company has invested considerable sums in the development of such information and in the efforts to keep such information confidential. The release of such information would cause Hidalgo Wind Farm LLC to suffer substantial competitive harm.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

A copy of the application will be submitted to the Hidalgo County Appraisal District.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', with a stylized flourish at the end.

Kevin O'Hanlon  
School District Consultant

Cc: Hidalgo County Appraisal District

Hidalgo Wind Farm LLC



# Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development  
and Analysis  
**Form 50-296-A**

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application. This notice must include:
  - the date on which the school district received the application;
  - the date the school district determined that the application was complete;
  - the date the school board decided to consider the application; and
  - a request that the Comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its website. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules. For more information, see guidelines on Comptroller's website.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). There are links on this Web page to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

4-9-13

Date Application Received by District

Dr. Rene

First Name

Superintendent

Title

Edinburg Consolidated Independent School District (ECISD)

School District Name

411 North 8th Street

Street Address

411 North 8th Street

Mailing Address

Edinburg

City

956-289-2300

Phone Number

Gutierrez

Last Name

Texas

State

956-383-3576

Fax Number

rene.gutierrez@ecisd.us

Email Address

78541

ZIP

Mobile Number (optional)

2. Does the district authorize the consultant to provide and obtain information related to this application?  Yes  No

The Economic Development and Analysis Division at the Texas Comptroller of Public Accounts provides information and resources for taxpayers and local taxing entities.

For more information, visit our website:  
[www.TexasAhead.org/tax\\_programs/chapter313/](http://www.TexasAhead.org/tax_programs/chapter313/)

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

Mr. Kevin \_\_\_\_\_ O'Hanlon \_\_\_\_\_  
 First Name Last Name  
 Partner \_\_\_\_\_  
 Title \_\_\_\_\_  
 O'Hanlon, McCollom & Demerath \_\_\_\_\_  
 Firm Name \_\_\_\_\_  
 512-494-9949 \_\_\_\_\_ 512-494-9919 \_\_\_\_\_  
 Phone Number Fax Number  
 \_\_\_\_\_ kohanlon@808west.com \_\_\_\_\_  
 Mobile Number (optional) \_\_\_\_\_ Email Address \_\_\_\_\_

4. On what date did the district determine this application complete? ..... 4-11-13
5. Has the district determined that the electronic copy and hard copy are identical? .....  Yes  No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

Mr. John P. \_\_\_\_\_ Taylor \_\_\_\_\_  
 First Name Last Name  
 Property Tax Manager \_\_\_\_\_ EDP Renewables North America LLC \_\_\_\_\_  
 Title Organization  
 808 Travis St., Ste 700 \_\_\_\_\_  
 Street Address \_\_\_\_\_  
 (same) \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Houston \_\_\_\_\_ Texas \_\_\_\_\_ 77002 \_\_\_\_\_  
 City State ZIP  
 713-356-2531 \_\_\_\_\_ 713-265-0365 \_\_\_\_\_  
 Phone Number Fax Number  
 \_\_\_\_\_ john.taylor@edpr.com \_\_\_\_\_  
 Mobile Number (optional) \_\_\_\_\_ Business Email Address \_\_\_\_\_

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? .....  Yes  No
- 2a. If yes, please fill out contact information for that person.

Ms. Danielle \_\_\_\_\_ Thurber \_\_\_\_\_  
 First Name Last Name  
 Senior Tax Analyst \_\_\_\_\_ EDP Renewables North America LLC \_\_\_\_\_  
 Title Organization  
 808 Travis. St., Ste 700 \_\_\_\_\_  
 Street Address \_\_\_\_\_  
 (same) \_\_\_\_\_  
 Mailing Address \_\_\_\_\_  
 Houston \_\_\_\_\_ Texas \_\_\_\_\_ 77002 \_\_\_\_\_  
 City State ZIP  
 713-356-2576 \_\_\_\_\_ 713-265-0365 \_\_\_\_\_  
 Phone Number Fax Number  
 \_\_\_\_\_ danielle.thurber@edpr.com \_\_\_\_\_  
 Mobile Number (optional) \_\_\_\_\_ Business Email Address \_\_\_\_\_

3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....  Yes  No

**SECTION 2: Applicant Information (continued)**

**4. Authorized Company Consultant (If Applicable)**

Mr. Renn G. \_\_\_\_\_ Neilson \_\_\_\_\_  
 First Name Last Name  
 Partner \_\_\_\_\_  
 Title \_\_\_\_\_  
 Baker Botts, L.L.P. \_\_\_\_\_  
 Firm Name \_\_\_\_\_  
 713-229-1671 \_\_\_\_\_ 713-229-7971 \_\_\_\_\_  
 Phone Number Fax Number  
 renn.neilson@bakerbotts.com \_\_\_\_\_  
 Business Email Address

**SECTION 3: Fees and Payments**

1. Has an application fee been paid to the school district?  Yes  No  
 The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.  
 1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.  
 For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.  
 2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A  
 3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?  Yes  No  N/A

**SECTION 4: Business Applicant Information**

1. What is the legal name of the applicant under which this application is made? Hidalgo Wind Farm L.L.C.  
 2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32042891542  
 3. List the NAICS code 221119  
 4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No  
 4a. If yes, please list application number, name of school district and year of agreement  
Application No. 395 - Rio Grande City CISD

**SECTION 5: Applicant Business Structure**

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation  
 2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No  
 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.  
 3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No  
 4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A  
 5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

Not Applicable

**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 or contracts for work to be performed 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 official 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. 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
8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?  Yes  No
9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

# Application for Appraised Value Limitation on Qualified Property



## SECTION 9: Projected Timeline

1. Application approval by school board ..... July 1, 2014
2. Beginning of qualifying time period ..... July 1, 2014
3. First year of limitation ..... 2017
4. Begin hiring new employees ..... June 2016
5. Commencement of commercial operations ..... December 2016
6. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? .....  Yes  No  
**Note:** Improvements made before that time may not be considered qualified property.
7. When do you anticipate the new buildings or improvements will be placed in service? ..... December 2016

## SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located ..... Hidalgo County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property ..... Hidalgo County Appraisal District
3. Will this CAD be acting on behalf of another CAD to appraise this property? .....  Yes  No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

|                                                                                                                   |                                                                                                                 |
|-------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| County: <u>Hidalgo County, .59, 100%</u><br><small>(Name, tax rate and percent of project)</small>                | City: <u>Not Applicable</u><br><small>(Name, tax rate and percent of project)</small>                           |
| Hospital District: <u>Not Applicable</u><br><small>(Name, tax rate and percent of project)</small>                | Water District: <u>Not Applicable</u><br><small>(Name, tax rate and percent of project)</small>                 |
| Other (describe): <u>South Texas College, .15, 100%</u><br><small>(Name, tax rate and percent of project)</small> | Other (describe): <u>South Texas ISD, .0492, 100%</u><br><small>(Name, tax rate and percent of project)</small> |
5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No  
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No  
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

## SECTION 11: Investment

**NOTE:** The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/).

1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 25,000,000.00
2. What is the amount of appraised value limitation for which you are applying? ..... 25,000,000.00  
**Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
  - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
  - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
  - c. a detailed map of the qualified investment showing location of new buildings or new improvements with vicinity map (**Tab 11**).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

**SECTION 12: Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
  - 1a. a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (Tab 8);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? .....  Yes  No
  - 2a. If yes, attach complete documentation including:
    - a. legal description of the land (Tab 9);
    - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
    - c. owner (Tab 9);
    - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
    - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ....  Yes  No
  - 3a. If yes, attach the applicable supporting documentation:
    - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
    - b. legal description of reinvestment zone (Tab 16);
    - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
    - d. guidelines and criteria for creating the zone (Tab 16); and
    - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
  - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? .....

**SECTION 13: Information on Property Not Eligible to Become Qualified Property**

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): ..... \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): ..... \$ 0.00

**Note:** Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

**SECTION 14: Wage and Employment Information**

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? ..... 0
  
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2014  
(year)
  
3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
  
4. What is the number of new qualifying jobs you are committing to create? ..... 2
  
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
  
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No  
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
  
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is ..... 537.25
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 771.00
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 768.90
  
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
  
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 39,982.80
  
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 42,000.00
  
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
  
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.024(d-2)? .....  Yes     No  
 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
  
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No  
 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

**SECTION 15: Economic Impact**

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

Application for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print here → Rene Gutierrez Superintendent  
Print Name (Authorized School District Representative)  
 sign here → *Rene Gutierrez* Title  
Signature (Authorized School District Representative) Date 4/11/14

2. Authorized Company Representative (Applicant) Signature and Notarization

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application and schedules is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here → John Taylor Property Tax Manager  
Print Name (Authorized Company Representative (Applicant))  
 sign here → *John Taylor* Title  
Signature (Authorized Company Representative (Applicant)) Date 3/25/2014

 renewables  
 John Taylor, Property Tax Manager  
 EDP Renewables NA LLC  
 713-356-2531-c 904-477-9661-c  
 john.taylor@edpr.com c

GIVEN under my hand and seal of office this, the  
25<sup>th</sup> day of March, 2014  
John Taylor  
 Notary Public in and for the State of Texas  
 My Commission expires: October 14, 2016



If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code Section 37.10.

John Taylor

**APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS**

| TAB | ATTACHMENT                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-----|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1   | Pages 1 through 11 of Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 2   | Proof of Payment of Application Fee                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 3   | Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>                                                                                                                                                                                                                                                                                                                                                                                                                   |
| 4   | Detailed description of the project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 5   | Documentation to assist in determining if limitation is a determining factor                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 6   | Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>                                                                                                                                                                                                                                                                                                                                                 |
| 7   | Description of Qualified Investment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 8   | Description of Qualified Property                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| 9   | Description of Land                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| 10  | Description of all property not eligible to become qualified property <i>(if applicable)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| 11  | <p>Maps that clearly show:</p> <ul style="list-style-type: none"> <li>a) Project vicinity</li> <li>b) Qualified investment including location of new buildings or new improvements</li> <li>c) Qualified property including location of new buildings or new improvements</li> <li>d) Existing property</li> <li>e) Land location within vicinity map</li> <li>f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size</li> </ul> <p><b>Note:</b> Electronic maps should be high resolution files. Include map legends/markers.</p> |
| 12  | Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| 13  | Calculation of three possible wage requirements with TWC documentation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| 14  | Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 15  | Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| 16  | <p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> <li>a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office</li> <li>b) legal description of reinvestment zone*</li> <li>c) order, resolution or ordinance establishing the reinvestment zone*</li> <li>d) guidelines and criteria for creating the zone*</li> </ul> <p><b>* To be submitted with application or before date of final application approval by school board</b></p>                                                           |
| 17  | Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>                                                                                                                                                                                                                                                                                                                                                                                                                               |

Proof of payment of filing fee received by the  
Comptroller of Public Accounts per TAC Rule  
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public  
Accounts)*

**ATTACHMENT 3**

**APPLICANT BUSINESS STRUCTURE-DOCUMENTATION OF THE COMBINED GROUP MEMBERSHIP &  
CONTACT INFORMATION:**

- 1) Hidalgo Wind Farm LLC is a Texas Limited Liability Company formed on October 10, 2010.
- 2) Hidalgo Wind Farm LLC is part of the Combined Group of Texas tax return as stated (a) for the annual reporting year of 2013. The 2013 annual reporting year was for the 2012 calendar year end.
  - a. EDP Renewables North America LLC-100%

*Reporting Entity Taxpayer No. 32003192591*

- 3) Contact Information for Hidalgo Wind Farm LLC is as follows:

Registered Agent: C T Corporation System

Address: 350 N. St. Paul Street, Suite 2900, Dallas, TX 75201-4234

Texas Franchise Tax Affiliate Schedule

Tcode 13253 Annual

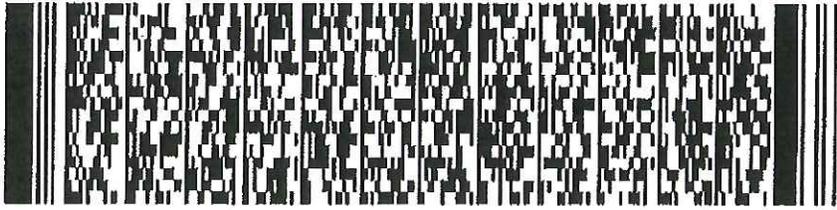
Reporting entity taxpayer number 32003192591  
Report year 2013  
Reporting entity taxpayer name EDP RENEWABLES NORTH AMERICA LLC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

|                                                                                                     |  |                                                                                         |                                                                                                               |                                                         |  |
|-----------------------------------------------------------------------------------------------------|--|-----------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|--|
| 1. Legal name of affiliate<br>[REDACTED]                                                            |  | 2. Affiliate taxpayer number (if none, use FEI number)<br>[REDACTED]                    |                                                                                                               | 3. Affiliate NAICS code<br>[REDACTED]                   |  |
| 4. Check box if entity is disregarded for franchise tax<br><input type="checkbox"/>                 |  | 5. Check box if this affiliate does NOT have NEXUS in Texas<br><input type="checkbox"/> |                                                                                                               | 6. Affiliate reporting begin date<br>mm dd yy<br>010112 |  |
|                                                                                                     |  |                                                                                         |                                                                                                               | 7. Affiliate reporting end date<br>mm dd yy<br>123112   |  |
| 8. Gross receipts subject to throwback in other states (before eliminations)<br>0 .00               |  | 9. Gross receipts everywhere (before eliminations)<br>0 .00                             |                                                                                                               |                                                         |  |
| 10. Gross receipts in Texas (before eliminations)<br>0 .00                                          |  | 11. Cost of goods sold or compensation (before eliminations)<br>0 .00                   |                                                                                                               |                                                         |  |
| Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/> |  |                                                                                         | Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/> |                                                         |  |
| 1. Legal name of affiliate<br>HIDALGO WIND FARM LLC                                                 |  | 2. Affiliate taxpayer number (if none, use FEI number)<br>32042891542                   |                                                                                                               | 3. Affiliate NAICS code<br>221119                       |  |
| 4. Check box if entity is disregarded for franchise tax<br><input type="checkbox"/>                 |  | 5. Check box if this affiliate does NOT have NEXUS in Texas<br><input type="checkbox"/> |                                                                                                               | 6. Affiliate reporting begin date<br>mm dd yy<br>010112 |  |
|                                                                                                     |  |                                                                                         |                                                                                                               | 7. Affiliate reporting end date<br>mm dd yy<br>123112   |  |
| 8. Gross receipts subject to throwback in other states (before eliminations)<br>0 .00               |  | 9. Gross receipts everywhere (before eliminations)<br>0 .00                             |                                                                                                               |                                                         |  |
| 10. Gross receipts in Texas (before eliminations)<br>0 .00                                          |  | 11. Cost of goods sold or compensation (before eliminations)<br>0 .00                   |                                                                                                               |                                                         |  |
| Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/> |  |                                                                                         | Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/> |                                                         |  |
| 1. Legal name of affiliate<br>[REDACTED]                                                            |  | 2. Affiliate taxpayer number (if none, use FEI number)<br>[REDACTED]                    |                                                                                                               | 3. Affiliate NAICS code<br>[REDACTED]                   |  |
| 4. Check box if entity is disregarded for franchise tax<br><input type="checkbox"/>                 |  | 5. Check box if this affiliate does NOT have NEXUS in Texas<br><input type="checkbox"/> |                                                                                                               | 6. Affiliate reporting begin date<br>mm dd yy<br>010112 |  |
|                                                                                                     |  |                                                                                         |                                                                                                               | 7. Affiliate reporting end date<br>mm dd yy<br>123112   |  |
| 8. Gross receipts subject to throwback in other states (before eliminations)<br>0 .00               |  | 9. Gross receipts everywhere (before eliminations)<br>0 .00                             |                                                                                                               |                                                         |  |
| 10. Gross receipts in Texas (before eliminations)<br>0 .00                                          |  | 11. Cost of goods sold or compensation (before eliminations)<br>0 .00                   |                                                                                                               |                                                         |  |
| Check box if this is a Corporation or Limited Liability Company <input checked="" type="checkbox"/> |  |                                                                                         | Check box if this is an Entity other than a Corporation or Limited Liability Company <input type="checkbox"/> |                                                         |  |

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at [window.texas.gov/commonowner](http://window.texas.gov/commonowner). This information must be provided to satisfy franchise tax reporting requirements. An information report (Form 05-102 or Form 05-167) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.

Texas Comptroller Official Use Only



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Disclosing un-redacted copies of our combined group's Texas Franchise Tax Affiliate Schedule would allow competitors to ascertain certain specific business activities to be conducted on the property covered by this application. Furthermore, this information is confidential and may not be disclosed to the public under Texas Tax Code, Section 171.206.



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#### Attachment 4

**Provide 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. (Use attachments as necessary)**

The proposed Project will consist of a wind energy facility designed to utilize wind power for electricity generation. The Project will be constructed entirely in Hidalgo County and Edinburg CISD. The Project will utilize 50 turbines for electricity generation. The Project nameplate capacity will be at least 100 MW. An additional phase is planned for Starr County in Rio Grande City CISD to expand by an additional 50MW.

Applicant plans to construct the project beginning no later than April 2016 with a commercial operation date ("COD") of December 31, 2016. Approximately \$173 million of capital investment will be invested in Edinburg CISD, with 50 turbines and at least four miles of 345 kV transmission line planned to be located in Edinburg CISD. A new project substation and switchyard will be constructed within the project area near McCook, Texas within Hidalgo County and Edinburg CISD.

All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant, Hidalgo Wind Farm LLC.

**Attachment 5-Section 8 Questions**

Question 2

The Applicant has executed all contracts as part of the development process and the Applicant has not executed any contracts that would require the Project to be constructed in Edinburg CISD or the State of Texas. Applicant has provided below a representative list of contracts that have been entered into by Applicant for the development of the Project.

| <b>Agreement</b>               | <b>Counterparty</b>                    | <b>Description</b>                                                                                                                            | <b>Start Date</b>                      | <b>End Date</b> | <b>Notes</b>                                                                                   |
|--------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|-----------------|------------------------------------------------------------------------------------------------|
| Engagement Letter              | Baker Botts LLP                        | Engagement Letter for applying for and negotiating property tax incentive agreements for Hidalgo                                              | 8/23/2013                              | TBD             | Ongoing                                                                                        |
| Statements of Work             | KTA Associates, Inc.                   | Statements of Work for preparation of Phase I ESA for parcels of Hidalgo site assessed in October 2010, November 2011, December 2013          | 10/5/2010;<br>10/25/2011;<br>12/6/2013 | TBD             |                                                                                                |
| Consulting Agreement           | Land Agent Services LLC                | CSA to provide land acquisition and related services for Hidalgo project                                                                      | 4/18/2013                              | 9/1/2013        | Complete                                                                                       |
| Letter Agreements              | Melden & Hunt Inc.                     | Letter Agreements to provide 4 metes and bounds description for 5 owners                                                                      | 5/6/2013 &<br>2/27/2014                | TBD             | Complete                                                                                       |
| Engineering Services Agreement | Merrick & Company                      | A Services Agreement for a survey of ground control, aerial photography, digital mapping, and AutoCAD 2004 files containing planimetric data. | 4/11/2013                              | 9/15/2013       | Does not cover entire project; will need to be renegotiated or terminated for full engineering |
| Services Agreement             | Stichler Agricultural Services, LLC    | Agreement for land agent services                                                                                                             | 7/8/2008                               | 12/31/2010      | Expired                                                                                        |
| Task Order Agreements          | DNV Renewables (USA) Inc.              | Various task order agreements for meteorological tower services                                                                               | Various                                | Various         | Ongoing                                                                                        |
| Services Agreements            | Second Wind Systems Inc.               | Relocation agreement for SODAR installation at site                                                                                           | 12/17/2013                             | TBD             | Ongoing                                                                                        |
| Services Agreements            | Western EcoSystems Technology Inc.     | Various Services Agreements for Baseline Wildlife Studies, Raptor Nest Studies, and Bat Acoustical Studies                                    | Various                                | Various         | Ongoing                                                                                        |
| Generation Interconnect        | Electric Reliability Council of Texas, | Agreements to perform Study for                                                                                                               | 10/14/2009 &<br>12/4/2013              | TBD             | Complete                                                                                       |

Attachment 5 Cont..

|                                |                                                             |                                                                                                                                                                                                  |                       |                        |                                                                                                                             |
|--------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Screening Studies              | Inc.                                                        | IR 12INR0022 and IR 16INR0024                                                                                                                                                                    |                       |                        |                                                                                                                             |
| Agreement to perform Study     | AEP Texas Central Company                                   | Agreement to perform Study for IR 12INR0022                                                                                                                                                      | 10/14/2009            | TBD                    | Complete                                                                                                                    |
| Services Agreements            | Mead & Hunt Inc.                                            | Planning services to provide a preliminary review of potential aeronautical impacts to future wind farm sites; SA to provide updated Comsearch communications information for the wind farm site | 10/14/2010 & 7/2/2013 | 3/31/2011 & 12/31/2014 | Expired                                                                                                                     |
| Engineering Services Agreement | Terracon Consultants Inc.                                   | ESA to perform subsurface exploration and lab testing to identify soil types                                                                                                                     | 5/15/2013             | TBD                    | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Engineering Services Agreement | Laramore Douglass and Popham Inc.                           | ESA to provide designs for substation and connection to the AEP transmission system                                                                                                              | 6/17/2013             | TBD                    | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Surveying Services Agreement   | Merrick & Company                                           | SA to survey and for prepare pre- and post-ALTA/ACSM survey                                                                                                                                      | 5/28/2013             | 5/31/2014              | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Engineering Services Agreement | Wind Consultants LLC dba Renewable Resource Consultants LLC | ESA for design of the structural foundation (prelim and final) at Hidalgo Wind Farm                                                                                                              | 7/18/2013             | TBD                    | Notice to proceed not given; Does not cover entire project; will need to be renegotiated or terminated for full engineering |
| Engineering Services Agreement | Westlake Consultants Inc.                                   | ESA for civil engineering and design for Hidalgo                                                                                                                                                 | 5/1/2013              | TBD                    | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Consulting Agreement           | Land Agent Services LLC                                     | COLI for Land Agent Services (from 4/2/13-4/2/14) with certificate holder Hidalgo Wind Farm                                                                                                      | 5/31/2013             | 9/1/2013               | Expired                                                                                                                     |

## Attachment 5-Cont..

### Question 6

The Applicant has not yet received any state or local incentives, but is negotiating a Chapter 312 tax abatement with Hidalgo County.

### Question 7

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets in twenty-four states that it is marketing to different off-takers for potential construction throughout the U.S. Applicant is considering investment in many of these potential projects, instead of this Project. For this Project to be competitive with the other projects being developed by the Applicant, Applicant must secure a Chapter 313 tax abatement with Edinburg CISD, as well as other Chapter 313, 312, and 381 agreements with respective entities for this Project. The Chapter 313 tax abatement with Edinburg CISD has a significant impact on the rate of return for this Project and allows it to be competitive not only with other projects in the Applicant's portfolio, but also with other projects being developed by competing companies in Texas. The Applicant has limited capital to expend (For example, Applicant will be required to make approximately \$173 million of capital investment to complete this Project) and will only select approximately one to five projects (up to approximately 500 MWs) to construct each year.

The Applicant has an existing two phase wind farm in operation near Abilene, Texas and obtained a Chapter 313 tax abatement for wind provided the needed economics to allow for the Applicant to invest capital, construct the project, and sell the power. However, since construction those wind farms in 2007 and 2008, wholesale power prices in Texas have dropped by greater than fifty percent, making the Chapter 313 abatement more important than ever for this Project to be competitive.

By way of comparison, the Applicant is actively developing and marketing projects in both Kansas and Oklahoma. Kansas and Oklahoma provide significant tax incentives at a state level. Kansas provides a **full property tax exemption for the life of a renewable project** via Kansas Statute 79-201. Typically, the Applicant would pay the county a community gift payment, but this is significantly less than the property taxes paid by a project in Texas. By way of further example, Oklahoma provides two tax incentives on a state level to wind farm projects. First, Oklahoma Statute 68-2902 and Oklahoma ad valorem tax statutes provide for a **five year property tax exemption for renewable projects** in Oklahoma. Property taxes under this exemption are paid by the Oklahoma Tax Commission, instead of the renewable project developer. Second, Oklahoma has a **Zero-Emission Facilities Production Tax Credit**, which provides a **ten year production tax credit** on income for renewable facilities placed in operation prior to 2016. This credit is equal to \$0.0050 per kWh generated by the project operator. For this Project to compete with projects in Kansas and Oklahoma, as well as projects throughout the U.S., Applicant must secure the available tax incentives in Texas. This includes obtaining a Chapter 313 tax abatement with Edinburg CISD to reduce the property tax liability to the school district for the portion of the Project that lies within the district.

### Question 8

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets in twenty-four states that it is marketing to different off-takers for potential construction throughout the U.S. Applicant is considering investment in many of these potential projects, instead of this Project. For this Project to be competitive with the other projects being developed by the Applicant, Applicant must secure a Chapter 313 tax abatement with Edinburg CISD, as well as other Chapter 313, 312, and 381 agreements with respective entities for this Project. The Chapter 313 tax abatement with Edinburg CISD has a significant impact on the rate of return for this Project and allows it to be competitive not only with other projects in the Applicant's portfolio, but also with other projects being developed by competing companies in Texas. The Applicant has limited capital to expend (For example, Applicant will be required to make approximately \$173 million of capital investment to complete this Project) and will only select approximately one to five projects (up to approximately 500 MWs) to construct each year.

The Applicant has an existing two phase wind farm in operation near Abilene, Texas and obtained a Chapter 313 tax abatement for the wind provided the needed economics to allow for the Applicant to invest capital, construct the project and sell the power. However, since construction

Attachment 5-Cont..

those wind farms in 2007 and 2008, wholesale power prices in Texas have dropped by greater than fifty percent, making the Chapter 313 abatement more important than ever for this Project to be competitive.

By way of comparison, the Applicant is actively developing and marketing projects in both Kansas and Oklahoma. Kansas and Oklahoma provide significant tax incentives at a state level. Kansas provides a **full property tax exemption for the life of a renewable project** via Kansas Statute 79-201. Typically, the Applicant would pay the county a community gift payment, but this is significantly less than the property taxes paid by a project in Texas. By way of further example, Oklahoma provides two tax incentives on a state level to wind farm projects. First, Oklahoma Statute 68-2902 and Oklahoma ad valorem tax statutes provide for a **five year property tax exemption for renewable projects** in Oklahoma. Property taxes under this exemption are paid by the Oklahoma Tax Commission, instead of the renewable project developer. Second, Oklahoma has a **Zero-Emission Facilities Production Tax Credit**, which provides a **ten year production tax credit** on income for renewable facilities placed in operation prior to 2016. This credit is equal to \$0.0050 per kWh generated by the project operator. For this Project to compete with projects in Kansas and Oklahoma, as well as projects throughout the U.S., Applicant must secure the available tax incentives in Texas. This includes obtaining a Chapter 313 tax abatement with Edinburg CISD to reduce the property tax liability to the school district for the portion of the Project that lies within the district.

Question 10

The Applicant has submitted information regarding the amount of its capital investment in the Project, which will constitute approximately \$173 million in Edinburg CISD, with an estimated 50 turbines and at least four miles of 345 kV transmission line planned to be located in Edinburg CISD. The Applicant has also provided information that the Project will be constructed and become operational by the end of the year 2016. Applicant has located the Project in the ERCOT power market and has submitted an interconnection request to ERCOT. The interconnection request is queue position is 16INR0024 and the study is currently in the Full Interconnection Study ("FIS") stage. The ERCOT power market limits the potential off-takers of the power produced by the Project, since power cannot be exported from ERCOT to other markets.

**Attachment 6**

Applicant plans to invest approximately \$173M of the total investment in Edinburg CISD with the potential of additional investment, if the project is expanded. Fifty wind turbine generators are planned to be located in Edinburg CISD along with at least 4 miles of 345 kV transmission lines and a collection substation.

## Attachment 7

### Description of the Qualified Investment

The Applicant, Hidalgo Wind Farm LLC, is requesting an appraised value limitation on all of the property constructed or placed upon the real property as shown on Schedule A/A2 within Edinburg CISD, which is located in Hidalgo County. The property for which the Applicant is requesting an appraised value limitation is planned to include, but is not limited to, the following: 50 Vestas V110 2.0 MW wind turbine towers to generate 100.0 megawatts of power; 50 reinforced concrete foundations supporting the weight of each turbine tower; conductor cables used to transport electricity from each turbine towers to an electrical substation; a project substation; and at least four miles of 345kV transmission line to interconnect the Project from the project substation to the interconnection switchyard.

Note: The qualified investment description is the same as the qualified property.

Please see Attachment 11 containing the project area map showing locations of the new improvements; locations of the turbines are not finalized due to micro-siting, but 50 of the turbines are planned to be located within Edinburg CISD

**Attachment 8**

**Description of the Qualified Property**

Please refer to Attachment 7 – the qualified property is the same as the qualified investment.



## Attachment 9

The legal descriptions of real property for parcels located in the project are confidential and not to be posted or shared without the express written consent of Hidalgo Wind Farm LLC. We are pursuing leases with potential landowners for the project site, but not all leases and confidentiality agreements have been executed.

Please refer to Attachment 7 for a Map of the Qualified Property.



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**Attachment 10**

**Description of all existing improvements (if applicable)**

Not Applicable – no current improvements exist within the project area.



## Attachment 11

The maps included with the 313 Application remain confidential as the project layout can reveal specific business practices used by EDP to measure the local wind resource and maximize electricity generation. Additionally, the maps contain proprietary information regarding potential land leases and possible turbine locations.



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March 25, 2014

BY CERTIFIED MAIL

Dr. René Gutiérrez  
Superintendent of Edinburg Consolidated Independent School District (ECISD)  
411 North 8th Street  
Edinburg, TX 78541

Re: Chapter 313 Job Waiver Request

Dear Dr. Gutiérrez:

This letter is to advise you that Hidalgo Wind Farm LLC is requesting a waiver of the requirement to create ten full time jobs as part of its Chapter 313 Application for Appraised Value Limitation on Qualified Property. House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-1) to permit a school district's board of trustees to make a finding that the job requirement could be waived if the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application. Hidalgo Wind Farm LLC requests that the Edinburg CISD's Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. Based on the industry standard, the size and scope of this project will require three (3) permanent jobs, two (2) of which will be located in Edinburg CISD.

As background information on the creation of full-time jobs by a wind projects, wind projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of highly skilled technicians to operate a wind project once construction operations cease and commercial operations start.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the Project. Our typical standard for permanent employment at a 100 MW wind farm is three full-time employees, although this number varies depending on the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations.



Very truly yours,

EDP Renewable North America, LLC

A handwritten signature in blue ink, appearing to read "Kristofer Cheney", is written over a horizontal line.

By: \_\_\_\_\_

Name: Kristofer Cheney

Title: Development Project Manager

**Attachment 13**

**CALCULATION OF THREE POSSIBLE WAGE REQUIREMENTS WITH TWC DOCUMENTATION**

**I. AVERAGE WEEKLY WAGE FOR ALL JOBS IN HIDALGO COUNTY**

| Year                | Quarter         | Amount          |
|---------------------|-----------------|-----------------|
| 2013                | 1 <sup>st</sup> | 530.00          |
| 2013                | 2 <sup>nd</sup> | 530.00          |
| 2013                | 3 <sup>rd</sup> | 532.00          |
| 2012                | 4 <sup>th</sup> | 557.00          |
| <b>Total Amount</b> |                 | <b>2,149.00</b> |

Average weekly wage for all jobs (all industries) is \$537.25 (\$2,149.00/4)

**Documentation from TWC website**

**Quarterly Employment and Wages (QCEW)**

Restart Back Print Download [Help with Download](#)

**D.PERIODYEAR**

Page 1 of 1 (40 results/page)

| Year | Period  | Area           | Ownership | Division | Level | Ind Code | Industry              | Avg Weekly Wages |
|------|---------|----------------|-----------|----------|-------|----------|-----------------------|------------------|
| 2013 | 1st Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$530            |
| 2013 | 2nd Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$530            |
| 2013 | 3rd Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$532            |
| 2012 | 1st Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$530            |
| 2012 | 2nd Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$522            |
| 2012 | 3rd Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$523            |
| 2012 | 4th Qtr | Hidalgo County | Private   | 00       | 0     | 10       | Total, All Industries | \$557            |

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## II. AVERAGE WEEKLY WAGE OF MANUFACTURING JOBS IN THE COUNTY

| Year                | Quarter         | Amount          |
|---------------------|-----------------|-----------------|
| 2013                | 1 <sup>st</sup> | 684.00          |
| 2013                | 2 <sup>nd</sup> | 781.00          |
| 2013                | 3 <sup>rd</sup> | 685.00          |
| 2012                | 4 <sup>th</sup> | 734.00          |
| <b>Total Amount</b> |                 | <b>2,804.00</b> |

Average Weekly Salary = \$701 (\$2,804.00/4)

110% of Average Weekly Salary = \$771 (\$701\*1.1)

### Documentation from TWC Website

The screenshot shows the TRACER website interface. The browser address bar displays the URL: <http://www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoice=industry>. The website header includes the TRACER logo and navigation tabs: LMCITRACER, The Future, Career Resources, Texas Labor Market, and Data Link. A sidebar on the left lists various data types, with "Quarterly Employment and Wages (QCEW)" selected. The main content area displays the title "Quarterly Employment and Wages (QCEW)" and a table of data. The table has columns for Year, Period, Area, Ownership, Division, Level, Ind Code, Industry, and Avg Weekly Wages. The data rows show quarterly wages for manufacturing jobs in Hidalgo County from 2012 to 2013. Below the table, there are links for "Restart", "Back", "Print", and "Download", along with a "Help with Download" link. The page footer includes "Page 1 of 1 (40 results/page)" and navigation links for LMI Home, Site Map, Feedback, Help, About LMI, Privacy Policy, Terms of Use, and TWC Home.

| Year | Period  | Area           | Ownership | Division | Level | Ind Code | Industry      | Avg Weekly Wages |
|------|---------|----------------|-----------|----------|-------|----------|---------------|------------------|
| 2013 | 1st Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$684            |
| 2013 | 2nd Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$701            |
| 2013 | 3rd Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$685            |
| 2012 | 1st Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$722            |
| 2012 | 2nd Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$669            |
| 2012 | 3rd Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$660            |
| 2012 | 4th Qtr | Hidalgo County | Private   | 31       | 2     | 31-33    | Manufacturing | \$734            |

**III. AVERAGE WEEKLY WAGE FOR MANUFACTURING JOBS IN THE LOWER RIO GRANDE VALLEY ECONOMIC COUNCIL**

| Year                | Quarter         | Amount          |
|---------------------|-----------------|-----------------|
| 2013                | 1 <sup>st</sup> | 683.00          |
| 2013                | 2 <sup>nd</sup> | 699.00          |
| 2013                | 3 <sup>rd</sup> | 682.00          |
| 2012                | 4th             | 732.00          |
| <b>Total Amount</b> |                 | <b>2,796.00</b> |

Average Weekly Wage = \$699 (\$2,796.00/4)

110% of Average Weekly Wage = \$768.90 (\$699 \*1.1)

Documentation from TWC Website

The screenshot shows the TRACER website interface. At the top, there is a browser address bar with the URL: <http://www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoice=industry>. Below the browser is a navigation menu with options like 'File', 'Edit', 'View', 'Favorites', 'Tools', and 'Help'. The main content area features a banner with the text 'TRACER TEXAS LABOR MARKET INFORMATION' and 'LMCI TRACER'. The primary heading is 'Quarterly Employment and Wages (QCEW)'. Below this heading are buttons for 'Restart', 'Back', 'Print', and 'Download', along with a link 'Help with Download'. The data is presented in a table under the heading 'D.PERIODYEAR'. The table has columns for Year, Period, Area, Ownership, Division, Level, Ind Code, Industry, and Avg Weekly Wages. The data rows show quarterly wages for the Lower Rio Grande WDA area from 2012 to 2013. A sidebar on the left contains a 'Texas Workforce Commission' menu with various options like 'LMCI Searchpage', 'Data Link', 'Wage Information', 'The Future', 'Career & Economic Dev Resource', 'LMCI Publications', 'Resources', 'Select Data Type', 'All Data Types', 'Unemployment (LAUS)', 'Employment Estimates (CES)', 'Quarterly Employment and Wages (QCEW)', 'Wages by Profession', 'Projections - Occupation', 'Projections - Industry', 'Consumer Price Index', 'Income', 'Staffing Patterns', and 'Population'. At the bottom of the page, there are links for 'LMI Home', 'Site Map', 'Feedback', 'Help', 'About LMI', 'Privacy Policy', 'Terms of Use', and 'TWC Home'.

| Year | Period  | Area                 | Ownership | Division | Level | Ind Code | Industry      | Avg Weekly Wages |
|------|---------|----------------------|-----------|----------|-------|----------|---------------|------------------|
| 2013 | 1st Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$683            |
| 2013 | 2nd Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$699            |
| 2013 | 3rd Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$682            |
| 2012 | 1st Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$719            |
| 2012 | 2nd Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$687            |
| 2012 | 3rd Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$658            |
| 2012 | 4th Qtr | Lower Rio Grande WDA | Private   | 31       | 2     | 31-33    | Manufacturing | \$732            |

**2012 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

| COG                                                               | Wages          |                 |
|-------------------------------------------------------------------|----------------|-----------------|
|                                                                   | Hourly         | Annual          |
| <b>Texas</b>                                                      | <b>\$23.56</b> | <b>\$48,996</b> |
| <a href="#">1. Panhandle Regional Planning Commission</a>         | \$20.12        | \$41,850        |
| <a href="#">2. South Plains Association of Governments</a>        | \$16.18        | \$33,662        |
| <a href="#">3. NORTEX Regional Planning Commission</a>            | \$17.83        | \$37,076        |
| <a href="#">4. North Central Texas Council of Governments</a>     | \$24.68        | \$51,333        |
| <a href="#">5. Ark-Tex Council of Governments</a>                 | \$16.84        | \$35,032        |
| <a href="#">6. East Texas Council of Governments</a>              | \$19.61        | \$40,797        |
| <a href="#">7. West Central Texas Council of Governments</a>      | \$18.24        | \$37,941        |
| <a href="#">8. Rio Grande Council of Governments</a>              | \$16.17        | \$33,631        |
| <a href="#">9. Permian Basin Regional Planning Commission</a>     | \$21.93        | \$45,624        |
| <a href="#">10. Concho Valley Council of Governments</a>          | \$16.33        | \$33,956        |
| <a href="#">11. Heart of Texas Council of Governments</a>         | \$19.07        | \$39,670        |
| <a href="#">12. Capital Area Council of Governments</a>           | \$26.03        | \$54,146        |
| <a href="#">13. Brazos Valley Council of Governments</a>          | \$16.55        | \$34,424        |
| <a href="#">14. Deep East Texas Council of Governments</a>        | \$16.20        | \$33,698        |
| <a href="#">15. South East Texas Regional Planning Commission</a> | \$29.38        | \$61,118        |
| <a href="#">16. Houston-Galveston Area Council</a>                | \$26.59        | \$55,317        |
| <a href="#">17. Golden Crescent Regional Planning Commission</a>  | \$21.03        | \$43,742        |
| <a href="#">18. Alamo Area Council of Governments</a>             | \$18.40        | \$38,280        |
| <a href="#">19. South Texas Development Council</a>               | \$13.54        | \$28,170        |
| <a href="#">20. Coastal Bend Council of Governments</a>           | \$22.97        | \$47,786        |
| <a href="#">21. Lower Rio Grande Valley Development Council</a>   | \$16.33        | \$33,961        |
| <a href="#">22. Texoma Council of Governments</a>                 | \$22.57        | \$46,949        |
| <a href="#">23. Central Texas Council of Governments</a>          | \$17.16        | \$35,689        |
| <a href="#">24. Middle Rio Grande Development Council</a>         | \$18.93        | \$39,380        |

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Applicant Name: Hidaigo Wind Farm LLC  
ISD Name: Edinburg CISD

| PROPERTY INVESTMENT AMOUNTS                                                                                                            |                            |                                                        |                                                                                                                                                       |                                                                                                                                                              |                                                                                                                 |                                                                                                            |                                                          |
|----------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| (Estimated Investment in each year. Do not put cumulative totals.)                                                                     |                            |                                                        |                                                                                                                                                       |                                                                                                                                                              |                                                                                                                 |                                                                                                            |                                                          |
| Year                                                                                                                                   | School Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax year<br>below)<br>YYYY | Column A<br>New investment (original cost) in tangible<br>personal property placed in service during this<br>year that will become Qualified Property | Column B<br>New investment made during this year in<br>buildings or permanent nonremovable<br>components of buildings that will become<br>Qualified Property | Column C<br>Other new investment made during this year that<br>will not become Qualified Property (SEE<br>NOTE) | Column D<br>Other new investment made during this year that<br>may become Qualified Property (SEE<br>NOTE) | Column E<br>Total Investment<br>(Sum of Columns A+B+C+D) |
| Investment made before filing complete<br>application with district                                                                    |                            |                                                        | Not eligible to become Qualified Property                                                                                                             |                                                                                                                                                              |                                                                                                                 |                                                                                                            |                                                          |
| Investment made after filing complete<br>application with district, but before final board<br>approval of application                  | -                          | 2014                                                   |                                                                                                                                                       |                                                                                                                                                              |                                                                                                                 |                                                                                                            |                                                          |
| Investment made after final board approval of<br>application and before Jan. 1 of first complete<br>tax year of qualifying time period | QTP1                       | 2015                                                   | 129,047,454                                                                                                                                           |                                                                                                                                                              |                                                                                                                 |                                                                                                            |                                                          |
| Complete tax years of qualifying time period                                                                                           | QTP2                       | 2016                                                   | 129,047,454                                                                                                                                           |                                                                                                                                                              | 33,842,405                                                                                                      |                                                                                                            | 162,889,860                                              |
| <b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>                                                 |                            |                                                        | 129,047,454                                                                                                                                           |                                                                                                                                                              | 33,842,405                                                                                                      |                                                                                                            | 162,889,860                                              |
| <b>Total Qualified Investment (sum of green cells)</b>                                                                                 |                            |                                                        | Enter amounts from TOTAL row above in Schedule A2                                                                                                     |                                                                                                                                                              |                                                                                                                 |                                                                                                            | 162,889,860                                              |

For All Columns: List amount invested each year, not cumulative totals.  
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.  
 Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.  
 Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property—described in SECTION 13, question #6 of the application.  
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.  
 Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.  
 Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

Applicant Name: Hidalgo Wind Farm LLC  
ISD Name: Edinburg CISD

| PROPERTY INVESTMENT AMOUNTS<br>(Estimated Investment in each year. Do not put cumulative totals.)  |                            |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
|----------------------------------------------------------------------------------------------------|----------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------|--|--|
| Year                                                                                               | School Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax year below)<br>YYYY | Column A<br>New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B<br>New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C<br>Other investment made during this year that will NOT become Qualified Property (SEE NOTE) | Column D<br>Other investment made during this year that will become Qualified Property (SEE NOTE) | Column E<br>Total Investment (A+B+C+D) |  |  |
| TOTALS FROM SCHEDULE A1*                                                                           |                            |                                                     | 129,047,454                                                                                                                                     |                                                                                                                                                     | 33,842,405                                                                                            |                                                                                                   | 162,889,860                            |  |  |
| Total Investment from Schedule A1*                                                                 |                            |                                                     | Enter amounts from TOTAL row in Schedule A1 in the row below                                                                                    |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Each year prior to start of value limitation period**<br><i>(Insert as many rows as necessary)</i> |                            |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 0                                                                                                  | 2016-2017                  | 2016                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 1                                                                                                  | 2017-2018                  | 2017                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 2                                                                                                  | 2018-2019                  | 2018                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 3                                                                                                  | 2019-2020                  | 2019                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 4                                                                                                  | 2020-2021                  | 2020                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 5                                                                                                  | 2021-2022                  | 2021                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 6                                                                                                  | 2022-2023                  | 2022                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 7                                                                                                  | 2023-2024                  | 2023                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 8                                                                                                  | 2024-2025                  | 2024                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 9                                                                                                  | 2025-2026                  | 2025                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 10                                                                                                 | 2026-2027                  | 2026                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Total Investment made through limitation                                                           |                            |                                                     | 129,047,454                                                                                                                                     |                                                                                                                                                     | 33,842,405                                                                                            |                                                                                                   | 162,889,860                            |  |  |
| 11                                                                                                 | 2027-2028                  | 2027                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 12                                                                                                 | 2028-2029                  | 2028                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 13                                                                                                 | 2029-2030                  | 2029                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 14                                                                                                 | 2030-2031                  | 2030                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 15                                                                                                 | 2031-2032                  | 2031                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 16                                                                                                 | 2032-2033                  | 2032                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 17                                                                                                 | 2033-2034                  | 2033                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 18                                                                                                 | 2034-2035                  | 2034                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 19                                                                                                 | 2035-2036                  | 2035                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 20                                                                                                 | 2036-2037                  | 2036                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 21                                                                                                 | 2037-2038                  | 2037                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 22                                                                                                 | 2038-2039                  | 2038                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 23                                                                                                 | 2039-2040                  | 2039                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 24                                                                                                 | 2040-2041                  | 2040                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 25                                                                                                 | 2041-2042                  | 2041                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Additional years for 25 year economic impact as required by 313.026(c)(1)                          |                            |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Continue to maintain viable presence                                                               |                            |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |

\* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.  
 \*\* Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "Year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.  
 \*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.  
 For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.  
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application. Only tangible personal property that is specifically described in the application can become qualified property.  
 Column B: The total dollar amount of planned investment each year in buildings or nonremovable components of buildings.  
 Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.  
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

**Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)**

Applicant Name  
 Hidalgo Wind Farm LLC

Edinburg CISD

Form 50-296A  
 Revised Feb 2014

| Year | School Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax<br>year) YYYY | Qualified Property                |                                                                               |                                                                                                                                | Estimated Taxable Value                                                                     |                                                     |                                                     |               |
|------|----------------------------|-----------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|---------------|
|      |                            |                                               | Estimated Market Value of<br>Land | Estimated Total Market<br>Value of new buildings or<br>other new improvements | Estimated Total Market<br>Value of tangible personal<br>property in the new<br>buildings or "in or on the<br>new improvements" | Market Value less any<br>exemptions (such as<br>pollution control) and<br>before limitation | Final taxable value for I&S<br>after all reductions | Final taxable value for<br>M&O after all reductions |               |
| 0    | 2016-2017                  | 2016                                          |                                   |                                                                               |                                                                                                                                |                                                                                             |                                                     |                                                     |               |
| 1    | 2017-2018                  | 2017                                          |                                   | 2,560,000.00                                                                  | 125,440,000.00                                                                                                                 |                                                                                             |                                                     | 128,000,000.00                                      | 25,000,000.00 |
| 2    | 2018-2019                  | 2018                                          |                                   | 2,432,000.00                                                                  | 119,168,000.00                                                                                                                 |                                                                                             |                                                     | 121,600,000.00                                      | 25,000,000.00 |
| 3    | 2019-2020                  | 2019                                          |                                   | 2,304,000.00                                                                  | 112,896,000.00                                                                                                                 |                                                                                             |                                                     | 115,200,000.00                                      | 25,000,000.00 |
| 4    | 2020-2021                  | 2020                                          |                                   | 2,176,000.00                                                                  | 106,624,000.00                                                                                                                 |                                                                                             |                                                     | 108,800,000.00                                      | 25,000,000.00 |
| 5    | 2021-2022                  | 2021                                          |                                   | 2,048,000.00                                                                  | 100,352,000.00                                                                                                                 |                                                                                             |                                                     | 102,400,000.00                                      | 25,000,000.00 |
| 6    | 2022-2023                  | 2022                                          |                                   | 1,920,000.00                                                                  | 94,080,000.00                                                                                                                  |                                                                                             |                                                     | 96,000,000.00                                       | 25,000,000.00 |
| 7    | 2023-2024                  | 2023                                          |                                   | 1,792,000.00                                                                  | 87,808,000.00                                                                                                                  |                                                                                             |                                                     | 89,600,000.00                                       | 25,000,000.00 |
| 8    | 2024-2025                  | 2024                                          |                                   | 1,664,000.00                                                                  | 81,536,000.00                                                                                                                  |                                                                                             |                                                     | 83,200,000.00                                       | 25,000,000.00 |
| 9    | 2025-2026                  | 2025                                          |                                   | 1,536,000.00                                                                  | 75,264,000.00                                                                                                                  |                                                                                             |                                                     | 76,800,000.00                                       | 25,000,000.00 |
| 10   | 2026-2027                  | 2026                                          |                                   | 1,408,000.00                                                                  | 68,992,000.00                                                                                                                  |                                                                                             |                                                     | 70,400,000.00                                       | 25,000,000.00 |
| 11   | 2027-2028                  | 2027                                          |                                   | 1,280,000.00                                                                  | 62,720,000.00                                                                                                                  |                                                                                             |                                                     | 64,000,000.00                                       | 64,000,000.00 |
| 12   | 2028-2029                  | 2028                                          |                                   | 1,152,000.00                                                                  | 56,448,000.00                                                                                                                  |                                                                                             |                                                     | 57,600,000.00                                       | 57,600,000.00 |
| 13   | 2029-2030                  | 2029                                          |                                   | 1,024,000.00                                                                  | 50,176,000.00                                                                                                                  |                                                                                             |                                                     | 51,200,000.00                                       | 51,200,000.00 |
| 14   | 2030-2031                  | 2030                                          |                                   | 896,000.00                                                                    | 43,904,000.00                                                                                                                  |                                                                                             |                                                     | 44,800,000.00                                       | 44,800,000.00 |
| 15   | 2031-2032                  | 2031                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 16   | 2032-2033                  | 2032                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 17   | 2033-2034                  | 2033                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 18   | 2034-2035                  | 2034                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 19   | 2035-2036                  | 2035                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 20   | 2036-2037                  | 2036                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 21   | 2037-2038                  | 2037                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 22   | 2038-2039                  | 2038                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 23   | 2039-2040                  | 2039                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 24   | 2040-2041                  | 2040                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |
| 25   | 2041-2042                  | 2041                                          |                                   | 768,000.00                                                                    | 37,632,000.00                                                                                                                  |                                                                                             |                                                     | 38,400,000.00                                       | 38,400,000.00 |

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
 Only include market value for eligible property on this schedule.

Applicant Name  
ISD Name

Hidalgo Wind Farm LLC  
Edinburg CISD

Form 50-296A  
Revised Feb 2014

**Schedule C: Employment Information**

|                                                                                                | Construction                                        |                                                    |                                                                               | Non-Qualifying Jobs                                                                                            |                                            | Qualifying Jobs |           |
|------------------------------------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------|-------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------|--------------------------------------------|-----------------|-----------|
|                                                                                                | Column A                                            | Column B                                           | Column C                                                                      | Column D                                                                                                       | Column E                                   |                 |           |
|                                                                                                | Number of Construction FTE's or man-hours (specify) | Average annual wage rates for construction workers | Number of non-qualifying jobs applicant estimates it will create (cumulative) | Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Average annual wage of new qualifying jobs |                 |           |
| Year                                                                                           | Tax Year (Actual tax year) YYYY                     | School Year (YYYY-YYYY)                            | Column C                                                                      | Column D                                                                                                       | Column E                                   |                 |           |
| Each year prior to start of Value Limitation Period<br><i>Insert as many rows as necessary</i> | 0                                                   | 2016-2017                                          | 2016                                                                          | 200,000 Manhours                                                                                               | 45,000.00                                  | 2               | 42,000.00 |
|                                                                                                | 1                                                   | 2017-2018                                          | 2017                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 2                                                   | 2018-2019                                          | 2018                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 3                                                   | 2019-2020                                          | 2019                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 4                                                   | 2020-2021                                          | 2020                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 5                                                   | 2021-2022                                          | 2021                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 6                                                   | 2022-2023                                          | 2022                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 7                                                   | 2023-2024                                          | 2023                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 8                                                   | 2024-2025                                          | 2024                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 9                                                   | 2025-2026                                          | 2025                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
|                                                                                                | 10                                                  | 2026-2027                                          | 2026                                                                          |                                                                                                                |                                            | 2               | 42,000.00 |
| 11 through 25                                                                                  |                                                     | 2027-2042                                          | 2027-2041                                                                     |                                                                                                                |                                            | 2               | 42,000.00 |
| Years Following Value Limitation Period                                                        |                                                     |                                                    |                                                                               |                                                                                                                |                                            | 2               | 42,000.00 |

Notes: See TAC 9.1051 for definition of non-qualifying jobs. Only include jobs on the project site in this school district.

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)
- If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)?
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes  No

Yes  No

Yes  No

**Schedule D: Other Incentives (Estimated)**

**Applicant Name**  
**ISD Name**

Hidalgo Wind Farm LLC  
Edinburg CISD

**Form 50-296A**  
Revised Feb 2014

| State and Local Incentives for which the Applicant intends to apply (Estimated) |                                           |                              |                     |                                      |                     |                     |
|---------------------------------------------------------------------------------|-------------------------------------------|------------------------------|---------------------|--------------------------------------|---------------------|---------------------|
| Incentive Description                                                           | Taxing Entity<br>(as applicable)          | Beginning Year of<br>Benefit | Duration of Benefit | Annual Tax Levy<br>without Incentive | Annual Incentive    | Annual Net Tax Levy |
| Tax Code Chapter 311                                                            | County:<br>City:<br>Other:                |                              |                     |                                      |                     |                     |
| Tax Code Chapter 312                                                            | County: Hidalgo County<br>City:<br>Other: | 2017                         | 10                  | 7,552,000.00                         | 6,041,600.00        | 1,510,400.00        |
| Local Government Code Chapters 380/381                                          | County:<br>City:<br>Other:                |                              |                     |                                      |                     |                     |
| Freepport Exemptions                                                            |                                           |                              |                     |                                      |                     |                     |
| Non-Annexation Agreements                                                       |                                           |                              |                     |                                      |                     |                     |
| Enterprise Zone/Project                                                         |                                           |                              |                     |                                      |                     |                     |
| Economic Development Corporation                                                |                                           |                              |                     |                                      |                     |                     |
| Texas Enterprise Fund                                                           |                                           |                              |                     |                                      |                     |                     |
| Employee Recruitment                                                            |                                           |                              |                     |                                      |                     |                     |
| Skills Development Fund                                                         |                                           |                              |                     |                                      |                     |                     |
| Training Facility Space and Equipment                                           |                                           |                              |                     |                                      |                     |                     |
| Infrastructure Incentives                                                       |                                           |                              |                     |                                      |                     |                     |
| Permitting Assistance                                                           |                                           |                              |                     |                                      |                     |                     |
| Other:                                                                          |                                           |                              |                     |                                      |                     |                     |
| Other:                                                                          |                                           |                              |                     |                                      |                     |                     |
| Other:                                                                          |                                           |                              |                     |                                      |                     |                     |
| Other:                                                                          |                                           |                              |                     |                                      |                     |                     |
| <b>TOTAL</b>                                                                    |                                           |                              |                     | <b>7,552,000.00</b>                  | <b>6,041,600.00</b> | <b>1,510,400.00</b> |

Additional information on incentives for this project:

Hidalgo Wind Farm LLC plans to enter into a 312 abatement agreement with Hidalgo County. The County has provided Guidelines and Criteria for the 312 abatement and the abatement is honored only on County taxes. We are assuming to secure an 80% abatement for a 10 year term.

**Attachment 15**

**Economic Impact Analysis, other payments made in the state or other economic information (if applicable)**

Not Applicable – The Applicant, Hidalgo Wind Farm LLC, has not received an outside economic impact analysis other than from the Texas Comptroller Office.



Attachment 16-Listing of Distressed Counties for 2013

| County        | 2013 Distressed County | 2010 Decennial Population | 2010 Decennial Poverty | 2010 Decennial School Diploma or Equivalent | 2010 Decennial         |                        |                        |                        |                        | 2008 Unemployment Rate |
|---------------|------------------------|---------------------------|------------------------|---------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|               |                        |                           |                        |                                             | 2012 Unemployment Rate | 2011 Unemployment Rate | 2010 Unemployment Rate | 2009 Unemployment Rate | 2008 Unemployment Rate |                        |
| Anderson      | no                     | 58,458                    | 16.50%                 | 25.20%                                      | 7.70%                  | 9.1%                   | 9.5%                   | 8.8%                   | 5.7%                   |                        |
| Andrews       | no                     | 14,756                    | 17.10%                 | 27.30%                                      | 3.70%                  | 5.0%                   | 6.0%                   | 7.1%                   | 3.4%                   |                        |
| Angelina      | no                     | 86,771                    | 17.80%                 | 22.00%                                      | 6.70%                  | 7.7%                   | 8.0%                   | 8.3%                   | 4.9%                   |                        |
| Aransas       | no                     | 23,158                    | 17.40%                 | 14.80%                                      | 6.10%                  | 8.0%                   | 8.1%                   | 6.9%                   | 4.5%                   |                        |
| Archer        | no                     | 9,054                     | 10.00%                 | 16.00%                                      | 4.90%                  | 5.9%                   | 6.0%                   | 6.0%                   | 3.8%                   |                        |
| Armstrong     | no                     | 1,901                     | 10.70%                 | 8.50%                                       | 4.80%                  | 4.9%                   | 4.7%                   | 4.8%                   | 3.6%                   |                        |
| Atascosa      | no                     | 44,911                    | 18.80%                 | 26.20%                                      | 6.60%                  | 7.9%                   | 7.9%                   | 7.4%                   | 4.7%                   |                        |
| Austin        | no                     | 28,417                    | 8.80%                  | 18.80%                                      | 6.00%                  | 8.2%                   | 8.0%                   | 7.4%                   | 4.3%                   |                        |
| Bailey        | no                     | 7,165                     | 17.30%                 | 26.60%                                      | 6.60%                  | 7.3%                   | 7.1%                   | 5.6%                   | 4.2%                   |                        |
| Bandera       | no                     | 20,485                    | 18.40%                 | 11.00%                                      | 6.00%                  | 6.8%                   | 7.1%                   | 6.5%                   | 4.4%                   |                        |
| Bastrop       | no                     | 74,171                    | 14.10%                 | 19.40%                                      | 6.40%                  | 7.8%                   | 8.4%                   | 7.8%                   | 4.9%                   |                        |
| Baylor        | no                     | 3,726                     | 17.30%                 | 15.30%                                      | 4.30%                  | 5.8%                   | 6.6%                   | 5.8%                   | 3.8%                   |                        |
| Bee           | yes                    | 31,861                    | 19.00%                 | 30.50%                                      | 7.00%                  | 8.6%                   | 9.1%                   | 9.3%                   | 6.3%                   |                        |
| Bell          | no                     | 310,235                   | 14.10%                 | 11.40%                                      | 7.30%                  | 8.0%                   | 7.5%                   | 6.7%                   | 4.9%                   |                        |
| Bexar         | no                     | 1,714,773                 | 16.90%                 | 18.60%                                      | 6.60%                  | 7.6%                   | 7.4%                   | 6.8%                   | 4.7%                   |                        |
| Blanco        | no                     | 10,497                    | 11.70%                 | 11.70%                                      | 5.50%                  | 6.1%                   | 5.9%                   | 5.1%                   | 3.8%                   |                        |
| Borden        | no                     | 641                       | 4.30%                  | 14.90%                                      | 3.00%                  | 3.9%                   | 5.0%                   | 5.7%                   | 3.2%                   |                        |
| Bosque        | no                     | 18,212                    | 16.20%                 | 19.90%                                      | 7.40%                  | 8.5%                   | 8.7%                   | 7.9%                   | 4.7%                   |                        |
| Bowie         | no                     | 92,565                    | 16.80%                 | 16.50%                                      | 6.80%                  | 7.7%                   | 8.3%                   | 6.7%                   | 5.1%                   |                        |
| Brazoria      | no                     | 313,166                   | 10.60%                 | 15.70%                                      | 7.00%                  | 8.6%                   | 9.0%                   | 8.1%                   | 5.2%                   |                        |
| Brazos        | no                     | 194,851                   | 29.70%                 | 15.50%                                      | 5.50%                  | 6.4%                   | 6.1%                   | 5.4%                   | 3.9%                   |                        |
| Brewster      | no                     | 9,232                     | 16.50%                 | 19.80%                                      | 4.70%                  | 5.3%                   | 5.5%                   | 4.9%                   | 3.7%                   |                        |
| Briscoe       | no                     | 1,637                     | 19.90%                 | 19.00%                                      | 6.30%                  | 6.8%                   | 5.9%                   | 5.6%                   | 4.2%                   |                        |
| Brooks        | yes                    | 7,223                     | 34.00%                 | 46.30%                                      | 7.10%                  | 8.9%                   | 9.9%                   | 9.5%                   | 5.4%                   |                        |
| Brown         | no                     | 38,106                    | 16.20%                 | 18.30%                                      | 6.00%                  | 7.2%                   | 7.3%                   | 6.9%                   | 4.5%                   |                        |
| Burleson      | no                     | 17,187                    | 13.50%                 | 23.20%                                      | 6.00%                  | 6.8%                   | 6.9%                   | 6.8%                   | 4.4%                   |                        |
| Burnet        | no                     | 42,750                    | 13.70%                 | 16.50%                                      | 5.40%                  | 6.2%                   | 6.5%                   | 6.1%                   | 4.0%                   |                        |
| Caldwell      | no                     | 38,066                    | 19.60%                 | 24.40%                                      | 7.00%                  | 8.5%                   | 8.6%                   | 8.3%                   | 5.2%                   |                        |
| Calhoun       | no                     | 21,381                    | 16.30%                 | 21.80%                                      | 7.00%                  | 9.1%                   | 9.0%                   | 8.6%                   | 4.9%                   |                        |
| Callahan      | no                     | 13,544                    | 13.90%                 | 13.70%                                      | 5.10%                  | 6.2%                   | 6.0%                   | 5.9%                   | 3.7%                   |                        |
| Cameron       | yes                    | 406,220                   | 34.70%                 | 37.70%                                      | 10.50%                 | 11.8%                  | 11.2%                  | 9.9%                   | 6.8%                   |                        |
| Camp          | no                     | 12,401                    | 20.40%                 | 25.30%                                      | 7.70%                  | 8.8%                   | 8.8%                   | 8.9%                   | 5.0%                   |                        |
| Carson        | no                     | 6,182                     | 5.70%                  | 12.10%                                      | 4.50%                  | 5.0%                   | 5.2%                   | 5.9%                   | 3.4%                   |                        |
| Cass          | no                     | 30,464                    | 19.30%                 | 17.70%                                      | 9.10%                  | 10.6%                  | 11.0%                  | 11.5%                  | 6.2%                   |                        |
| Castro        | no                     | 8,062                     | 23.30%                 | 31.90%                                      | 5.10%                  | 5.7%                   | 5.6%                   | 5.0%                   | 3.7%                   |                        |
| Chambers      | no                     | 35,096                    | 10.50%                 | 15.20%                                      | 7.70%                  | 8.9%                   | 9.9%                   | 9.4%                   | 5.8%                   |                        |
| Cherokee      | yes                    | 50,845                    | 22.40%                 | 25.80%                                      | 7.70%                  | 8.9%                   | 9.1%                   | 9.0%                   | 6.0%                   |                        |
| Childress     | no                     | 7,041                     | 16.20%                 | 17.90%                                      | 5.30%                  | 6.1%                   | 7.1%                   | 6.0%                   | 5.1%                   |                        |
| Clay          | no                     | 10,752                    | 11.70%                 | 10.80%                                      | 5.10%                  | 6.1%                   | 6.6%                   | 7.0%                   | 4.0%                   |                        |
| Cochran       | no                     | 3,127                     | 24.90%                 | 33.50%                                      | 7.70%                  | 9.0%                   | 8.2%                   | 6.7%                   | 4.8%                   |                        |
| Coke          | no                     | 3,320                     | 15.10%                 | 13.70%                                      | 6.20%                  | 7.0%                   | 7.9%                   | 8.4%                   | 7.7%                   |                        |
| Coleman       | no                     | 13,544                    | 29.40%                 | 22.20%                                      | 5.90%                  | 7.1%                   | 6.9%                   | 7.0%                   | 4.0%                   |                        |
| Collin        | no                     | 782,341                   | 6.90%                  | 7.20%                                       | 6.10%                  | 7.0%                   | 7.5%                   | 7.3%                   | 4.6%                   |                        |
| Collingsworth | no                     | 3,057                     | 20.80%                 | 25.80%                                      | 4.70%                  | 5.3%                   | 5.4%                   | 5.5%                   | 3.9%                   |                        |

| County     | 2013 Distressed County | 2010 Decennial Population | 2010 Decennial Poverty | 2010 Decennial School Diploma or Equivalent | 2010 Decennial Adults without High School Diploma or Equivalent | 2012              |                   | 2011              |                   | 2010              |                   | 2009              |                   | 2008  |      |
|------------|------------------------|---------------------------|------------------------|---------------------------------------------|-----------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------|------|
|            |                        |                           |                        |                                             |                                                                 | Unemployment Rate |       |      |
| Colorado   | no                     | 20,874                    | 15.20%                 | 20.40%                                      | 20.40%                                                          | 5.70%             | 7.1%              | 7.5%              | 6.5%              | 7.1%              | 7.5%              | 6.5%              | 7.1%              | 7.5%  | 4.0% |
| Comal      | no                     | 108,472                   | 10.00%                 | 11.40%                                      | 11.40%                                                          | 6.10%             | 6.9%              | 6.6%              | 6.2%              | 6.9%              | 6.6%              | 6.2%              | 6.9%              | 6.6%  | 4.1% |
| Comanche   | no                     | 13,974                    | 22.10%                 | 25.30%                                      | 25.30%                                                          | 5.80%             | 6.7%              | 6.7%              | 6.1%              | 6.7%              | 6.7%              | 6.1%              | 6.7%              | 6.7%  | 3.9% |
| Concho     | yes                    | 4,087                     | 20.00%                 | 28.30%                                      | 28.30%                                                          | 7.10%             | 7.9%              | 8.3%              | 7.4%              | 7.9%              | 8.3%              | 7.4%              | 7.9%              | 8.3%  | 5.3% |
| Cooke      | no                     | 38,437                    | 13.60%                 | 18.20%                                      | 18.20%                                                          | 4.40%             | 5.4%              | 6.6%              | 6.6%              | 5.4%              | 6.6%              | 6.6%              | 5.4%              | 6.6%  | 3.5% |
| Coryell    | no                     | 75,388                    | 13.20%                 | 12.40%                                      | 12.40%                                                          | 8.60%             | 9.2%              | 8.8%              | 8.4%              | 9.2%              | 8.8%              | 8.4%              | 9.2%              | 8.8%  | 6.1% |
| Cottle     | no                     | 1,505                     | 10.90%                 | 20.90%                                      | 20.90%                                                          | 6.10%             | 6.4%              | 6.3%              | 5.6%              | 6.4%              | 6.3%              | 5.6%              | 6.4%              | 6.3%  | 4.0% |
| Crane      | no                     | 4,375                     | 17.00%                 | 27.80%                                      | 27.80%                                                          | 5.30%             | 7.3%              | 8.1%              | 8.7%              | 7.3%              | 8.1%              | 8.7%              | 7.3%              | 8.1%  | 4.1% |
| Crockett   | no                     | 3,719                     | 15.90%                 | 38.10%                                      | 38.10%                                                          | 6.00%             | 5.3%              | 6.8%              | 8.6%              | 5.3%              | 6.8%              | 8.6%              | 5.3%              | 6.8%  | 2.9% |
| Crosby     | no                     | 6,059                     | 23.90%                 | 24.80%                                      | 24.80%                                                          | 6.80%             | 9.3%              | 6.9%              | 6.9%              | 9.3%              | 6.9%              | 6.9%              | 9.3%              | 6.9%  | 4.9% |
| Culberson  | no                     | 2,398                     | 28.80%                 | 38.20%                                      | 38.20%                                                          | 3.50%             | 4.2%              | 4.4%              | 4.3%              | 4.2%              | 4.4%              | 4.3%              | 4.2%              | 4.4%  | 3.0% |
| Dallam     | no                     | 6,703                     | 12.50%                 | 28.20%                                      | 28.20%                                                          | 3.90%             | 4.6%              | 5.2%              | 4.3%              | 4.6%              | 5.2%              | 4.3%              | 4.6%              | 5.2%  | 3.0% |
| Dallas     | no                     | 2,368,139                 | 17.60%                 | 23.50%                                      | 23.50%                                                          | 7.20%             | 8.4%              | 8.8%              | 8.2%              | 8.4%              | 8.8%              | 8.2%              | 8.4%              | 8.8%  | 5.4% |
| Dawson     | yes                    | 13,833                    | 19.10%                 | 33.00%                                      | 33.00%                                                          | 6.90%             | 7.9%              | 8.2%              | 8.1%              | 7.9%              | 8.2%              | 8.1%              | 7.9%              | 8.2%  | 5.4% |
| Deaf Smith | no                     | 19,372                    | 17.50%                 | 33.70%                                      | 33.70%                                                          | 4.90%             | 5.6%              | 5.7%              | 5.3%              | 5.6%              | 5.7%              | 5.3%              | 5.6%              | 5.7%  | 3.8% |
| Delta      | no                     | 5,231                     | 14.50%                 | 15.80%                                      | 15.80%                                                          | 7.60%             | 8.9%              | 9.1%              | 8.4%              | 8.9%              | 9.1%              | 8.4%              | 8.9%              | 9.1%  | 5.3% |
| Denton     | no                     | 662,614                   | 8.00%                  | 8.80%                                       | 8.80%                                                           | 6.00%             | 7.0%              | 7.5%              | 7.2%              | 7.0%              | 7.5%              | 7.2%              | 7.0%              | 7.5%  | 4.5% |
| DeWitt     | no                     | 20,097                    | 16.40%                 | 24.50%                                      | 24.50%                                                          | 5.00%             | 6.7%              | 7.9%              | 7.7%              | 6.7%              | 7.9%              | 7.7%              | 6.7%              | 7.9%  | 4.2% |
| Dickens    | no                     | 2,444                     | 24.60%                 | 27.10%                                      | 27.10%                                                          | 9.50%             | 13.6%             | 10.3%             | 7.4%              | 13.6%             | 10.3%             | 7.4%              | 13.6%             | 10.3% | 4.4% |
| Dimmit     | yes                    | 9,996                     | 36.40%                 | 39.00%                                      | 39.00%                                                          | 5.10%             | 7.0%              | 9.6%              | 10.2%             | 7.0%              | 9.6%              | 10.2%             | 7.0%              | 9.6%  | 6.7% |
| Donley     | no                     | 3,677                     | 10.50%                 | 17.80%                                      | 17.80%                                                          | 5.50%             | 6.1%              | 6.4%              | 6.2%              | 6.1%              | 6.4%              | 6.2%              | 6.1%              | 6.4%  | 4.2% |
| Duval      | yes                    | 11,782                    | 22.90%                 | 35.10%                                      | 35.10%                                                          | 6.70%             | 9.1%              | 11.2%             | 11.1%             | 9.1%              | 11.2%             | 11.1%             | 9.1%              | 11.2% | 5.4% |
| Eastland   | no                     | 18,583                    | 21.00%                 | 22.30%                                      | 22.30%                                                          | 6.10%             | 7.1%              | 7.9%              | 7.6%              | 7.1%              | 7.9%              | 7.6%              | 7.1%              | 7.9%  | 4.6% |
| Ector      | no                     | 137,130                   | 16.70%                 | 27.10%                                      | 27.10%                                                          | 4.20%             | 5.8%              | 7.8%              | 8.2%              | 5.8%              | 7.8%              | 8.2%              | 5.8%              | 7.8%  | 3.4% |
| Edwards    | no                     | 2,002                     | 24.70%                 | 32.30%                                      | 32.30%                                                          | 6.80%             | 7.1%              | 7.2%              | 7.3%              | 7.1%              | 7.2%              | 7.3%              | 7.1%              | 7.2%  | 3.8% |
| El Paso    | yes                    | 800,647                   | 25.60%                 | 29.00%                                      | 29.00%                                                          | 6.80%             | 10.3%             | 9.5%              | 8.0%              | 10.3%             | 9.5%              | 8.0%              | 10.3%             | 9.5%  | 6.3% |
| Ellis      | no                     | 149,610                   | 11.30%                 | 17.10%                                      | 17.10%                                                          | 9.30%             | 8.1%              | 8.5%              | 9.0%              | 8.1%              | 8.5%              | 9.0%              | 8.1%              | 8.5%  | 5.1% |
| Erath      | no                     | 37,890                    | 19.70%                 | 20.50%                                      | 20.50%                                                          | 5.50%             | 6.2%              | 6.5%              | 6.3%              | 6.2%              | 6.5%              | 6.3%              | 6.2%              | 6.5%  | 3.8% |
| Falls      | yes                    | 17,866                    | 23.40%                 | 26.50%                                      | 26.50%                                                          | 8.40%             | 9.5%              | 9.6%              | 8.9%              | 9.5%              | 9.6%              | 8.9%              | 9.5%              | 9.6%  | 5.8% |
| Fannin     | no                     | 33,915                    | 14.70%                 | 17.60%                                      | 17.60%                                                          | 8.60%             | 9.9%              | 9.3%              | 8.8%              | 9.9%              | 9.3%              | 8.8%              | 9.9%              | 9.3%  | 5.9% |
| Fayette    | no                     | 24,554                    | 11.00%                 | 21.00%                                      | 21.00%                                                          | 4.80%             | 5.8%              | 5.9%              | 5.6%              | 5.8%              | 5.9%              | 5.6%              | 5.8%              | 5.9%  | 3.5% |
| Fisher     | no                     | 3,974                     | 13.90%                 | 19.00%                                      | 19.00%                                                          | 5.20%             | 6.4%              | 6.5%              | 6.1%              | 6.4%              | 6.5%              | 6.1%              | 6.4%              | 6.5%  | 3.9% |
| Floyd      | no                     | 6,446                     | 23.80%                 | 25.40%                                      | 25.40%                                                          | 6.80%             | 8.3%              | 8.5%              | 6.8%              | 8.3%              | 8.5%              | 6.8%              | 8.3%              | 8.5%  | 4.7% |
| Foard      | no                     | 1,336                     | 23.40%                 | 24.20%                                      | 24.20%                                                          | 5.70%             | 7.0%              | 6.3%              | 5.8%              | 7.0%              | 6.3%              | 5.8%              | 7.0%              | 6.3%  | 4.0% |
| Fort Bend  | no                     | 585,375                   | 8.00%                  | 11.40%                                      | 11.40%                                                          | 6.10%             | 7.3%              | 8.0%              | 7.2%              | 7.3%              | 8.0%              | 7.2%              | 7.3%              | 8.0%  | 4.5% |
| Franklin   | no                     | 10,605                    | 14.80%                 | 17.30%                                      | 17.30%                                                          | 6.50%             | 7.3%              | 7.7%              | 6.9%              | 7.3%              | 7.7%              | 6.9%              | 7.3%              | 7.7%  | 4.3% |
| Freestone  | no                     | 19,816                    | 16.00%                 | 21.30%                                      | 21.30%                                                          | 5.40%             | 6.4%              | 6.6%              | 6.3%              | 6.4%              | 6.6%              | 6.3%              | 6.4%              | 6.6%  | 4.1% |
| Frio       | yes                    | 17,217                    | 21.80%                 | 35.70%                                      | 35.70%                                                          | 5.60%             | 7.3%              | 7.6%              | 7.6%              | 7.3%              | 7.6%              | 7.6%              | 7.3%              | 7.6%  | 5.5% |
| Gaines     | no                     | 17,526                    | 18.00%                 | 41.80%                                      | 41.80%                                                          | 4.60%             | 5.6%              | 6.2%              | 6.4%              | 5.6%              | 6.2%              | 6.4%              | 5.6%              | 6.2%  | 3.9% |
| Galveston  | no                     | 291,309                   | 12.80%                 | 14.10%                                      | 14.10%                                                          | 7.70%             | 9.1%              | 9.2%              | 8.2%              | 9.1%              | 9.2%              | 8.2%              | 9.1%              | 9.2%  | 5.8% |
| Garza      | no                     | 6,461                     | 21.70%                 | 37.10%                                      | 37.10%                                                          | 6.10%             | 7.1%              | 5.4%              | 5.3%              | 7.1%              | 5.4%              | 5.3%              | 7.1%              | 5.4%  | 3.8% |
| Gillespie  | no                     | 24,837                    | 8.00%                  | 13.60%                                      | 13.60%                                                          | 4.20%             | 4.7%              | 4.8%              | 4.5%              | 4.7%              | 4.8%              | 4.5%              | 4.7%              | 4.8%  | 3.1% |
| Glasscock  | no                     | 1,226                     | 11.20%                 | 22.00%                                      | 22.00%                                                          | 4.30%             | 4.4%              | 5.6%              | 4.9%              | 4.4%              | 5.6%              | 4.9%              | 4.4%              | 5.6%  | 3.7% |
| Goliad     | no                     | 7,210                     | 11.80%                 | 16.20%                                      | 16.20%                                                          | 5.30%             | 6.1%              | 7.3%              | 6.9%              | 6.1%              | 7.3%              | 6.9%              | 6.1%              | 7.3%  | 3.8% |

| County     | 2013 Distressed County | 2010 Decennial Population | 2010 Decennial Poverty | 2010 Decennial School Diploma or Equivalent | 2010 Decennial Adults without High School Diploma or Equivalent |                        |                        |                        |                        | 2008 Unemployment Rate |
|------------|------------------------|---------------------------|------------------------|---------------------------------------------|-----------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|            |                        |                           |                        |                                             | 2012 Unemployment Rate                                          | 2011 Unemployment Rate | 2010 Unemployment Rate | 2009 Unemployment Rate | 2008 Unemployment Rate |                        |
| Gonzales   | no                     | 19,807                    | 20.30%                 | 32.40%                                      | 4.60%                                                           | 5.7%                   | 6.2%                   | 5.5%                   | 4.0%                   |                        |
| Gray       | no                     | 22,535                    | 15.00%                 | 20.70%                                      | 4.80%                                                           | 6.0%                   | 7.5%                   | 8.2%                   | 3.5%                   |                        |
| Grayson    | no                     | 120,877                   | 13.50%                 | 14.80%                                      | 7.20%                                                           | 8.3%                   | 8.4%                   | 8.1%                   | 5.3%                   |                        |
| Gregg      | no                     | 121,730                   | 16.50%                 | 17.60%                                      | 5.70%                                                           | 6.8%                   | 7.2%                   | 7.2%                   | 4.0%                   |                        |
| Grimes     | no                     | 26,604                    | 15.90%                 | 22.80%                                      | 6.50%                                                           | 8.8%                   | 7.9%                   | 8.6%                   | 5.2%                   |                        |
| Guadalupe  | no                     | 131,533                   | 9.70%                  | 14.90%                                      | 5.80%                                                           | 6.7%                   | 6.9%                   | 6.5%                   | 4.4%                   |                        |
| Hale       | no                     | 36,273                    | 19.00%                 | 30.00%                                      | 6.50%                                                           | 7.2%                   | 7.0%                   | 6.2%                   | 4.6%                   |                        |
| Hall       | yes                    | 3,353                     | 27.70%                 | 27.80%                                      | 8.00%                                                           | 8.9%                   | 9.2%                   | 8.5%                   | 5.6%                   |                        |
| Hamilton   | no                     | 8,517                     | 11.40%                 | 17.40%                                      | 5.40%                                                           | 5.9%                   | 6.1%                   | 5.7%                   | 3.6%                   |                        |
| Hansford   | no                     | 5,613                     | 13.50%                 | 24.00%                                      | 3.90%                                                           | 4.5%                   | 4.8%                   | 5.2%                   | 3.2%                   |                        |
| Hardeman   | no                     | 4,139                     | 19.20%                 | 20.60%                                      | 5.10%                                                           | 5.9%                   | 6.9%                   | 7.5%                   | 3.6%                   |                        |
| Hardin     | no                     | 54,635                    | 12.00%                 | 14.90%                                      | 7.90%                                                           | 9.4%                   | 9.3%                   | 8.8%                   | 5.5%                   |                        |
| Harris     | no                     | 4,092,459                 | 16.80%                 | 22.40%                                      | 6.80%                                                           | 8.2%                   | 8.5%                   | 7.6%                   | 4.7%                   |                        |
| Harrison   | no                     | 65,631                    | 15.20%                 | 16.30%                                      | 6.90%                                                           | 7.8%                   | 8.8%                   | 8.2%                   | 4.8%                   |                        |
| Hartley    | no                     | 6,062                     | 9.30%                  | 21.60%                                      | 4.40%                                                           | 5.1%                   | 4.8%                   | 4.2%                   | 3.3%                   |                        |
| Haskell    | no                     | 5,899                     | 18.80%                 | 22.10%                                      | 5.60%                                                           | 5.2%                   | 5.0%                   | 5.2%                   | 3.3%                   |                        |
| Hays       | no                     | 157,107                   | 16.40%                 | 11.90%                                      | 5.70%                                                           | 6.7%                   | 7.1%                   | 6.6%                   | 4.3%                   |                        |
| Hemphill   | no                     | 3,807                     | 16.80%                 | 19.30%                                      | 2.30%                                                           | 2.7%                   | 3.2%                   | 3.5%                   | 2.0%                   |                        |
| Henderson  | no                     | 78,532                    | 16.80%                 | 21.00%                                      | 7.30%                                                           | 8.4%                   | 8.6%                   | 8.2%                   | 5.4%                   |                        |
| Hidalgo    | yes                    | 774,769                   | 34.40%                 | 39.80%                                      | 11.00%                                                          | 12.0%                  | 11.8%                  | 10.6%                  | 7.3%                   |                        |
| Hill       | no                     | 35,089                    | 15.00%                 | 21.90%                                      | 6.90%                                                           | 8.3%                   | 8.3%                   | 7.9%                   | 5.1%                   |                        |
| Hockley    | no                     | 22,935                    | 17.00%                 | 25.90%                                      | 4.70%                                                           | 5.7%                   | 6.3%                   | 6.9%                   | 3.8%                   |                        |
| Hood       | no                     | 51,182                    | 10.90%                 | 13.80%                                      | 5.60%                                                           | 7.2%                   | 7.5%                   | 7.1%                   | 4.2%                   |                        |
| Hopkins    | no                     | 35,161                    | 15.80%                 | 21.30%                                      | 6.00%                                                           | 6.9%                   | 6.8%                   | 6.1%                   | 4.2%                   |                        |
| Houston    | no                     | 23,732                    | 23.70%                 | 21.50%                                      | 9.50%                                                           | 10.4%                  | 9.8%                   | 9.4%                   | 6.6%                   |                        |
| Howard     | no                     | 35,012                    | 17.70%                 | 29.20%                                      | 6.10%                                                           | 7.2%                   | 7.2%                   | 7.4%                   | 4.6%                   |                        |
| Hudspeth   | no                     | 3,476                     | 46.00%                 | 49.50%                                      | 5.70%                                                           | 6.1%                   | 5.8%                   | 5.6%                   | 4.1%                   |                        |
| Hunt       | no                     | 86,129                    | 19.20%                 | 20.00%                                      | 7.80%                                                           | 8.4%                   | 8.8%                   | 8.2%                   | 5.3%                   |                        |
| Hutchinson | no                     | 22,150                    | 15.20%                 | 16.50%                                      | 5.50%                                                           | 6.8%                   | 7.3%                   | 6.9%                   | 4.2%                   |                        |
| Irion      | no                     | 1,599                     | 1.50%                  | 18.40%                                      | 4.30%                                                           | 5.5%                   | 4.8%                   | 5.3%                   | 3.5%                   |                        |
| Jack       | no                     | 9,044                     | 17.80%                 | 21.10%                                      | 4.50%                                                           | 5.4%                   | 6.1%                   | 6.3%                   | 3.3%                   |                        |
| Jackson    | no                     | 14,075                    | 11.70%                 | 22.80%                                      | 5.20%                                                           | 6.6%                   | 7.3%                   | 7.5%                   | 4.1%                   |                        |
| Jasper     | no                     | 35,710                    | 18.60%                 | 18.40%                                      | 9.90%                                                           | 11.7%                  | 11.5%                  | 10.2%                  | 6.5%                   |                        |
| Jeff Davis | no                     | 2,342                     | 14.70%                 | 16.10%                                      | 5.50%                                                           | 5.7%                   | 5.3%                   | 5.1%                   | 3.7%                   |                        |
| Jefferson  | no                     | 252,273                   | 18.80%                 | 18.60%                                      | 10.70%                                                          | 11.3%                  | 10.9%                  | 9.7%                   | 6.8%                   |                        |
| Jim Hogg   | no                     | 5,300                     | 12.00%                 | 31.10%                                      | 4.80%                                                           | 6.5%                   | 7.9%                   | 7.8%                   | 3.9%                   |                        |
| Jim Wells  | no                     | 40,838                    | 21.90%                 | 29.40%                                      | 4.90%                                                           | 6.7%                   | 8.6%                   | 8.9%                   | 4.3%                   |                        |
| Johnson    | no                     | 150,934                   | 10.50%                 | 18.30%                                      | 6.60%                                                           | 7.6%                   | 8.3%                   | 8.2%                   | 4.7%                   |                        |
| Jones      | no                     | 20,202                    | 12.30%                 | 30.40%                                      | 6.30%                                                           | 7.5%                   | 8.0%                   | 7.8%                   | 5.0%                   |                        |
| Karnes     | yes                    | 14,824                    | 19.00%                 | 34.40%                                      | 6.80%                                                           | 8.4%                   | 9.4%                   | 9.2%                   | 6.1%                   |                        |
| Kaufman    | no                     | 103,350                   | 11.40%                 | 17.30%                                      | 7.10%                                                           | 8.3%                   | 9.0%                   | 8.3%                   | 5.4%                   |                        |
| Kendall    | no                     | 33,410                    | 7.10%                  | 8.90%                                       | 5.50%                                                           | 6.2%                   | 6.0%                   | 5.7%                   | 3.8%                   |                        |
| Kenedy     | no                     | 416                       | 14.90%                 | 40.20%                                      | 3.30%                                                           | 4.7%                   | 5.5%                   | 6.0%                   | 3.3%                   |                        |
| Kent       | no                     | 808                       | 5.40%                  | 9.40%                                       | 5.00%                                                           | 6.0%                   | 5.9%                   | 5.4%                   | 4.5%                   |                        |

| County      | 2013 Distressed County | 2010 Decennial            |                        |                                             |                                                                 | 2011 Unemployment Rate | 2010 Unemployment Rate | 2009 Unemployment Rate | 2008 Unemployment Rate |
|-------------|------------------------|---------------------------|------------------------|---------------------------------------------|-----------------------------------------------------------------|------------------------|------------------------|------------------------|------------------------|
|             |                        | 2010 Decennial Population | 2010 Decennial Poverty | 2010 Decennial School Diploma or Equivalent | 2010 Decennial Adults without High School Diploma or Equivalent |                        |                        |                        |                        |
| Kerr        | no                     | 49,625                    | 14.10%                 | 13.80%                                      | 5.50%                                                           | 6.4%                   | 6.2%                   | 5.8%                   | 4.0%                   |
| Kimble      | no                     | 4,607                     | 14.60%                 | 23.50%                                      | 5.50%                                                           | 6.8%                   | 6.5%                   | 5.2%                   | 3.8%                   |
| King        | no                     | 286                       | 0.00%                  | 9.20%                                       | 6.30%                                                           | 5.7%                   | 6.7%                   | 5.2%                   | 4.2%                   |
| Kinney      | no                     | 3,598                     | 32.20%                 | 24.60%                                      | 7.50%                                                           | 8.6%                   | 9.0%                   | 7.7%                   | 5.4%                   |
| Kleberg     | no                     | 32,061                    | 24.80%                 | 23.90%                                      | 5.90%                                                           | 6.9%                   | 7.0%                   | 6.8%                   | 4.3%                   |
| Knox        | no                     | 3,719                     | 16.00%                 | 24.50%                                      | 5.60%                                                           | 6.1%                   | 5.8%                   | 6.1%                   | 3.9%                   |
| La Salle    | yes                    | 6,886                     | 21.80%                 | 40.10%                                      | 9.00%                                                           | 6.5%                   | 7.9%                   | 9.7%                   | 5.6%                   |
| Lamar       | no                     | 49,793                    | 16.70%                 | 17.60%                                      | 7.70%                                                           | 9.7%                   | 9.0%                   | 7.8%                   | 5.5%                   |
| Lamb        | no                     | 13,977                    | 17.90%                 | 28.10%                                      | 6.90%                                                           | 7.2%                   | 7.1%                   | 7.4%                   | 4.5%                   |
| Lampasas    | no                     | 19,677                    | 14.60%                 | 17.40%                                      | 4.30%                                                           | 7.2%                   | 6.2%                   | 5.9%                   | 4.1%                   |
| Lavaca      | no                     | 19,263                    | 10.50%                 | 23.70%                                      | 4.50%                                                           | 5.7%                   | 6.6%                   | 5.9%                   | 3.5%                   |
| Lee         | no                     | 16,612                    | 10.80%                 | 20.90%                                      | 4.90%                                                           | 5.9%                   | 6.7%                   | 6.8%                   | 4.0%                   |
| Leon        | no                     | 16,801                    | 16.70%                 | 21.30%                                      | 6.70%                                                           | 7.6%                   | 7.8%                   | 6.9%                   | 4.4%                   |
| Liberty     | no                     | 75,643                    | 15.40%                 | 26.80%                                      | 8.80%                                                           | 10.6%                  | 11.0%                  | 10.1%                  | 6.0%                   |
| Limestone   | no                     | 23,384                    | 18.90%                 | 25.50%                                      | 6.10%                                                           | 7.3%                   | 6.8%                   | 6.3%                   | 4.5%                   |
| Lipscomb    | no                     | 3,302                     | 14.20%                 | 18.50%                                      | 3.50%                                                           | 4.5%                   | 5.6%                   | 6.7%                   | 2.7%                   |
| Live Oak    | no                     | 11,531                    | 13.30%                 | 22.90%                                      | 4.20%                                                           | 5.5%                   | 6.7%                   | 7.3%                   | 4.3%                   |
| Llano       | no                     | 19,301                    | 12.60%                 | 12.00%                                      | 6.50%                                                           | 7.5%                   | 7.5%                   | 7.0%                   | 4.5%                   |
| Loving      | no                     | 82                        | 0.00%                  | 7.70%                                       | 9.30%                                                           | 9.8%                   | 8.0%                   | 10.0%                  | 8.9%                   |
| Lubbock     | no                     | 278,831                   | 18.80%                 | 16.60%                                      | 5.50%                                                           | 6.1%                   | 6.2%                   | 5.3%                   | 3.8%                   |
| Lynn        | no                     | 5,915                     | 16.90%                 | 25.80%                                      | 6.80%                                                           | 7.3%                   | 7.1%                   | 6.3%                   | 4.7%                   |
| Madison     | no                     | 13,664                    | 20.40%                 | 21.80%                                      | 5.30%                                                           | 8.1%                   | 7.9%                   | 7.5%                   | 5.3%                   |
| Marion      | no                     | 10,546                    | 23.20%                 | 23.10%                                      | 6.50%                                                           | 9.2%                   | 10.3%                  | 10.5%                  | 5.1%                   |
| Martin      | no                     | 4,799                     | 7.20%                  | 29.10%                                      | 2.60%                                                           | 5.3%                   | 5.7%                   | 4.9%                   | 3.4%                   |
| Mason       | no                     | 4,012                     | 16.30%                 | 20.10%                                      | 6.90%                                                           | 4.9%                   | 5.1%                   | 5.1%                   | 3.0%                   |
| Matagorda   | no                     | 36,702                    | 21.60%                 | 23.40%                                      | 7.90%                                                           | 11.6%                  | 11.3%                  | 10.3%                  | 7.0%                   |
| Maverick    | yes                    | 54,258                    | 33.60%                 | 44.80%                                      | 4.30%                                                           | 14.2%                  | 15.2%                  | 14.4%                  | 11.0%                  |
| McCulloch   | no                     | 8,283                     | 22.90%                 | 25.20%                                      | 4.30%                                                           | 5.9%                   | 7.1%                   | 8.1%                   | 4.1%                   |
| McLennan    | no                     | 234,906                   | 20.50%                 | 19.70%                                      | 9.90%                                                           | 7.4%                   | 7.4%                   | 6.7%                   | 4.6%                   |
| McMullen    | no                     | 707                       | 9.10%                  | 21.30%                                      | 12.60%                                                          | 3.8%                   | 6.7%                   | 7.2%                   | 5.6%                   |
| Medina      | no                     | 46,006                    | 15.90%                 | 21.70%                                      | 6.40%                                                           | 7.4%                   | 7.4%                   | 6.7%                   | 5.1%                   |
| Menard      | no                     | 2,242                     | 18.60%                 | 19.90%                                      | 6.10%                                                           | 7.0%                   | 7.0%                   | 6.8%                   | 4.4%                   |
| Midland     | no                     | 136,872                   | 12.50%                 | 18.80%                                      | 3.50%                                                           | 4.4%                   | 5.3%                   | 5.6%                   | 2.9%                   |
| Milam       | no                     | 24,757                    | 17.60%                 | 18.50%                                      | 7.90%                                                           | 9.6%                   | 10.4%                  | 11.1%                  | 5.5%                   |
| Mills       | no                     | 4,936                     | 15.70%                 | 22.80%                                      | 5.10%                                                           | 6.1%                   | 6.0%                   | 5.4%                   | 4.0%                   |
| Mitchell    | no                     | 9,403                     | 15.30%                 | 26.60%                                      | 6.40%                                                           | 7.8%                   | 8.6%                   | 8.6%                   | 5.4%                   |
| Montague    | no                     | 19,719                    | 13.20%                 | 18.80%                                      | 4.90%                                                           | 5.9%                   | 7.2%                   | 7.2%                   | 3.7%                   |
| Montgomery  | no                     | 455,746                   | 10.90%                 | 14.10%                                      | 6.00%                                                           | 7.2%                   | 7.6%                   | 7.0%                   | 4.3%                   |
| Moore       | no                     | 21,904                    | 13.40%                 | 30.50%                                      | 4.10%                                                           | 4.7%                   | 4.9%                   | 4.7%                   | 3.1%                   |
| Morris      | no                     | 12,934                    | 16.70%                 | 17.70%                                      | 9.20%                                                           | 11.5%                  | 13.1%                  | 14.9%                  | 6.2%                   |
| Motley      | no                     | 1,210                     | 22.10%                 | 15.30%                                      | 5.40%                                                           | 6.0%                   | 5.6%                   | 5.4%                   | 4.1%                   |
| Nacogdoches | no                     | 64,524                    | 24.60%                 | 19.50%                                      | 6.30%                                                           | 6.8%                   | 6.9%                   | 6.4%                   | 4.4%                   |
| Navarro     | no                     | 47,735                    | 19.80%                 | 23.50%                                      | 7.70%                                                           | 8.8%                   | 9.1%                   | 8.0%                   | 5.6%                   |
| Newton      | no                     | 14,445                    | 16.20%                 | 22.30%                                      | 11.80%                                                          | 13.9%                  | 13.0%                  | 11.5%                  | 7.3%                   |

| County        | 2013 Distressed County | 2010 Decennial Adults without High School Diploma or Equivalent |                                             |                        |                        |                        | 2010 Decennial Poverty | 2010 Decennial Population | 2010 Decennial Unemployment Rate |  |  |  | 2008 Unemployment Rate |
|---------------|------------------------|-----------------------------------------------------------------|---------------------------------------------|------------------------|------------------------|------------------------|------------------------|---------------------------|----------------------------------|--|--|--|------------------------|
|               |                        | 2010 Decennial Poverty                                          | 2010 Decennial School Diploma or Equivalent | 2010 Unemployment Rate | 2011 Unemployment Rate | 2012 Unemployment Rate |                        |                           | 2013 Unemployment Rate           |  |  |  |                        |
| Nolan         | no                     | 15,216                                                          | 19.40%                                      | 22.60%                 | 5.60%                  | 6.6%                   | 6.9%                   | 6.4%                      | 3.9%                             |  |  |  |                        |
| Nueces        | no                     | 340,223                                                         | 19.10%                                      | 21.80%                 | 6.20%                  | 7.6%                   | 7.6%                   | 6.9%                      | 4.6%                             |  |  |  |                        |
| Ochiltree     | no                     | 10,223                                                          | 17.70%                                      | 29.30%                 | 3.30%                  | 4.2%                   | 5.1%                   | 6.0%                      | 2.7%                             |  |  |  |                        |
| Oldham        | no                     | 2,052                                                           | 13.40%                                      | 17.70%                 | 4.40%                  | 5.1%                   | 6.0%                   | 5.9%                      | 4.2%                             |  |  |  |                        |
| Orange        | no                     | 81,837                                                          | 13.90%                                      | 14.20%                 | 9.80%                  | 11.2%                  | 10.8%                  | 9.9%                      | 6.6%                             |  |  |  |                        |
| Palo Pinto    | no                     | 28,111                                                          | 13.80%                                      | 23.20%                 | 6.20%                  | 7.4%                   | 7.9%                   | 7.8%                      | 4.3%                             |  |  |  |                        |
| Panola        | no                     | 23,796                                                          | 12.50%                                      | 18.50%                 | 5.60%                  | 6.9%                   | 7.3%                   | 7.4%                      | 3.9%                             |  |  |  |                        |
| Parker        | no                     | 116,927                                                         | 10.50%                                      | 14.60%                 | 6.10%                  | 7.1%                   | 7.7%                   | 7.7%                      | 4.5%                             |  |  |  |                        |
| Parmer        | no                     | 10,269                                                          | 18.60%                                      | 35.00%                 | 4.80%                  | 5.1%                   | 4.7%                   | 4.5%                      | 3.4%                             |  |  |  |                        |
| Pecos         | no                     | 15,507                                                          | 19.90%                                      | 34.90%                 | 4.50%                  | 5.3%                   | 6.7%                   | 9.1%                      | 4.8%                             |  |  |  |                        |
| Polk          | no                     | 45,413                                                          | 21.80%                                      | 25.10%                 | 8.30%                  | 9.7%                   | 9.9%                   | 9.1%                      | 6.4%                             |  |  |  |                        |
| Potter        | no                     | 121,073                                                         | 22.70%                                      | 24.60%                 | 5.60%                  | 6.3%                   | 6.5%                   | 6.1%                      | 4.1%                             |  |  |  |                        |
| Presidio      | yes                    | 7,818                                                           | 24.10%                                      | 46.30%                 | 12.40%                 | 14.3%                  | 17.3%                  | 16.7%                     | 10.8%                            |  |  |  |                        |
| Rains         | no                     | 10,914                                                          | 11.50%                                      | 19.20%                 | 7.30%                  | 8.5%                   | 9.2%                   | 8.1%                      | 5.2%                             |  |  |  |                        |
| Randall       | no                     | 120,725                                                         | 9.40%                                       | 8.70%                  | 4.20%                  | 4.7%                   | 5.0%                   | 4.6%                      | 3.1%                             |  |  |  |                        |
| Reagan        | no                     | 3,367                                                           | 10.50%                                      | 31.50%                 | 2.40%                  | 3.2%                   | 4.1%                   | 6.5%                      | 2.0%                             |  |  |  |                        |
| Real          | no                     | 3,309                                                           | 26.80%                                      | 22.40%                 | 7.20%                  | 7.3%                   | 5.8%                   | 5.6%                      | 3.9%                             |  |  |  |                        |
| Red River     | yes                    | 12,860                                                          | 17.50%                                      | 27.50%                 | 10.40%                 | 11.8%                  | 11.0%                  | 9.3%                      | 6.6%                             |  |  |  |                        |
| Reeves        | yes                    | 13,783                                                          | 28.70%                                      | 47.20%                 | 9.60%                  | 11.0%                  | 10.9%                  | 11.8%                     | 6.0%                             |  |  |  |                        |
| Refugio       | no                     | 7,383                                                           | 16.00%                                      | 27.30%                 | 4.60%                  | 5.9%                   | 6.9%                   | 6.5%                      | 3.9%                             |  |  |  |                        |
| Roberts       | no                     | 929                                                             | 14.60%                                      | 8.10%                  | 3.90%                  | 4.0%                   | 4.7%                   | 5.2%                      | 2.4%                             |  |  |  |                        |
| Robertson     | no                     | 16,620                                                          | 21.20%                                      | 23.40%                 | 7.70%                  | 8.8%                   | 8.6%                   | 7.8%                      | 4.9%                             |  |  |  |                        |
| Rockwall      | no                     | 78,337                                                          | 5.60%                                       | 8.70%                  | 6.20%                  | 7.2%                   | 7.6%                   | 7.3%                      | 4.6%                             |  |  |  |                        |
| Runnels       | no                     | 10,501                                                          | 21.60%                                      | 22.90%                 | 6.20%                  | 8.2%                   | 9.0%                   | 7.6%                      | 4.8%                             |  |  |  |                        |
| Rusk          | no                     | 53,330                                                          | 12.40%                                      | 20.60%                 | 6.20%                  | 7.0%                   | 7.6%                   | 7.8%                      | 4.4%                             |  |  |  |                        |
| Sabine        | no                     | 10,834                                                          | 18.00%                                      | 22.50%                 | 15.30%                 | 16.3%                  | 16.3%                  | 14.9%                     | 9.2%                             |  |  |  |                        |
| San Augustine | yes                    | 8,865                                                           | 27.10%                                      | 28.60%                 | 10.50%                 | 12.4%                  | 11.1%                  | 10.2%                     | 6.4%                             |  |  |  |                        |
| San Jacinto   | no                     | 26,384                                                          | 17.80%                                      | 23.00%                 | 8.00%                  | 9.6%                   | 10.4%                  | 9.2%                      | 5.8%                             |  |  |  |                        |
| San Patricio  | no                     | 64,804                                                          | 16.60%                                      | 23.70%                 | 7.60%                  | 9.5%                   | 10.3%                  | 8.7%                      | 5.4%                             |  |  |  |                        |
| San Saba      | no                     | 6,131                                                           | 23.40%                                      | 18.60%                 | 7.80%                  | 7.5%                   | 8.3%                   | 7.3%                      | 5.5%                             |  |  |  |                        |
| Schleicher    | no                     | 3,461                                                           | 12.40%                                      | 21.50%                 | 4.40%                  | 6.3%                   | 8.0%                   | 9.4%                      | 3.5%                             |  |  |  |                        |
| Scurry        | no                     | 16,921                                                          | 17.70%                                      | 25.80%                 | 4.30%                  | 5.6%                   | 6.4%                   | 6.8%                      | 4.1%                             |  |  |  |                        |
| Shackelford   | no                     | 3,378                                                           | 13.20%                                      | 13.20%                 | 2.90%                  | 4.2%                   | 4.6%                   | 4.1%                      | 2.7%                             |  |  |  |                        |
| Shelby        | no                     | 25,448                                                          | 25.40%                                      | 24.60%                 | 6.50%                  | 7.9%                   | 7.9%                   | 7.4%                      | 4.9%                             |  |  |  |                        |
| Sherman       | no                     | 3,034                                                           | 12.90%                                      | 25.60%                 | 4.60%                  | 5.0%                   | 4.8%                   | 4.7%                      | 3.7%                             |  |  |  |                        |
| Smith         | no                     | 209,714                                                         | 15.40%                                      | 15.80%                 | 7.00%                  | 7.8%                   | 7.9%                   | 7.6%                      | 5.0%                             |  |  |  |                        |
| Somervell     | no                     | 8,490                                                           | 10.80%                                      | 12.60%                 | 6.00%                  | 7.6%                   | 7.9%                   | 7.0%                      | 4.5%                             |  |  |  |                        |
| Starr         | yes                    | 60,968                                                          | 38.00%                                      | 52.10%                 | 15.00%                 | 16.9%                  | 17.9%                  | 16.7%                     | 11.9%                            |  |  |  |                        |
| Stephens      | no                     | 9,630                                                           | 19.90%                                      | 17.80%                 | 5.70%                  | 7.5%                   | 7.1%                   | 6.8%                      | 3.7%                             |  |  |  |                        |
| Sterling      | no                     | 1,143                                                           | 21.00%                                      | 22.50%                 | 3.00%                  | 4.2%                   | 4.6%                   | 4.4%                      | 2.8%                             |  |  |  |                        |
| Stonewall     | no                     | 1,490                                                           | 11.90%                                      | 14.50%                 | 3.90%                  | 5.0%                   | 4.9%                   | 4.7%                      | 3.4%                             |  |  |  |                        |
| Sutton        | no                     | 4,128                                                           | 11.70%                                      | 30.60%                 | 3.20%                  | 6.4%                   | 6.4%                   | 6.7%                      | 2.0%                             |  |  |  |                        |
| Swisher       | no                     | 7,854                                                           | 15.40%                                      | 24.10%                 | 5.70%                  | 6.5%                   | 6.2%                   | 6.0%                      | 4.5%                             |  |  |  |                        |
| Tarrant       | no                     | 1,809,034                                                       | 13.40%                                      | 66.20%                 | 6.60%                  | 7.8%                   | 8.3%                   | 7.7%                      | 4.9%                             |  |  |  |                        |

| County       | 2013 Distressed County | 2010 Decennial Population | 2010 Decennial Poverty | 2010 Decennial Adults without High School Diploma or Equivalent |                              | 2012 Unemployment Rate | 2011 Unemployment Rate | 2010 Unemployment Rate | 2009 Unemployment Rate | 2008 Unemployment Rate |
|--------------|------------------------|---------------------------|------------------------|-----------------------------------------------------------------|------------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|              |                        |                           |                        | 2010 Decennial Poverty                                          | School Diploma or Equivalent |                        |                        |                        |                        |                        |
| Taylor       | no                     | 131,506                   | 16.50%                 | 15.90%                                                          | 5.30%                        | 6.3%                   | 6.4%                   | 5.7%                   | 3.8%                   |                        |
| Terrell      | no                     | 984                       | 16.50%                 | 19.60%                                                          | 6.30%                        | 8.6%                   | 8.5%                   | 9.0%                   | 5.8%                   |                        |
| Terry        | no                     | 12,651                    | 16.60%                 | 31.90%                                                          | 6.60%                        | 7.3%                   | 7.4%                   | 7.0%                   | 4.4%                   |                        |
| Throckmorton | no                     | 1,641                     | 13.20%                 | 21.60%                                                          | 4.50%                        | 5.6%                   | 4.8%                   | 5.2%                   | 3.4%                   |                        |
| Titus        | no                     | 32,334                    | 17.90%                 | 27.10%                                                          | 7.10%                        | 7.9%                   | 7.8%                   | 7.4%                   | 4.3%                   |                        |
| Tom Green    | no                     | 110,224                   | 16.80%                 | 18.80%                                                          | 5.30%                        | 6.3%                   | 6.4%                   | 6.5%                   | 4.1%                   |                        |
| Travis       | no                     | 1,024,266                 | 16.20%                 | 13.70%                                                          | 5.70%                        | 6.6%                   | 6.9%                   | 6.7%                   | 4.2%                   |                        |
| Trinity      | no                     | 14,585                    | 16.60%                 | 19.10%                                                          | 7.90%                        | 9.2%                   | 8.8%                   | 8.5%                   | 5.6%                   |                        |
| Tyler        | no                     | 21,766                    | 18.30%                 | 17.10%                                                          | 10.00%                       | 11.5%                  | 10.6%                  | 9.8%                   | 6.1%                   |                        |
| Upshur       | no                     | 39,309                    | 13.10%                 | 16.60%                                                          | 5.80%                        | 7.2%                   | 7.8%                   | 7.6%                   | 4.3%                   |                        |
| Upton        | no                     | 3,355                     | 13.90%                 | 24.50%                                                          | 3.40%                        | 4.5%                   | 5.0%                   | 5.7%                   | 3.1%                   |                        |
| Uvalde       | yes                    | 26,405                    | 26.70%                 | 30.10%                                                          | 8.00%                        | 9.0%                   | 9.1%                   | 8.1%                   | 5.9%                   |                        |
| Val Verde    | yes                    | 48,879                    | 24.00%                 | 30.10%                                                          | 7.60%                        | 9.0%                   | 9.1%                   | 9.3%                   | 6.0%                   |                        |
| Van Zandt    | no                     | 52,579                    | 24.00%                 | 36.00%                                                          | 6.40%                        | 7.4%                   | 7.6%                   | 7.0%                   | 4.4%                   |                        |
| Victoria     | no                     | 86,793                    | 16.40%                 | 19.90%                                                          | 5.40%                        | 6.4%                   | 7.3%                   | 7.1%                   | 3.9%                   |                        |
| Walker       | no                     | 67,861                    | 21.10%                 | 19.70%                                                          | 6.70%                        | 7.8%                   | 7.6%                   | 7.0%                   | 5.3%                   |                        |
| Waller       | no                     | 43,205                    | 21.10%                 | 20.50%                                                          | 7.00%                        | 8.2%                   | 8.9%                   | 8.2%                   | 5.0%                   |                        |
| Ward         | no                     | 10,658                    | 17.30%                 | 29.60%                                                          | 4.50%                        | 6.2%                   | 8.0%                   | 8.9%                   | 3.9%                   |                        |
| Washington   | no                     | 33,718                    | 16.00%                 | 20.80%                                                          | 5.10%                        | 6.0%                   | 6.4%                   | 6.1%                   | 4.1%                   |                        |
| Webb         | yes                    | 250,304                   | 29.80%                 | 37.30%                                                          | 7.10%                        | 8.1%                   | 8.6%                   | 8.7%                   | 5.4%                   |                        |
| Wharton      | no                     | 41,280                    | 17.20%                 | 24.90%                                                          | 6.80%                        | 8.3%                   | 8.6%                   | 7.0%                   | 4.5%                   |                        |
| Wheeler      | no                     | 5,410                     | 13.90%                 | 20.60%                                                          | 3.60%                        | 4.0%                   | 4.7%                   | 5.7%                   | 2.5%                   |                        |
| Wichita      | no                     | 131,500                   | 15.30%                 | 17.20%                                                          | 6.30%                        | 7.3%                   | 8.0%                   | 7.6%                   | 5.0%                   |                        |
| Wilbarger    | no                     | 13,535                    | 23.30%                 | 26.40%                                                          | 4.60%                        | 5.6%                   | 6.1%                   | 4.9%                   | 3.7%                   |                        |
| Willacy      | yes                    | 22,134                    | 43.40%                 | 42.60%                                                          | 14.00%                       | 14.3%                  | 12.7%                  | 12.3%                  | 9.0%                   |                        |
| Williamson   | no                     | 422,679                   | 6.50%                  | 8.40%                                                           | 5.90%                        | 6.8%                   | 7.4%                   | 7.4%                   | 4.6%                   |                        |
| Wilson       | no                     | 42,918                    | 9.00%                  | 15.50%                                                          | 5.90%                        | 7.1%                   | 7.4%                   | 6.5%                   | 4.7%                   |                        |
| Winkler      | no                     | 7,110                     | 16.30%                 | 37.10%                                                          | 4.70%                        | 6.1%                   | 7.8%                   | 9.4%                   | 3.9%                   |                        |
| Wise         | no                     | 59,127                    | 9.80%                  | 18.50%                                                          | 6.30%                        | 7.2%                   | 8.2%                   | 8.7%                   | 4.4%                   |                        |
| Wood         | no                     | 41,964                    | 14.00%                 | 19.20%                                                          | 7.20%                        | 8.0%                   | 8.6%                   | 8.0%                   | 5.1%                   |                        |
| Yoakum       | no                     | 7,879                     | 25.00%                 | 28.60%                                                          | 3.50%                        | 4.7%                   | 6.3%                   | 7.7%                   | 3.1%                   |                        |
| Young        | no                     | 18,550                    | 15.60%                 | 23.50%                                                          | 5.00%                        | 6.5%                   | 6.7%                   | 6.5%                   | 3.6%                   |                        |
| Zapata       | yes                    | 14,018                    | 37.60%                 | 43.30%                                                          | 6.50%                        | 8.5%                   | 11.0%                  | 10.8%                  | 5.6%                   |                        |
| Zavala       | yes                    | 11,677                    | 43.00%                 | 83.20%                                                          | 14.10%                       | 15.4%                  | 15.6%                  | 14.9%                  | 10.8%                  |                        |

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Applicant Name: Hidalgo Wind Farm LLC  
 ISD Name: Edinburg CISD

| PROPERTY INVESTMENT AMOUNTS                                                                                                      |                              |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                           |                                                                                                      | Column E                                                 |
|----------------------------------------------------------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| (Estimated investment in each year. Do not put cumulative totals.)                                                               |                              |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                           |                                                                                                      | Column D                                                 |
| Year                                                                                                                             | Schedule Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax year below)<br>YYYY | Column A<br>New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B<br>New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property | Column C<br>Other new investment made during this year that will not become Qualified Property [SEE NOTE] | Column D<br>Other new investment made during this year that may become Qualified Property [SEE NOTE] | Column E<br>Total Investment<br>(Sum of Columns A+B+C+D) |
| Investment made before filing complete application with district                                                                 |                              |                                                     | Not eligible to become Qualified Property                                                                                                       |                                                                                                                                                     |                                                                                                           |                                                                                                      |                                                          |
| Investment made after filing complete application with district, but before final board approval of application                  | -                            | 2014                                                |                                                                                                                                                 |                                                                                                                                                     |                                                                                                           |                                                                                                      |                                                          |
| Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period |                              |                                                     |                                                                                                                                                 |                                                                                                                                                     |                                                                                                           |                                                                                                      |                                                          |
| Complete tax years of qualifying time period                                                                                     | QTP1                         | 2015                                                | 129,047,454                                                                                                                                     |                                                                                                                                                     |                                                                                                           |                                                                                                      |                                                          |
|                                                                                                                                  | QTP2                         | 2016                                                | 129,047,454                                                                                                                                     |                                                                                                                                                     | 33,842,405                                                                                                |                                                                                                      | 162,889,859                                              |
| Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]                                                  |                              |                                                     | 129,047,454                                                                                                                                     |                                                                                                                                                     | 33,842,405                                                                                                |                                                                                                      | 162,889,859                                              |
| Total Qualified Investment (sum of green cells)                                                                                  |                              |                                                     | 162,889,859                                                                                                                                     | Enter amounts from TOTAL row above in Schedule A2                                                                                                   |                                                                                                           |                                                                                                      |                                                          |

For All Columns: List amount invested each year, not cumulative totals.

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.

Column B: Only tangible personal property that is specifically described in the application can become qualified property.

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column E: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (including Qualified Property and other investments)

| PROPERTY INVESTMENT AMOUNTS                                               |                           |                                                 |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
|---------------------------------------------------------------------------|---------------------------|-------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------|----------------------------------------|--|--|
| (Estimated Investment in each year. Do not put cumulative totals.)        |                           |                                                 |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Year                                                                      | Schedule Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) (YYYY) | Column A<br>New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property | Column B<br>New investment made during this year in buildings or permanent improvements components of buildings that will become Qualified Property | Column C<br>Other investment made during this year that will not become Qualified Property (SEE NOTE) | Column D<br>Other investment made during this year that will become Qualified Property (SEE NOTE) | Column E<br>Total Investment (A+B+C+D) |  |  |
| Total Investment from Schedule A1*                                        |                           |                                                 | 129,047,454                                                                                                                                     |                                                                                                                                                     | 33,842,405                                                                                            |                                                                                                   | 162,889,859                            |  |  |
| Each year prior to start of value limitation period**                     |                           |                                                 |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 0                                                                         | 2016-2017                 | 2016                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 1                                                                         | 2017-2018                 | 2017                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 2                                                                         | 2018-2019                 | 2018                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 3                                                                         | 2019-2020                 | 2019                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 4                                                                         | 2020-2021                 | 2020                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 5                                                                         | 2021-2022                 | 2021                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 6                                                                         | 2022-2023                 | 2022                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 7                                                                         | 2023-2024                 | 2023                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 8                                                                         | 2024-2025                 | 2024                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 9                                                                         | 2025-2026                 | 2025                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 10                                                                        | 2026-2027                 | 2026                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Total investment made through limitation                                  |                           |                                                 | 129,047,454                                                                                                                                     |                                                                                                                                                     | 33,842,405                                                                                            |                                                                                                   | 162,889,859                            |  |  |
| 11                                                                        | 2027-2028                 | 2027                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 12                                                                        | 2028-2029                 | 2028                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 13                                                                        | 2029-2030                 | 2029                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 14                                                                        | 2030-2031                 | 2030                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 15                                                                        | 2031-2032                 | 2031                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 16                                                                        | 2032-2033                 | 2032                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 17                                                                        | 2033-2034                 | 2033                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 18                                                                        | 2034-2035                 | 2034                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 19                                                                        | 2035-2036                 | 2035                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 20                                                                        | 2036-2037                 | 2036                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 21                                                                        | 2037-2038                 | 2037                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 22                                                                        | 2038-2039                 | 2038                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 23                                                                        | 2039-2040                 | 2039                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 24                                                                        | 2040-2041                 | 2040                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| 25                                                                        | 2041-2042                 | 2041                                            |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Additional years for 25 year economic impact as required by 313.026(c)(1) |                           |                                                 |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |
| Continue to maintain viable presence                                      |                           |                                                 |                                                                                                                                                 |                                                                                                                                                     |                                                                                                       |                                                                                                   |                                        |  |  |

\* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.  
 \*\* Any investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

\*\*\* If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.  
 For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.  
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.  
 Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.  
 Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment include investment meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property—described in SECTION 13, question #5 of the application.  
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment include investment that may result in qualified property are land or professional services.

**Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)**  
**Hidalgo Wind Farm LLC**

Edinburg CISD

| Year | School Year<br>(YYYY-YYYY) | Tax Year<br>(Fill in actual tax<br>year) YYYY | Qualified Property                |                                                                               |                                                                                                                                | Estimated Taxable Value                                                                     |                                                     |                                                     |            |
|------|----------------------------|-----------------------------------------------|-----------------------------------|-------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|-----------------------------------------------------|-----------------------------------------------------|------------|
|      |                            |                                               | Estimated Market Value of<br>Land | Estimated Total Market<br>Value of new buildings or<br>other new improvements | Estimated Total Market<br>Value of tangible personal<br>property in the new<br>buildings or "in or on the<br>new improvements" | Market Value less any<br>exemptions (such as<br>pollution control) and<br>before limitation | Final taxable value for I&S<br>after all reductions | Final taxable value for M&O<br>after all reductions |            |
| 0    | 2016-2017                  | 2016                                          |                                   |                                                                               |                                                                                                                                |                                                                                             |                                                     |                                                     |            |
| 1    | 2017-2018                  | 2017                                          |                                   | 2,560,000                                                                     | 125,440,000                                                                                                                    |                                                                                             |                                                     | 128,000,000                                         | 25,000,000 |
| 2    | 2018-2019                  | 2018                                          |                                   | 2,432,000                                                                     | 119,168,000                                                                                                                    |                                                                                             |                                                     | 121,600,000                                         | 25,000,000 |
| 3    | 2019-2020                  | 2019                                          |                                   | 2,304,000                                                                     | 112,896,000                                                                                                                    |                                                                                             |                                                     | 115,200,000                                         | 25,000,000 |
| 4    | 2020-2021                  | 2020                                          |                                   | 2,176,000                                                                     | 106,624,000                                                                                                                    |                                                                                             |                                                     | 108,800,000                                         | 25,000,000 |
| 5    | 2021-2022                  | 2021                                          |                                   | 2,048,000                                                                     | 100,352,000                                                                                                                    |                                                                                             |                                                     | 102,400,000                                         | 25,000,000 |
| 6    | 2022-2023                  | 2022                                          |                                   | 1,920,000                                                                     | 94,080,000                                                                                                                     |                                                                                             |                                                     | 96,000,000                                          | 25,000,000 |
| 7    | 2023-2024                  | 2023                                          |                                   | 1,792,000                                                                     | 87,808,000                                                                                                                     |                                                                                             |                                                     | 89,600,000                                          | 25,000,000 |
| 8    | 2024-2025                  | 2024                                          |                                   | 1,664,000                                                                     | 81,536,000                                                                                                                     |                                                                                             |                                                     | 83,200,000                                          | 25,000,000 |
| 9    | 2025-2026                  | 2025                                          |                                   | 1,536,000                                                                     | 75,264,000                                                                                                                     |                                                                                             |                                                     | 76,800,000                                          | 25,000,000 |
| 10   | 2026-2027                  | 2026                                          |                                   | 1,408,000                                                                     | 68,992,000                                                                                                                     |                                                                                             |                                                     | 70,400,000                                          | 25,000,000 |
| 11   | 2027-2028                  | 2027                                          |                                   | 1,280,000                                                                     | 62,720,000                                                                                                                     |                                                                                             |                                                     | 64,000,000                                          | 64,000,000 |
| 12   | 2028-2029                  | 2028                                          |                                   | 1,152,000                                                                     | 56,448,000                                                                                                                     |                                                                                             |                                                     | 57,600,000                                          | 57,600,000 |
| 13   | 2029-2030                  | 2029                                          |                                   | 1,024,000                                                                     | 50,176,000                                                                                                                     |                                                                                             |                                                     | 51,200,000                                          | 51,200,000 |
| 14   | 2030-2031                  | 2030                                          |                                   | 896,000                                                                       | 43,904,000                                                                                                                     |                                                                                             |                                                     | 44,800,000                                          | 44,800,000 |
| 15   | 2031-2032                  | 2031                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 16   | 2032-2033                  | 2032                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 17   | 2033-2034                  | 2033                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 18   | 2034-2035                  | 2034                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 19   | 2035-2036                  | 2035                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 20   | 2036-2037                  | 2036                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 21   | 2037-2038                  | 2037                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 22   | 2038-2039                  | 2038                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 23   | 2039-2040                  | 2039                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 24   | 2040-2041                  | 2040                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |
| 25   | 2041-2042                  | 2041                                          |                                   | 768,000                                                                       | 37,632,000                                                                                                                     |                                                                                             |                                                     | 38,400,000                                          | 38,400,000 |

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Applicant Name  
ISD Name

|                                                                                                   | Year                | School Year<br>(YYYY-YYYY) | Tax Year<br>(Actual tax year)<br>YYYY | Construction                                                          |                                                                      | Non-Qualifying Jobs                                                                             |                                                                                                                                        | Qualifying Jobs                                           |  |
|---------------------------------------------------------------------------------------------------|---------------------|----------------------------|---------------------------------------|-----------------------------------------------------------------------|----------------------------------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|--|
|                                                                                                   |                     |                            |                                       | Column A<br>Number of Construction<br>FTE's or man-hours<br>(specify) | Column B<br>Average annual wage<br>rates for construction<br>workers | Column C<br>Number of non-qualifying<br>jobs applicant estimates it<br>will create (cumulative) | Column D<br>Number of new qualifying<br>jobs applicant commits to<br>create meeting all criteria<br>of Sec. 313.021(3)<br>(cumulative) | Column E<br>Average annual wage of<br>new qualifying jobs |  |
| Each year prior to start of<br>Value Limitation Period<br><i>Insert as many rows as necessary</i> | 0                   | 2016-2017                  | 2016                                  |                                                                       | 45,000.00                                                            |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 1                   | 2017-2018                  | 2017                                  | 200,000 Manhours                                                      |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 2                   | 2018-2019                  | 2018                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 3                   | 2019-2020                  | 2019                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 4                   | 2020-2021                  | 2020                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 5                   | 2021-2022                  | 2021                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 6                   | 2022-2023                  | 2022                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 7                   | 2023-2024                  | 2023                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 8                   | 2024-2025                  | 2024                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 9                   | 2025-2026                  | 2025                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
|                                                                                                   | 10                  | 2026-2027                  | 2026                                  |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |
| Years Following<br>Value Limitation Period                                                        | 11<br>through<br>25 | 2027-2042                  | 2027-2041                             |                                                                       |                                                                      |                                                                                                 | 2                                                                                                                                      | 42,000.00                                                 |  |

Notes: See TAC 9.1051 for definition of non-qualifying jobs.  
Only include jobs on the project site in this school district.

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)  
If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)?

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes  No   
 Yes  No   
 Yes  No

**Schedule D: Other Incentives (Estimated)**

**Applicant Name**  
**ISD Name**

Hidalgo Wind Farm LLC  
Edinburg CISD

**Form 50-296A**  
Revised Feb 2014

| State and Local Incentives for which the Applicant intends to apply (Estimated) |                               |                           |                     |                                   |                     |                     |
|---------------------------------------------------------------------------------|-------------------------------|---------------------------|---------------------|-----------------------------------|---------------------|---------------------|
| Incentive Description                                                           | Taxing Entity (as applicable) | Beginning Year of Benefit | Duration of Benefit | Annual Tax Levy without Incentive | Annual Incentive    | Annual Net Tax Levy |
|                                                                                 | County:                       |                           |                     |                                   |                     |                     |
|                                                                                 | City:                         |                           |                     |                                   |                     |                     |
|                                                                                 | Other:                        |                           |                     |                                   |                     |                     |
| Tax Code Chapter 311                                                            | County: Hidalgo County        | 2017                      | 10                  | 7,552,000.00                      | 6,041,600.00        | 1,510,400.00        |
|                                                                                 | City:                         |                           |                     |                                   |                     |                     |
|                                                                                 | Other:                        |                           |                     |                                   |                     |                     |
| Tax Code Chapter 312                                                            | County:                       |                           |                     |                                   |                     |                     |
|                                                                                 | City:                         |                           |                     |                                   |                     |                     |
|                                                                                 | Other:                        |                           |                     |                                   |                     |                     |
| Local Government Code Chapters 380/381                                          | County:                       |                           |                     |                                   |                     |                     |
|                                                                                 | City:                         |                           |                     |                                   |                     |                     |
|                                                                                 | Other:                        |                           |                     |                                   |                     |                     |
| Freepport Exemptions                                                            |                               |                           |                     |                                   |                     |                     |
| Non-Annexation Agreements                                                       |                               |                           |                     |                                   |                     |                     |
| Enterprise Zone/Project                                                         |                               |                           |                     |                                   |                     |                     |
| Economic Development Corporation                                                |                               |                           |                     |                                   |                     |                     |
| Texas Enterprise Fund                                                           |                               |                           |                     |                                   |                     |                     |
| Employee Recruitment                                                            |                               |                           |                     |                                   |                     |                     |
| Skills Development Fund                                                         |                               |                           |                     |                                   |                     |                     |
| Training Facility Space and Equipment                                           |                               |                           |                     |                                   |                     |                     |
| Infrastructure Incentives                                                       |                               |                           |                     |                                   |                     |                     |
| Permitting Assistance                                                           |                               |                           |                     |                                   |                     |                     |
| Other:                                                                          |                               |                           |                     |                                   |                     |                     |
| Other:                                                                          |                               |                           |                     |                                   |                     |                     |
| Other:                                                                          |                               |                           |                     |                                   |                     |                     |
| Other:                                                                          |                               |                           |                     |                                   |                     |                     |
| <b>TOTAL</b>                                                                    |                               |                           |                     | <b>7,552,000.00</b>               | <b>6,041,600.00</b> | <b>1,510,400.00</b> |

Additional information on incentives for this project:

Hidalgo Wind Farm LLC plans to enter into a 312 abatement agreement with Hidalgo County. The County has provided Guidelines and Criteria for the 312 abatement and the abatement is honored only on County taxes. We are assuming to secure an 80% abatement for a 10 year term.

# Attachment B

## Franchise Tax Account Status



## Franchise Tax Account Status

As of: 12/01/2014 02:53:17 PM

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**This Page is Not Sufficient for Filings with the Secretary of State**

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| HIDALGO WIND FARM LLC                  |                                                 |
|----------------------------------------|-------------------------------------------------|
| Texas Taxpayer Number                  | 32042891542                                     |
| Mailing Address                        | 808 TRAVIS ST STE 700<br>HOUSTON, TX 77002-5774 |
| Right to Transact Business<br>in Texas | ACTIVE                                          |
| State of Formation                     | DE                                              |
| Effective SOS Registration<br>Date     | 10/25/2010                                      |
| Texas SOS File Number                  | 0801334738                                      |
| Registered Agent Name                  | C T CORPORATION SYSTEM                          |
| Registered Office Street<br>Address    | 1999 BRYAN ST., STE. 900<br>DALLAS, TX 75201    |

# Attachment C

## State Comptroller's Certification

S U S A N  
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



July 17, 2014

Dr. Rene Gutierrez  
Superintendent  
Edinburg Consolidated Independent School District  
411 North 8<sup>th</sup> Street  
Edinburg, Texas 78541

Dear Superintendent Gutierrez:

On May 19, 2014, the Comptroller issued written notice that Hidalgo Wind Farm LLC (the applicant) submitted a completed application (Application #1003) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in April 2014 to the Edinburg Consolidated School District (the 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.  
Sec. 313.024(d)      Applicant has committed to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.  
Sec. 313.024(d-2)    Not applicable to Application #1003.

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 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.

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

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 50-286) 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 within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of May 19, 2014, 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 Robert Wood, director of Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

### Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of Hidalgo Wind Farm, LLC (the project) applying to Edinburg Independent School District (the 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 Hidalgo Wind Farm, LLC.

|                                                                                                                                          |                         |
|------------------------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Applicant                                                                                                                                | Hidalgo Wind Farm, LLC  |
| Tax Code, 313.024 Eligibility Category                                                                                                   | Renewable Energy – Wind |
| School District                                                                                                                          | Edinburg ISD            |
| 2012-13 Enrollment in School District                                                                                                    | 33,582                  |
| County                                                                                                                                   | Hidalgo                 |
| Proposed Total Investment in District                                                                                                    | \$163,000,000           |
| Proposed Qualified Investment                                                                                                            | \$163,000,000           |
| Limitation Amount                                                                                                                        | \$25,000,000            |
| Number of new qualifying jobs committed to by applicant                                                                                  | 2*                      |
| Number of new non-qualifying jobs estimated by applicant                                                                                 | 0                       |
| Average weekly wage of qualifying jobs committed to by applicant                                                                         | \$808                   |
| Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)                                                             | \$772                   |
| Minimum annual wage committed to by applicant for qualified jobs                                                                         | \$42,000                |
| Minimum weekly wage required for non-qualifying jobs                                                                                     |                         |
| Minimum annual wage required for non-qualifying jobs                                                                                     |                         |
| Investment per Qualifying Job                                                                                                            | \$81,500,000            |
| Estimated M&O levy without any limit (15 years)                                                                                          | \$15,533,971            |
| Estimated M&O levy with Limitation (15 years)                                                                                            | \$6,852,571             |
| Estimated gross M&O tax benefit (15 years)                                                                                               | \$8,681,400             |
| * Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1). |                         |



**Table 4** examines the estimated direct impact on ad valorem taxes to the school district and Hidalgo County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with the county. The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

| Year                                                                | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate <sup>1</sup> | Edinburg ISD I&S Tax Levy | Edinburg ISD M&O Tax Levy | Edinburg ISD M&O and I&S Tax Levies | Hidalgo County Tax Levy | South Texas College Tax Levy | South Texas ISD Tax Levy | Estimated Total Property Taxes |                     |
|---------------------------------------------------------------------|---------------------------------|---------------------------------|-----------------------|---------------------------|---------------------------|-------------------------------------|-------------------------|------------------------------|--------------------------|--------------------------------|---------------------|
|                                                                     |                                 |                                 |                       | 0.0698                    | 1.1700                    |                                     | 0.5900                  | 0.1500                       | 0.0492                   |                                |                     |
| 2015                                                                | \$0                             | \$0                             |                       | \$0                       | \$0                       | \$0                                 | \$0                     | \$0                          | \$0                      | \$0                            |                     |
| 2016                                                                | \$162,889,859                   | \$162,889,859                   |                       | \$113,697                 | \$1,905,811               | \$2,019,508                         | \$961,050               | \$244,335                    | \$80,142                 | \$3,305,035                    |                     |
| 2017                                                                | \$128,000,000                   | \$25,000,000                    |                       | \$89,344                  | \$292,500                 | \$381,844                           | \$151,040               | \$192,000                    | \$62,976                 | \$787,860                      |                     |
| 2018                                                                | \$121,600,000                   | \$25,000,000                    |                       | \$84,877                  | \$292,500                 | \$377,377                           | \$143,488               | \$182,400                    | \$59,827                 | \$763,092                      |                     |
| 2019                                                                | \$115,200,000                   | \$25,000,000                    |                       | \$80,410                  | \$292,500                 | \$372,910                           | \$135,936               | \$172,800                    | \$56,678                 | \$738,324                      |                     |
| 2020                                                                | \$108,800,000                   | \$25,000,000                    |                       | \$75,942                  | \$292,500                 | \$368,442                           | \$128,384               | \$163,200                    | \$53,530                 | \$713,556                      |                     |
| 2021                                                                | \$102,400,000                   | \$25,000,000                    |                       | \$71,475                  | \$292,500                 | \$363,975                           | \$120,832               | \$153,600                    | \$50,381                 | \$688,788                      |                     |
| 2022                                                                | \$96,000,000                    | \$25,000,000                    |                       | \$67,008                  | \$292,500                 | \$359,508                           | \$113,280               | \$144,000                    | \$47,232                 | \$664,020                      |                     |
| 2023                                                                | \$89,600,000                    | \$25,000,000                    |                       | \$62,541                  | \$292,500                 | \$355,041                           | \$105,728               | \$134,400                    | \$44,083                 | \$639,252                      |                     |
| 2024                                                                | \$83,200,000                    | \$25,000,000                    |                       | \$58,074                  | \$292,500                 | \$350,574                           | \$98,176                | \$124,800                    | \$40,934                 | \$614,484                      |                     |
| 2025                                                                | \$76,800,000                    | \$25,000,000                    |                       | \$53,606                  | \$292,500                 | \$346,106                           | \$90,624                | \$115,200                    | \$37,786                 | \$589,716                      |                     |
| 2026                                                                | \$70,400,000                    | \$25,000,000                    |                       | \$49,139                  | \$292,500                 | \$341,639                           | \$83,072                | \$105,600                    | \$34,637                 | \$564,948                      |                     |
| 2027                                                                | \$64,000,000                    | \$64,000,000                    |                       | \$44,672                  | \$748,800                 | \$793,472                           | \$377,600               | \$96,000                     | \$31,488                 | \$1,298,560                    |                     |
| 2028                                                                | \$57,600,000                    | \$57,600,000                    |                       | \$40,205                  | \$673,920                 | \$714,125                           | \$339,840               | \$86,400                     | \$28,339                 | \$1,168,704                    |                     |
| 2029                                                                | \$51,200,000                    | \$51,200,000                    |                       | \$35,738                  | \$599,040                 | \$634,778                           | \$302,080               | \$76,800                     | \$25,190                 | \$1,038,848                    |                     |
|                                                                     |                                 |                                 |                       |                           |                           | <b>Total</b>                        | <b>\$7,779,299</b>      | <b>\$3,151,130</b>           | <b>\$1,991,535</b>       | <b>\$653,223</b>               | <b>\$13,575,187</b> |
|                                                                     |                                 |                                 |                       |                           |                           | <b>Diff</b>                         | <b>\$8,681,400</b>      | <b>\$4,682,240</b>           | <b>\$0</b>               | <b>\$0</b>                     | <b>\$13,363,640</b> |
| Assumes School Value Limitation and Tax Abatements with the County. |                                 |                                 |                       |                           |                           |                                     |                         |                              |                          |                                |                     |

Source: CPA, Hidalgo Wind Farm, LLC

<sup>1</sup>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 over 25 Years

This represents the Comptroller's determination that HIDALGO WIND FARM, 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>                                     | 2014     | \$0                                           | \$0                                               | \$0                                                             | \$0                                                                 |
|                                                                 | 2015     | \$0                                           | \$0                                               | \$0                                                             | \$0                                                                 |
|                                                                 | 2016     | \$0                                           | \$0                                               | \$0                                                             | \$0                                                                 |
| <b>Limitation Period (10 Years)</b>                             | 2017     | \$260,000                                     | \$260,000                                         | \$1,071,200                                                     | \$1,071,200                                                         |
|                                                                 | 2018     | \$260,000                                     | \$520,000                                         | \$1,004,640                                                     | \$2,075,840                                                         |
|                                                                 | 2019     | \$260,000                                     | \$780,000                                         | \$938,080                                                       | \$3,013,920                                                         |
|                                                                 | 2020     | \$260,000                                     | \$1,040,000                                       | \$871,520                                                       | \$3,885,440                                                         |
|                                                                 | 2021     | \$260,000                                     | \$1,300,000                                       | \$804,960                                                       | \$4,690,400                                                         |
|                                                                 | 2022     | \$260,000                                     | \$1,560,000                                       | \$738,400                                                       | \$5,428,800                                                         |
|                                                                 | 2023     | \$260,000                                     | \$1,820,000                                       | \$671,840                                                       | \$6,100,640                                                         |
|                                                                 | 2024     | \$260,000                                     | \$2,080,000                                       | \$605,280                                                       | \$6,705,920                                                         |
|                                                                 | 2025     | \$260,000                                     | \$2,340,000                                       | \$538,720                                                       | \$7,244,640                                                         |
|                                                                 | 2026     | \$260,000                                     | \$2,600,000                                       | \$472,160                                                       | \$7,716,800                                                         |
| <b>Maintain Viable Presence (5 Years)</b>                       | 2027     | \$665,600                                     | \$3,265,600                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2028     | \$599,040                                     | \$3,864,640                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2029     | \$532,480                                     | \$4,397,120                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2030     | \$465,920                                     | \$4,863,040                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2031     | \$399,360                                     | \$5,262,400                                       | \$0                                                             | \$7,716,800                                                         |
| <b>Additional Years as Required by 313.026(c)(1) (10 Years)</b> | 2032     | \$399,360                                     | \$5,661,760                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2033     | \$399,360                                     | \$6,061,120                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2034     | \$399,360                                     | \$6,460,480                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2035     | \$399,360                                     | \$6,859,840                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2036     | \$399,360                                     | \$7,259,200                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2037     | \$399,360                                     | \$7,658,560                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2038     | \$399,360                                     | \$8,057,920                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2039     | \$399,360                                     | \$8,457,280                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2040     | \$399,360                                     | \$8,856,640                                       | \$0                                                             | \$7,716,800                                                         |
|                                                                 | 2041     | \$399,360                                     | \$9,256,000                                       | \$0                                                             | \$7,716,800                                                         |

**\$9,256,000**

is greater than

**\$7,716,800**

**Analysis Summary**

|                                                                                                                                                       |     |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----|
| Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement? | Yes |
|-------------------------------------------------------------------------------------------------------------------------------------------------------|-----|

Source: CPA, HIDALGO WIND FARM, 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 Hidalgo Wind Farm, LL decision to invest capital and construct the project in this state. This is based on the information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Per the applicant, they can locate the project anywhere in the US with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect to the grid. They have over 7000 MW of development assets in 24 states that they are marketing to different off-takers for potential construction throughout the US. The applicant is considering investment in many of these potential projects, instead of this project.
- Per the applicant, By way of comparison, the Applicant is actively developing and marketing projects in both Kansas and Oklahoma.
- Per the applicant, the Chapter 313 tax abatement has a significant impact on the rate of return for this project and allows it to be competitive not only with other projects in the company’s portfolio but also with other projects being developed by competing companies in Texas.

### **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

**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**



# Application for Appraised Value Limitation on Qualified Property

## SECTION 6: Eligibility Under Tax Code Chapter 313.024

- 1. Are you an entity subject to the tax under Tax Code, Chapter 1717  Yes  No
- 2. The property will be used for one of the following activities:
  - (1) manufacturing  Yes  No
  - (2) research and development  Yes  No
  - (3) a clean coal project, as defined by Section 5.001, Water Code  Yes  No
  - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code  Yes  No
  - (5) renewable energy electric generation  Yes  No
  - (6) electric power generation using integrated gasification combined cycle technology  Yes  No
  - (7) nuclear electric power generation  Yes  No
  - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)  Yes  No
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
- 3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
- 4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
- 5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
- 6. Are you including property that is owned by a person other than the applicant?  Yes  No
- 7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?  Yes  No

## SECTION 7: Project Description

- 1. In **Tab 4**, attach a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.
- 2. Check the project characteristics that apply to the proposed project:
  - Land has no existing improvements  Land has existing improvements (*complete Section 13*)
  - Expansion of existing operation on the land (*complete Section 13*)  Relocation within Texas

## SECTION 8: Limitation as Determining Factor

- 1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
- 2. Has the applicant entered into any agreements or contracts for work to be performed 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 official 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. 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
- 8. Has the applicant considered or is the applicant considering other locations not in Texas for the proposed project?  Yes  No
- 9. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
- 10. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No

If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website. [www.TexasAhead.org/tax\\_programs/chapter313/](http://www.TexasAhead.org/tax_programs/chapter313/)

## **Supporting Information**

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

**Attachment 5-Section 8 Questions**

**Question 2**

The Applicant has executed all contracts as part of the development process and the Applicant has not executed any contracts that would require the Project to be constructed in Edinburg CISD or the State of Texas. Applicant has provided below a representative list of contracts that have been entered into by Applicant for the development of the Project.

| Agreement                      | Counterparty                           | Description                                                                                                                                   | Start Date                             | End Date   | Notes                                                                                          |
|--------------------------------|----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------|------------|------------------------------------------------------------------------------------------------|
| Engagement Letter              | Baker Botts LLP                        | Engagement Letter for applying for and negotiating property tax incentive agreements for Hidalgo                                              | 8/23/2013                              | TBD        | Ongoing                                                                                        |
| Statements of Work             | KTA Associates, Inc.                   | Statements of Work for preparation of Phase I ESA for parcels of Hidalgo site assessed in October 2010, November 2011, December 2013          | 10/5/2010;<br>10/25/2011;<br>12/6/2013 | TBD        |                                                                                                |
| Consulting Agreement           | Land Agent Services LLC                | CSA to provide land acquisition and related services for Hidalgo project                                                                      | 4/18/2013                              | 9/1/2013   | Complete                                                                                       |
| Letter Agreements              | Melden & Hunt Inc.                     | Letter Agreements to provide 4 metes and bounds description for 5 owners                                                                      | 5/6/2013 &<br>2/27/2014                | TBD        | Complete                                                                                       |
| Engineering Services Agreement | Merrick & Company                      | A Services Agreement for a survey of ground control, aerial photography, digital mapping, and AutoCAD 2004 files containing planimetric data. | 4/11/2013                              | 9/15/2013  | Does not cover entire project; will need to be renegotiated or terminated for full engineering |
| Services Agreement             | Stichler Agricultural Services, LLC    | Agreement for land agent services                                                                                                             | 7/8/2008                               | 12/31/2010 | Expired                                                                                        |
| Task Order Agreements          | DNV Renewables (USA) Inc.              | Various task order agreements for meteorological tower services                                                                               | Various                                | Various    | Ongoing                                                                                        |
| Services Agreements            | Second Wind Systems Inc.               | Relocation agreement for SODAR installation at site                                                                                           | 12/17/2013                             | TBD        | Ongoing                                                                                        |
| Services Agreements            | Western EcoSystems Technology Inc.     | Various Services Agreements for Baseline Wildlife Studies, Raptor Nest Studies, and Bat Acoustical Studies                                    | Various                                | Various    | Ongoing                                                                                        |
| Generation Interconnect        | Electric Reliability Council of Texas, | Agreements to perform Study for                                                                                                               | 10/14/2009 &<br>12/4/2013              | TBD        | Complete                                                                                       |

Attachment 5 Cont..

|                                |                                                             |                                                                                                                                                                                                  |                       |                        |                                                                                                                             |
|--------------------------------|-------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| Screening Studies              | Inc.                                                        | IR 12INR0022 and IR 16INR0024                                                                                                                                                                    |                       |                        |                                                                                                                             |
| Agreement to perform Study     | AEP Texas Central Company                                   | Agreement to perform Study for IR 12INR0022                                                                                                                                                      | 10/14/2009            | TBD                    | Complete                                                                                                                    |
| Services Agreements            | Mead & Hunt Inc.                                            | Planning services to provide a preliminary review of potential aeronautical impacts to future wind farm sites; SA to provide updated Comsearch communications information for the wind farm site | 10/14/2010 & 7/2/2013 | 3/31/2011 & 12/31/2014 | Expired                                                                                                                     |
| Engineering Services Agreement | Terracon Consultants Inc.                                   | ESA to perform subsurface exploration and lab testing to identify soil types                                                                                                                     | 5/15/2013             | TBD                    | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Engineering Services Agreement | Laramore Douglass and Popham Inc.                           | ESA to provide designs for substation and connection to the AEP transmission system                                                                                                              | 6/17/2013             | TBD                    | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Surveying Services Agreement   | Merrick & Company                                           | SA to survey and for prepare pre- and post-ALTA/ACSM survey                                                                                                                                      | 5/28/2013             | 5/31/2014              | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Engineering Services Agreement | Wind Consultants LLC dba Renewable Resource Consultants LLC | ESA for design of the structural foundation (prelim and final) at Hidalgo Wind Farm                                                                                                              | 7/18/2013             | TBD                    | Notice to proceed not given; Does not cover entire project; will need to be renegotiated or terminated for full engineering |
| Engineering Services Agreement | Westlake Consultants Inc.                                   | ESA for civil engineering and design for Hidalgo                                                                                                                                                 | 5/1/2013              | TBD                    | Does not cover entire project; will need to be renegotiated or terminated for full engineering                              |
| Consulting Agreement           | Land Agent Services LLC                                     | COLI for Land Agent Services (from 4/2/13-4/2/14) with certificate holder Hidalgo Wind Farm                                                                                                      | 5/31/2013             | 9/1/2013               | Expired                                                                                                                     |

Attachment 5-Cont.,

Question 6

The Applicant has not yet received any state or local incentives, but is negotiating a Chapter 312 tax abatement with Hidalgo County.

Question 7

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets in twenty-four states that it is marketing to different off-takers for potential construction throughout the U.S. Applicant is considering investment in many of these potential projects, instead of this Project. For this Project to be competitive with the other projects being developed by the Applicant, Applicant must secure a Chapter 313 tax abatement with Edinburg CISD, as well as other Chapter 313, 312, and 381 agreements with respective entities for this Project. The Chapter 313 tax abatement with Edinburg CISD has a significant impact on the rate of return for this Project and allows it to be competitive not only with other projects in the Applicant's portfolio, but also with other projects being developed by competing companies in Texas. The Applicant has limited capital to expend (For example, Applicant will be required to make approximately \$173 million of capital investment to complete this Project) and will only select approximately one to five projects (up to approximately 500 MWs) to construct each year.

The Applicant has an existing two phase wind farm in operation near Abilene, Texas and obtained a Chapter 313 tax abatement for wind provided the needed economics to allow for the Applicant to invest capital, construct the project, and sell the power. However, since construction those wind farms in 2007 and 2008, wholesale power prices in Texas have dropped by greater than fifty percent, making the Chapter 313 abatement more important than ever for this Project to be competitive.

By way of comparison, the Applicant is actively developing and marketing projects in both Kansas and Oklahoma. Kansas and Oklahoma provide significant tax incentives at a state level. Kansas provides a full property tax exemption for the life of a renewable project via Kansas Statute 79-201. Typically, the Applicant would pay the county a community gift payment, but this is significantly less than the property taxes paid by a project in Texas. By way of further example, Oklahoma provides two tax incentives on a state level to wind farm projects. First, Oklahoma Statute 68-2902 and Oklahoma ad valorem tax statutes provide for a five year property tax exemption for renewable projects in Oklahoma. Property taxes under this exemption are paid by the Oklahoma Tax Commission, instead of the renewable project developer. Second, Oklahoma has a Zero-Emission Facilities Production Tax Credit, which provides a ten year production tax credit on income for renewable facilities placed in operation prior to 2016. This credit is equal to \$0.0050 per kWh generated by the project operator. For this Project to compete with projects in Kansas and Oklahoma, as well as projects throughout the U.S., Applicant must secure the available tax incentives in Texas. This includes obtaining a Chapter 313 tax abatement with Edinburg CISD to reduce the property tax liability to the school district for the portion of the Project that lies within the district.

Question 8

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets in twenty-four states that it is marketing to different off-takers for potential construction throughout the U.S. Applicant is considering investment in many of these potential projects, instead of this Project. For this Project to be competitive with the other projects being developed by the Applicant, Applicant must secure a Chapter 313 tax abatement with Edinburg CISD, as well as other Chapter 313, 312, and 381 agreements with respective entities for this Project. The Chapter 313 tax abatement with Edinburg CISD has a significant impact on the rate of return for this Project and allows it to be competitive not only with other projects in the Applicant's portfolio, but also with other projects being developed by competing companies in Texas. The Applicant has limited capital to expend (For example, Applicant will be required to make approximately \$173 million of capital investment to complete this Project) and will only select approximately one to five projects (up to approximately 500 MWs) to construct each year.

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Attachment 5-Cont..

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Question 10

The Applicant has submitted information regarding the amount of its capital investment in the Project, which will constitute approximately \$173 million in Edinburg CISD, with an estimated 50 turbines and at least four miles of 345 kV transmission line planned to be located in Edinburg CISD. The Applicant has also provided information that the Project will be constructed and become operational by the end of the year 2016. Applicant has located the Project in the ERCOT power market and has submitted an interconnection request to ERCOT. The interconnection request is queue position is 16INR0024 and the study is currently in the Full Interconnection Study ("FIS") stage. The ERCOT power market limits the potential off-takers of the power produced by the Project, since power cannot be exported from ERCOT to other markets.

# Attachment D

## Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION  
FINANCIAL IMPACT OF THE PROPOSED HIDALGO WIND  
FARM, LLC PROJECT IN THE EDINBURG CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT (#1003)**

**PREPARED BY**



**NOVEMBER 3, 2014**

## Executive Summary

Hidalgo Wind Farm, LLC (Company) has requested that the Edinburg Consolidated Independent School District (ECISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to ECISD on April 9, 2014 the Company plans to invest \$163 million to construct a renewable energy electric generation facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, ECISD may offer a minimum value limitation of \$25 million. This value limitation, under the proposed application, will begin in the 2017-18 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement, although the primary benefit to ECISD taxpayers will be in the initial peak value year for the project.

MCA's initial school finance analysis is detailed in this report. The overall conclusions are as follows, but please read all of the subsequent details in the report below for more information.

|                                                                                                                                    |             |
|------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Total Revenue Loss Payment owed to ECISD                                                                                           | \$1,711,219 |
| Total Savings to Company after Revenue Loss Payment.<br>(This does not include any supplemental benefit payments to the District.) | \$6,970,181 |

## Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. At the time the application is determined complete—typically 4-6 weeks after receipt—the Comptroller will deliver a Completeness Letter to the company and the school district.

The Completeness Letter for the Hidalgo Wind project was issued on May 19, 2014. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project

and provide its certificate for a limitation on appraised value. The Comptroller's Office issued their certificate for the project on July 17, 2014. After the certificate is received, the district has until the 150<sup>th</sup> day from the receipt of the Completeness Letter or until December 31<sup>st</sup>, whichever is earlier, to adopt an agreement.

Each value limitation agreement is unique and to ensure the proper revenue-loss protection and maximum supplemental benefits are in place, an understanding of the school district's finances and a thorough knowledge of the Ch. 313 statute are required. MCA and O'Hanlon, McCollom & Demerath will ensure the best interests of ECISD are secured. After the Comptroller's certificate is received, O'Hanlon, McCollom & Demerath will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

At the final board meeting, the school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board may also be required to adopt a job waiver or create a reinvestment zone during this meeting. Prior to this meeting, O'Hanlon, McCollom & Demerath will provide the district with the necessary agenda language and any additional action items.

## How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of three components: Tier I, Tier II and additional state aid for tax reduction.

**Tier I** provides state funding based on ADA and special student populations, as well as transportation. The local funds for Tier I are M&O taxes raised at the compressed tax rate—\$1.00 per \$100 of taxable value for most school districts (less any recapture payments owed to the state from high property-wealth school districts).

**Tier II** guarantees a specific amount of funding per student in weighted average daily attendance for each penny of a school district's tax effort above a specified level. There are two levels of Tier II funding—funding under the six so-called golden pennies and the eleven so-called copper pennies. Voter approval is required in most cases to access the last two golden pennies and the eleven copper pennies.

**Additional State Aid for Tax Reduction (ASATR)** guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. For more detailed information on the school finance funding system, please review the Texas Education Agency's [School Finance 101: Funding of Texas Public Schools](#). For the 2014-15 school year it is estimated that 230 school districts will receive ASATR hold-harmless funding (\$335 million in state funding). ASATR funding is expected to be eliminated by the 2017-18 school year under current law.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

School districts that receive ASATR funding may not require as large of a company revenue-loss payment as those districts that are considered to be on "formula". **As ASATR is reduced, more districts will be considered on "formula" and the revenue losses may be greater than anticipated in the initial revenue-loss estimates.**

ECISD does not receive ASATR funding. In most instances smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

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

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

### **Underlying School District Data Assumptions**

A key element in any analysis of the school finance implications of a Chapter 313 agreement is the provision for revenue protection in the agreement between the school district and the applicant. The agreement calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue-protection language in the agreement. This approach also reduces guess work as to future changes in school finance and property tax laws.

Student enrollment counts are held constant at 31,943 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of ECISD. The District's local tax base reached \$5.1 billion for the 2014 tax year (the most recent year available) and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.17 per \$100 is used throughout this analysis. ECISD has estimated 2014-15 state property wealth per weighted ADA or WADA of approximately \$112,047. As a result, ECISD is not considered a Chapter 41 or recapture district under the school finance system. Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

The M&O tax rate for the 2027-28 school year reflect the impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes, which could result in a lower M&O tax rate. For the purposes of these estimates, it is assumed that the current M&O tax rate in year 11 of the limitation agreement would be reduced slightly from the \$1.17 M&O rate shown in Table 1 to \$1.1656 per \$100 and then return to the \$1.17 M&O tax rate. The lower M&O rate is reflected for that year in the limitation model shown below.

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. ASATR is continued under the current funding elements until the 2017-18 school year, although it is not a factor in these calculations, as noted previously.

**Table 1 – Base District Information with Hidalgo Wind Project Value and Limitation Values**

| Year of Agreement | School Year | ADA       | WADA      | M&O Tax Rate | I&S Tax Rate | CAD Value with Project | CAD Value with Limitation | CPTD with Project | CPTD With Limitation | CPTD Value with Project per WADA | CPTD Value with Limitation per WADA |
|-------------------|-------------|-----------|-----------|--------------|--------------|------------------------|---------------------------|-------------------|----------------------|----------------------------------|-------------------------------------|
| Pre-Year 1        | 2016-17     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,063,361,916        | \$5,063,361,916           | \$4,981,577,294   | \$4,981,577,294      | \$111,823                        | \$111,823                           |
| 1                 | 2017-18     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,191,361,916        | \$5,088,361,916           | \$4,981,577,294   | \$4,981,577,294      | \$111,823                        | \$111,823                           |
| 2                 | 2018-19     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,184,961,916        | \$5,088,361,916           | \$5,109,577,294   | \$5,006,577,294      | \$114,697                        | \$112,385                           |
| 3                 | 2019-20     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,178,561,916        | \$5,088,361,916           | \$5,103,177,294   | \$5,006,577,294      | \$114,553                        | \$112,385                           |
| 4                 | 2020-21     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,172,161,916        | \$5,088,361,916           | \$5,096,777,294   | \$5,006,577,294      | \$114,409                        | \$112,385                           |
| 5                 | 2021-22     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,165,761,916        | \$5,088,361,916           | \$5,090,377,294   | \$5,006,577,294      | \$114,266                        | \$112,385                           |
| 6                 | 2022-23     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,159,361,916        | \$5,088,361,916           | \$5,083,977,294   | \$5,006,577,294      | \$114,122                        | \$112,385                           |
| 7                 | 2023-24     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,152,961,916        | \$5,088,361,916           | \$5,077,577,294   | \$5,006,577,294      | \$113,978                        | \$112,385                           |
| 8                 | 2024-25     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,146,561,916        | \$5,088,361,916           | \$5,071,177,294   | \$5,006,577,294      | \$113,835                        | \$112,385                           |
| 9                 | 2025-26     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,140,161,916        | \$5,088,361,916           | \$5,064,777,294   | \$5,006,577,294      | \$113,691                        | \$112,385                           |
| 10                | 2026-27     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,133,761,916        | \$5,088,361,916           | \$5,058,377,294   | \$5,006,577,294      | \$113,547                        | \$112,385                           |
| 11                | 2027-28     | 31,942.73 | 44,548.61 | \$1.1656     | \$0.0698     | \$5,127,361,916        | \$5,127,361,916           | \$5,051,977,294   | \$5,006,577,294      | \$113,404                        | \$112,385                           |
| 12                | 2028-29     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,120,961,916        | \$5,120,961,916           | \$5,045,577,294   | \$5,045,577,294      | \$113,260                        | \$113,260                           |
| 13                | 2029-30     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,114,561,916        | \$5,114,561,916           | \$5,039,177,294   | \$5,039,177,294      | \$113,116                        | \$113,116                           |
| 14                | 2030-31     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,108,161,916        | \$5,108,161,916           | \$5,032,777,294   | \$5,032,777,294      | \$112,973                        | \$112,973                           |
| 15                | 2031-32     | 31,942.73 | 44,548.61 | \$1.1700     | \$0.0698     | \$5,101,761,916        | \$5,101,761,916           | \$5,026,377,294   | \$5,026,377,294      | \$112,829                        | \$112,829                           |

\*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

### M&O Impact of the Hidalgo Wind project on ECISD

School finance models were prepared for ECISD under these assumptions through the 2031-32 school year. Under the proposed agreement, a model is established to make a calculation of the “Baseline Revenue Model” by adding the total value of the project to the model, but without assuming that a value limitation is approved. This is detailed in Table 2.

Additionally, a separate model is established to make a calculation of the “Value Limitation Revenue Model” by adding the project’s limited value of \$30 million to the model. These results are shown in Table 3.

**Table 2- "Baseline Revenue Model"--Project Value Added with No Value Limitation**

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate |               | Additional State Aid-Hold Harmless | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------|---------------|------------------------------------|-----------------|----------------------------------|-----------------------------------------------|------------------------------------------------|-----------------|--------------------|
| Pre-Year 1        | 2016-17     | \$51,519,241                | \$193,094,799 | \$0                                | \$0             | \$8,758,270                      | \$24,548,255                                  | \$0                                            | \$901,415       | \$278,821,980      |
| 1                 | 2017-18     | \$52,794,241                | \$193,094,799 | \$0                                | \$0             | \$8,975,020                      | \$25,145,946                                  | \$0                                            | \$901,201       | \$280,911,207      |
| 2                 | 2018-19     | \$52,730,241                | \$191,814,799 | \$0                                | \$0             | \$8,964,140                      | \$24,250,836                                  | \$0                                            | \$901,212       | \$278,661,228      |
| 3                 | 2019-20     | \$52,666,241                | \$191,878,799 | \$0                                | \$0             | \$8,953,260                      | \$24,262,061                                  | \$0                                            | \$901,223       | \$278,661,584      |
| 4                 | 2020-21     | \$52,602,241                | \$191,942,799 | \$0                                | \$0             | \$8,942,380                      | \$24,273,287                                  | \$0                                            | \$901,233       | \$278,661,940      |
| 5                 | 2021-22     | \$52,538,241                | \$192,006,799 | \$0                                | \$0             | \$8,931,500                      | \$24,284,512                                  | \$0                                            | \$901,244       | \$278,662,296      |
| 6                 | 2022-23     | \$52,474,241                | \$192,070,799 | \$0                                | \$0             | \$8,920,620                      | \$24,295,738                                  | \$0                                            | \$901,255       | \$278,662,653      |
| 7                 | 2023-24     | \$52,410,241                | \$192,134,799 | \$0                                | \$0             | \$8,909,740                      | \$24,306,964                                  | \$0                                            | \$901,266       | \$278,663,010      |
| 8                 | 2024-25     | \$52,346,241                | \$192,198,799 | \$0                                | \$0             | \$8,898,860                      | \$24,318,189                                  | \$0                                            | \$901,276       | \$278,663,365      |
| 9                 | 2025-26     | \$52,282,241                | \$192,262,799 | \$0                                | \$0             | \$8,887,980                      | \$24,329,415                                  | \$0                                            | \$901,287       | \$278,663,722      |
| 10                | 2026-27     | \$52,218,241                | \$192,326,799 | \$0                                | \$0             | \$8,877,100                      | \$24,349,814                                  | \$0                                            | \$901,297       | \$278,673,251      |
| 11                | 2027-28     | \$52,146,441                | \$192,390,799 | \$0                                | \$0             | \$8,864,894                      | \$24,351,866                                  | \$0                                            | \$901,307       | \$278,655,307      |
| 12                | 2028-29     | \$52,083,721                | \$192,454,799 | \$0                                | \$0             | \$8,854,232                      | \$24,363,092                                  | \$0                                            | \$901,318       | \$278,657,162      |
| 13                | 2029-30     | \$52,021,001                | \$192,518,799 | \$0                                | \$0             | \$8,843,570                      | \$24,383,511                                  | \$0                                            | \$901,329       | \$278,668,210      |
| 14                | 2030-31     | \$51,958,281                | \$192,582,799 | \$0                                | \$0             | \$8,832,908                      | \$24,394,743                                  | \$0                                            | \$901,340       | \$278,670,071      |
| 15                | 2031-32     | \$51,895,561                | \$192,646,799 | \$0                                | \$0             | \$8,822,246                      | \$24,405,974                                  | \$0                                            | \$901,350       | \$278,671,930      |

**Table 3- "Value Limitation Revenue Model"--Project Value Added with Value Limit**

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate |               | Additional State Aid-Hold Harmless | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------|---------------|------------------------------------|-----------------|----------------------------------|-----------------------------------------------|------------------------------------------------|-----------------|--------------------|
| Pre-Year 1        | 2016-17     | \$51,519,241                | \$193,094,799 | \$0                                | \$0             | \$8,758,270                      | \$24,548,255                                  | \$0                                            | \$901,415       | \$278,821,980      |
| 1                 | 2017-18     | \$51,764,241                | \$193,094,799 | \$0                                | \$0             | \$8,799,920                      | \$24,639,665                                  | \$0                                            | \$901,363       | \$279,199,988      |
| 2                 | 2018-19     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,364       | \$278,782,825      |
| 3                 | 2019-20     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,365       | \$278,782,826      |
| 4                 | 2020-21     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,365       | \$278,782,826      |
| 5                 | 2021-22     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,365       | \$278,782,826      |
| 6                 | 2022-23     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,367       | \$278,782,828      |
| 7                 | 2023-24     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,367       | \$278,782,828      |
| 8                 | 2024-25     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,367       | \$278,782,828      |
| 9                 | 2025-26     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,368       | \$278,782,829      |
| 10                | 2026-27     | \$51,764,241                | \$192,844,799 | \$0                                | \$0             | \$8,799,920                      | \$24,472,501                                  | \$0                                            | \$901,369       | \$278,782,830      |
| 11                | 2027-28     | \$52,161,781                | \$192,844,799 | \$0                                | \$0             | \$8,637,991                      | \$24,243,869                                  | \$0                                            | \$901,337       | \$278,789,777      |
| 12                | 2028-29     | \$52,083,721                | \$192,454,799 | \$0                                | \$0             | \$8,854,232                      | \$24,363,092                                  | \$0                                            | \$901,318       | \$278,657,162      |
| 13                | 2029-30     | \$52,021,001                | \$192,518,799 | \$0                                | \$0             | \$8,843,570                      | \$24,383,511                                  | \$0                                            | \$901,329       | \$278,668,210      |
| 14                | 2030-31     | \$51,958,281                | \$192,582,799 | \$0                                | \$0             | \$8,832,908                      | \$24,394,743                                  | \$0                                            | \$901,340       | \$278,670,071      |
| 15                | 2031-32     | \$51,895,561                | \$192,646,799 | \$0                                | \$0             | \$8,822,246                      | \$24,405,974                                  | \$0                                            | \$901,350       | \$278,671,930      |

Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of \$1,711,219 in the initial limitation year of the Agreement.

**Table 4 – Value Limit less Project Value with No Limit**

| Year of Agreement | School Year | M&O Taxes @ Compressed Rate | State Aid   | Additional State Aid-Hold Harmless | Recapture Costs | Additional Local M&O Collections | State Aid From Additional M&O Tax Collections | Recapture from the Additional Local Tax Effort | Other State Aid | Total General Fund |
|-------------------|-------------|-----------------------------|-------------|------------------------------------|-----------------|----------------------------------|-----------------------------------------------|------------------------------------------------|-----------------|--------------------|
| Pre-Year 1        | 2016-17     | \$0                         | \$0         | \$0                                | \$0             | \$0                              | \$0                                           | \$0                                            | \$0             | \$0                |
| 1                 | 2017-18     | -\$1,030,000                | \$0         | \$0                                | \$0             | -\$175,100                       | -\$506,281                                    | \$0                                            | \$162           | -\$1,711,219       |
| 2                 | 2018-19     | -\$966,000                  | \$1,030,000 | \$0                                | \$0             | -\$164,220                       | \$221,665                                     | \$0                                            | \$152           | \$121,597          |
| 3                 | 2019-20     | -\$902,000                  | \$966,000   | \$0                                | \$0             | -\$153,340                       | \$210,440                                     | \$0                                            | \$142           | \$121,242          |
| 4                 | 2020-21     | -\$838,000                  | \$902,000   | \$0                                | \$0             | -\$142,460                       | \$199,214                                     | \$0                                            | \$132           | \$120,886          |
| 5                 | 2021-22     | -\$774,000                  | \$838,000   | \$0                                | \$0             | -\$131,580                       | \$187,989                                     | \$0                                            | \$121           | \$120,530          |
| 6                 | 2022-23     | -\$710,000                  | \$774,000   | \$0                                | \$0             | -\$120,700                       | \$176,763                                     | \$0                                            | \$112           | \$120,175          |
| 7                 | 2023-24     | -\$646,000                  | \$710,000   | \$0                                | \$0             | -\$109,820                       | \$165,537                                     | \$0                                            | \$101           | \$119,818          |
| 8                 | 2024-25     | -\$582,000                  | \$646,000   | \$0                                | \$0             | -\$98,940                        | \$154,312                                     | \$0                                            | \$91            | \$119,463          |
| 9                 | 2025-26     | -\$518,000                  | \$582,000   | \$0                                | \$0             | -\$88,060                        | \$143,086                                     | \$0                                            | \$81            | \$119,107          |
| 10                | 2026-27     | -\$454,000                  | \$518,000   | \$0                                | \$0             | -\$77,180                        | \$122,687                                     | \$0                                            | \$72            | \$109,579          |
| 11                | 2027-28     | \$15,340                    | \$454,000   | \$0                                | \$0             | -\$226,903                       | -\$107,997                                    | \$0                                            | \$30            | \$134,470          |
| 12                | 2028-29     | \$0                         | \$0         | \$0                                | \$0             | \$0                              | \$0                                           | \$0                                            | \$0             | \$0                |
| 13                | 2029-30     | \$0                         | \$0         | \$0                                | \$0             | \$0                              | \$0                                           | \$0                                            | \$0             | \$0                |
| 14                | 2030-31     | \$0                         | \$0         | \$0                                | \$0             | \$0                              | \$0                                           | \$0                                            | \$0             | \$0                |
| 15                | 2031-32     | \$0                         | \$0         | \$0                                | \$0             | \$0                              | \$0                                           | \$0                                            | \$0             | \$0                |

***M&O Impact on the Taxpayer***

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. A \$1.17 per \$100 M&O tax rate is assumed in 2014-15 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$8.7 million over the life of the agreement. The ECISD revenue losses are expected to total approximately \$1,711,219 over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$6,970,181 million. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial limitation year under these estimates, there would still be a substantial tax benefit to the Company under the value limitation agreement for the remaining years that the limitation is in effect.

**Table 5 - Estimated Financial Impact of the Hidalgo Wind Project Property Value Limitation Request Submitted to ECISD at \$1.17 M&O Tax Rate**

| Year of Agreement | School Year | Project Value | Estimated Taxable Value | Value Savings | Assumed M&O Tax Rate | Taxes Before Value Limit | Taxes after Value Limit | Tax Savings @ Projected M&O Rate | Tax Benefit to Company Before Revenue Protection | School District Revenue Losses | Estimated Net Tax Benefits |             |
|-------------------|-------------|---------------|-------------------------|---------------|----------------------|--------------------------|-------------------------|----------------------------------|--------------------------------------------------|--------------------------------|----------------------------|-------------|
| Pre-Year 1        | 2016-17     | \$0           | \$0                     | \$0           | \$1.170              | \$0                      | \$0                     | \$0                              | \$0                                              | \$0                            | \$0                        |             |
| 1                 | 2017-18     | \$128,000,000 | \$25,000,000            | \$103,000,000 | \$1.170              | \$1,497,600              | \$292,500               | \$1,205,100                      | \$1,205,100                                      | -\$1,711,219                   | -\$506,119                 |             |
| 2                 | 2018-19     | \$121,600,000 | \$25,000,000            | \$96,600,000  | \$1.170              | \$1,422,720              | \$292,500               | \$1,130,220                      | \$1,130,220                                      | \$0                            | \$1,130,220                |             |
| 3                 | 2019-20     | \$115,200,000 | \$25,000,000            | \$90,200,000  | \$1.170              | \$1,347,840              | \$292,500               | \$1,055,340                      | \$1,055,340                                      | \$0                            | \$1,055,340                |             |
| 4                 | 2020-21     | \$108,800,000 | \$25,000,000            | \$83,800,000  | \$1.170              | \$1,272,960              | \$292,500               | \$980,460                        | \$980,460                                        | \$0                            | \$980,460                  |             |
| 5                 | 2021-22     | \$102,400,000 | \$25,000,000            | \$77,400,000  | \$1.170              | \$1,198,080              | \$292,500               | \$905,580                        | \$905,580                                        | \$0                            | \$905,580                  |             |
| 6                 | 2022-23     | \$96,000,000  | \$25,000,000            | \$71,000,000  | \$1.170              | \$1,123,200              | \$292,500               | \$830,700                        | \$830,700                                        | \$0                            | \$830,700                  |             |
| 7                 | 2023-24     | \$89,600,000  | \$25,000,000            | \$64,600,000  | \$1.170              | \$1,048,320              | \$292,500               | \$755,820                        | \$755,820                                        | \$0                            | \$755,820                  |             |
| 8                 | 2024-25     | \$83,200,000  | \$25,000,000            | \$58,200,000  | \$1.170              | \$973,440                | \$292,500               | \$680,940                        | \$680,940                                        | \$0                            | \$680,940                  |             |
| 9                 | 2025-26     | \$76,800,000  | \$25,000,000            | \$51,800,000  | \$1.170              | \$898,560                | \$292,500               | \$606,060                        | \$606,060                                        | \$0                            | \$606,060                  |             |
| 10                | 2026-27     | \$70,400,000  | \$25,000,000            | \$45,400,000  | \$1.170              | \$823,680                | \$292,500               | \$531,180                        | \$531,180                                        | \$0                            | \$531,180                  |             |
| 11                | 2027-28     | \$64,000,000  | \$64,000,000            | \$0           | \$1.1656             | \$745,984                | \$745,984               | \$0                              | \$0                                              | \$0                            | \$0                        |             |
| 12                | 2028-29     | \$57,600,000  | \$57,600,000            | \$0           | \$1.170              | \$673,920                | \$673,920               | \$0                              | \$0                                              | \$0                            | \$0                        |             |
| 13                | 2029-30     | \$51,200,000  | \$51,200,000            | \$0           | \$1.170              | \$599,040                | \$599,040               | \$0                              | \$0                                              | \$0                            | \$0                        |             |
| 14                | 2030-31     | \$44,800,000  | \$44,800,000            | \$0           | \$1.170              | \$524,160                | \$524,160               | \$0                              | \$0                                              | \$0                            | \$0                        |             |
| 15                | 2031-32     | \$38,400,000  | \$38,400,000            | \$0           | \$1.170              | \$449,280                | \$449,280               | \$0                              | \$0                                              | \$0                            | \$0                        |             |
|                   |             |               |                         |               |                      |                          | \$14,601,600            | \$5,917,384                      | \$8,684,400                                      | \$8,681,400                    | -\$1,711,219               | \$6,970,181 |

### I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with ECISD currently levying a \$0.0698 per \$100 I&S rate. While full access to the additional value is expected to increase the District's projected wealth per ADA to \$159,960 in the peak 2017-18 school year of I&S taxable project value, the net I&S benefit to ECISD is expected to be limited to that peak year.

The project is not expected to affect ECISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

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

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

# Attachment E

## Taxable Value of Property



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2013 ISD Summary Worksheet

108/Hidalgo

108-904/Edinburg CISD

| Category                    | Local Tax Roll Value | 2013 WTD Mean Ratio | 2013 PTAD Value Estimate | 2013 Value Assigned |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. Single-Family Residences | 2,559,243,954        | .9809               | 2,609,077,331            | 2,559,243,954       |
| B. Multi-Family Residences  | 272,807,273          | .9255               | 294,767,448              | 272,807,273         |
| C1. Vacant Lots             | 285,940,460          | .9631               | 296,895,919              | 285,940,460         |
| C2. Colonia Lots            | 788,315              | N/A                 | 788,315                  | 788,315             |
| D1. Rural Real(Taxable)     | 72,498,898           | .8262               | 87,746,218               | 72,498,898          |
| D2. Real Prop Farm & Ranch  | 11,094,181           | N/A                 | 11,094,181               | 11,094,181          |
| E. Real Prop NonQual Acres  | 258,158,257          | .9795               | 263,561,263              | 258,158,257         |
| F1. Commercial Real         | 862,678,628          | .9644               | 894,523,671              | 862,678,628         |
| F2. Industrial Real         | 138,963,792          | N/A                 | 138,963,792              | 138,963,792         |
| G. Oil, Gas, Minerals       | 404,820,499          | 1.0011              | 404,375,686              | 404,820,499         |
| J. Utilities                | 139,491,705          | N/A                 | 139,491,705              | 139,491,705         |
| L1. Commercial Personal     | 297,356,886          | .9942               | 299,091,617              | 297,356,886         |
| L2. Industrial Personal     | 142,600,478          | N/A                 | 142,600,478              | 142,600,478         |
| M. Other Personal           | 20,205,032           | N/A                 | 20,205,032               | 20,205,032          |
| N. Intangible               |                      |                     |                          |                     |

|                          |               |     |               |                     |
|--------------------------|---------------|-----|---------------|---------------------|
| Pers/Uncert              | 0             | N/A | 0             | 0                   |
| O. Residential Inventory | 36,261,128    | N/A | 36,261,128    | 36,261,128          |
| S. Special Inventory     | 25,179,664    | N/A | 25,179,664    | 25,179,664          |
| Subtotal                 | 5,528,089,150 |     | 5,664,623,448 | 5,528,089,150       |
| Less Total Deductions    | 536,570,356   |     | 544,698,322   | 536,570,356         |
| Total Taxable Value      | 4,991,518,794 |     | 5,119,925,126 | 4,991,518,794<br>T2 |

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 T6 will be the same as T7 through T12.

### Value Taxable For M&O Purposes

| T1            | T2            | T3            | T4            | T5            | T6            |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 5,193,489,498 | 4,991,518,794 | 5,193,489,498 | 4,991,518,794 | 5,005,382,320 | 5,005,382,320 |

| Loss To the Additional \$10,000 Homestead Exemption | 50% of the loss to the Local Optional Percentage Homestead Exemption |
|-----------------------------------------------------|----------------------------------------------------------------------|
| 201,970,704                                         | 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

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

### **Value Taxable For I&S Purposes**

| <b>T7</b>     | <b>T8</b>     | <b>T9</b>     | <b>T10</b>    | <b>T11</b>    | <b>T12</b>    |
|---------------|---------------|---------------|---------------|---------------|---------------|
| 5,193,489,498 | 4,991,518,794 | 5,193,489,498 | 4,991,518,794 | 5,005,382,320 | 5,005,382,320 |

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 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

# Attachment F

## TEA's Facilities Value

July 21, 2014

Juan Palacios, President  
Board of Trustees  
Edinburg Independent School District  
PO Box 990  
Edinburg, TX 78540-0990

Dear Mr. Palacios:

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

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto:al.mckenzie@tea.state.tx.us) if you have any questions.

Sincerely,

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

Attachment G

Participation Agreement

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE  
OF PROPERTY FOR SCHOOL DISTRICT  
MAINTENANCE AND OPERATIONS TAXES**

---

**by and between**

**EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

**And**

**HIDALGO WIND FARM LLC**

*(Texas Taxpayer ID # 32042891542)*

---

**Dated**

**December 9, 2014**

**AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR  
SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES**

STATE OF TEXAS

§

COUNTY OF HIDALGO

§

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT, hereinafter referred to as "District," a lawfully created consolidated school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and HIDALGO WIND FARM LLC, Texas Taxpayer Identification Number 32042891542 hereinafter referred to as "Applicant." Applicant and District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

**RECITALS**

**WHEREAS**, on April 9, 2014, the Superintendent of Schools of the Edinburg Consolidated Independent School District, acting as agent of the Board of Trustees of District, received from Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

**WHEREAS**, the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the application;

**WHEREAS**, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025(a-1) of the TEXAS TAX CODE; and,

**WHEREAS**, the District and Texas Comptroller's Office have determined that the application is complete and May 19, 2014 is the Application Review Start Date as that term is defined by 34 TEX. ADMIN. CODE 9.1051;

**WHEREAS**, pursuant to 34 TEX. ADMIN. CODE §9.1054, the Application was delivered for review to the Hidalgo County Appraisal District established in Hidalgo County, Texas (the "Hidalgo County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

**WHEREAS**, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on July 17, 2014, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

**WHEREAS**, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.026 of the TEXAS TAX CODE;

**WHEREAS**, on December 9, 2014, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

**WHEREAS**, on December 9, 2014, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the project proposed by Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset 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; (iv) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (v) this Agreement is in the best interest of District and the State of Texas;

**WHEREAS**, on December 9, 2014, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

**WHEREAS**, on December 9, 2014, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

**WHEREAS**, on December 9, 2014, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

**NOW, THEREFORE**, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

**ARTICLE I**  
**DEFINITIONS**

**Section 1.1 DEFINITIONS.**

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEX. ADMIN. CODE §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEX. ADMIN. CODE §9.1051.

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Section 10.2.

“Applicable School Finance Law” means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant’s ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement.

“Applicant” means Hidalgo Wind Farm LLC (Texas Taxpayer ID #32042891542), the company listed in the Preamble of this Agreement and that listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include Applicant’s assigns and successors-in-interest as approved according to Section 10.2 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the TEXAS TAX CODE) filed with District by Applicant on April 9, 2014. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that Applicant has submitted a completed application and as further identified in Section 2.3.A of this Agreement.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

“Appraisal District” means the Hidalgo County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Edinburg Consolidated Independent School District.

“Comptroller” means the Texas Comptroller of Public Accounts, or the designated representative of the Texas Comptroller of Public Accounts acting on behalf of Comptroller.

“Comptroller’s Rules” means the applicable rules and regulations of Comptroller set forth in Chapter 34 Texas Administrative Code, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Hidalgo County, Texas.

“District” or “School District” means the Edinburg Consolidated Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Force Majeure” means those causes generally recognized under Texas law as constituting impossible conditions. Each party must inform the other in writing with proof of receipt within three business days of the existence of such force majeure or otherwise waive this right as a defense.

“Land” means the real property described on **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means (i) the development, construction and operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the retention during the term of this Agreement of the number of New Qualifying Jobs set forth in its Application by Applicant; (iii) and continue the average weekly wage paid by Applicant for all Non-Qualifying Jobs created by Applicant that exceeds the county average weekly wage for all jobs in the county where the administrative office of District is maintained.

“M&O Amount” shall have the meaning assigned to such term in Section 3.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received

by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"New Qualifying Jobs" means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(4) of the TEXAS TAX CODE.

"Qualified Investment" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller's Rules, as these provisions existed on the Application Review Start Date.

"Non-Qualifying Jobs" means the number of New Non-Qualifying Jobs, as defined in 34 TAC §9.0151, to be created and maintained by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

"Qualified Property" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of the Application is approved by District,

"Qualifying Time Period" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the TEXAS TAX CODE and during which Applicant shall make investment on the land where the qualified property in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Chapter 313 of the TEXAS TAX CODE. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under this subchapter.

"Supplemental Payment" has the meaning as set forth in Article VI of this Agreement.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

"Tax Limitation Period" means the Tax Years for which the Applicant's Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

"Tax Year" shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (i.e., the calendar year).

"Taxable Value" shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313 of the TEXAS TAX CODE, which are set forth at 19 TEX. ADMIN. CODE, Part 2, together with any court or administrative decisions interpreting same.

## **ARTICLE II**

### **AUTHORITY, PURPOSE AND LIMITATION AMOUNTS**

**Section 2.1 AUTHORITY.** This Agreement is executed by District as its written agreement with Applicant pursuant to the provisions and authority granted to District in Section 313.027 of the TEXAS TAX CODE.

**Section 2.2 PURPOSE.** In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified in this Agreement, the value of Applicant's Qualified Property listed and assessed by the County Appraiser for District's operation and maintenance ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

**Section 2.3 TERM OF THE AGREEMENT.**

A. The Application Review Start Date for this Agreement is May 19, 2014, which will determine Applicant's Qualified Property and applicable wage standard.

B. The Application Approval Date for this Agreement is December 9, 2014, which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

1. Starts on December 9, 2014 Application Approval Date; and

2. Ends on December 31, 2016

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017

2. Ends on December 31, 2026.

E. The Final Termination Date for this Agreement is December 31, 2031.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Subsection B. This Agreement, and the obligation and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection E, unless extended by the express terms of this Agreement.

**Section 2.4 TAX LIMITATION.** So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

A. the Market Value of the Applicant's Qualified Property; or

B. Twenty-Five Million Dollars (\$25,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Section 313.052 of the TEXAS TAX CODE.

**Section 2.5 QUALIFIED INVESTMENT FOR TAX LIMITATION ELIGIBILITY.**

In order to be eligible and entitled to receive the value limitation identified in 2.4 for the Qualified Property identified in Article III, Applicant shall:

A. have completed Qualified Investment in the amount of \$25,000,000 by the end of the Qualifying Time Period;

B. have created the number of Qualifying Jobs specified in, and in the time period specified on, Schedule C of the Application; and

C. be paying the average weekly wage of all jobs in the county in which District's administrative office is located for all non-qualifying jobs created by Applicant.

**Section 2.6 TAX LIMITATION OBLIGATIONS.**

In order to receive and maintain the limitation authorized by 2.4, Applicant shall:

- A. provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such supplemental payments as more fully specified in Article VI; and
- D. create and Maintain Viable Presence on and/or with the qualified property and perform additional obligations as more fully specified in Article VII of this Agreement.

**ARTICLE III  
QUALIFIED PROPERTY**

**Section 3.1 LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.**

At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

**Section 3.2 LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.**

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described on EXHIBIT 2 which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in EXHIBIT 2 unless amended pursuant to the provisions of Section 10.2 of this Agreement.

**Section 3.3 DESCRIPTION OF QUALIFIED PROPERTY.**

The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in EXHIBIT 3 shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's rules, and Section 10.2 of this Agreement.

**Section 3.4 CURRENT INVENTORY OF QUALIFIED PROPERTY.**

If at any time after the Application Approval Date there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**; or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

**Section 3.5 QUALIFYING USE.**

Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility

**ARTICLE IV**  
**PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 4.1 INTENT OF THE PARTIES.**

In conformance with the provisions of Section 313.027(f)(1) of the Texas Tax Code, it is the intent of the Parties that the District shall, be compensated by the Applicant for: (i) any monetary loss that the District incurs in its Maintenance and Operations Revenue; or (ii) for any new uncompensated operating cost incurred as a sole and direct result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Subject to the limitations contained in this Agreement, it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all support due under Articles V and VI.

**Section 4.2 CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT.**

A. Calculation of the M&O Amount.

The amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue,

where:

1. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance and operations tax at the tax rate actually adopted by the District for the applicable year.
2. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that the District actually received for such school year, after all adjustments have been made to Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 4.2:

3. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
4. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%).
5. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 results in a negative number, the negative number will be considered to be zero.
6. All calculations made during the Tax Limitation Period of this Agreement under Section 4.2, Subsection (A.2) of this Agreement will reflect the Tax Limitation Amount for such year.
7. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of, or otherwise arising out of, any other factors.

**B. Cumulative Payment Limitation.**

In each Tax Year of this Agreement, the Cumulative Payments made by Applicant to the District shall not exceed an amount equal to One Hundred Percent (100%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the Commencement Date through the applicable Tax Year. For each Tax Year of this Agreement, amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in

this Section are not payable to the District for the applicable Tax Year, shall be carried forward to future Tax Years, but shall be subject, in each subsequent Tax Year, to the limit set forth in this Section.

For purposes of this Section:

*“Cumulative Payments”* means for each Tax Year of this Agreement, the total of all payments which are paid by or owed by Applicant to the District under Articles IV, V and VI of this Agreement for the applicable Tax Year, plus payments paid by Applicant for all previous Tax Years under Articles IV, V and VI of this Agreement.

*“Cumulative Unadjusted Tax Benefit”* means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for the applicable Tax Year added to the Unadjusted Tax Benefit from all previous Tax Years of this Agreement.

*“Unadjusted Tax Benefit”* means for each Tax Year of this Agreement, the gross tax savings for such Tax Year, which amount shall be calculated by multiplying (i) the Applicant’s taxable value for debt service taxes for the applicable Tax Year, minus the Tax Limitation Amount defined in Section 2.5(A) above, as Twenty-Five Million Dollars (\$25,000,000.00), by (ii) the District’s Maintenance & Operations tax rate for the applicable Tax Year.

**Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY.**

All calculations under this Agreement shall be made annually by an independent third party (the “Third Party”) selected each year by the District.

**Section 4.4. DATA USED FOR CALCULATIONS.**

The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including Applicant’s Qualified Investment and/or the Applicant’s Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the TEXAS TAX CODE on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District’s certified tax roll or any other changes in student counts, tax collections, or other data.

**Section 4.5. DELIVERY OF CALCULATIONS.**

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.3 of this Agreement shall forward to the Parties the

calculations required under Sections 4.2 and/or Article V of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 4.6, if such fee is timely paid.

**Section 4.6. PAYMENT BY APPLICANT.**

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.5, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, reports required by any state agency, disclosures, other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 4.5, above, in excess of Ten Thousand Dollars (\$10,000.00).

**Section 4.7. RESOLUTION OF DISPUTES.**

Pursuant to Sections 4.3, 4.5 and Article V of this Agreement, should the Applicant disagree with the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations.

**Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.**

In the event that, at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed the Taxable Values placed by the Appraisal District on the Qualified Property, and the appeal of the Appraised Values are

unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

In the event that the result of an appraisal appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of a new value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years. In the event the new calculations result in the change of any amount payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the counterparty within thirty (30) days of the receipt of the new calculations from the Third Party.

**Section 4.9. EFFECT OF STATUTORY CHANGES.**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State or to other governmental entities, including the Appraisal District, because of its participation in this Agreement, the Applicant shall make payments to the District that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

**ARTICLE V**

**PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES**

**Section 5.1 EXTRAORDINARY EXPENSES.**

In addition to the amounts determined pursuant to Section 4.2 of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for the following:

A. all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project. Applicant shall have the right to contest the findings of the District's external auditor pursuant to Section 4.7 herein; and

B. any other loss of District revenues which are, or may be reasonably attributable to the payment by Applicant to or on behalf any other third party beneficiary.

**ARTICLE VI**  
**SUPPLEMENTAL PAYMENTS**

**Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.**

In interpreting the provisions of this Article VI, the Parties agree as follows:

A. Amounts Exclusive of Indemnity Amounts.

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under Article VI of this Agreement are separate and independent of the obligation of the Applicant to pay the amounts described in Articles IV and V; provided, however, that all payments under Articles IV, V, and this Article VI are subject to such limitations as are contained in Section 7.1, and that all payments under this Article VI are subject to the separate limitations contained in Section 6.4.

B. Adherence to Statutory Limits on Supplemental Payments.

It is the express intent of the parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article V, shall not exceed the limit imposed by the provisions of Section 313.027(i) of the TEXAS TAX CODE unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law. The parties understand and agree that Section 313.027(i) of the TEXAS TAX CODE, as it exists on the date of this Agreement, will prohibit Supplemental Payments (i) in excess of the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year, or (ii) not made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

C. As used in this Article, the following terms shall be defined as follows:

*"Annual Limit"* means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Section 313.027(i) of the TEXAS TAX CODE. For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance for the applicable school year, as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, times the greater of

\$100, or any larger amount allowed by Section 313.027(i) of the TEXAS TAX CODE, if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2014, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

*"Net Aggregate Limit"* means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of this Agreement, less all amounts previously paid by the Applicant to or on behalf of the District under Article VI, below.

**Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.**

A. Notwithstanding the foregoing, the total annual supplement payment made pursuant to this article shall:

i. not exceed in any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year; and

ii. only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

C. For purposes of this Agreement, the amount of the Annual Limit shall be \$3,171,800 based upon the District's 2013-2014 Average Daily Attendance of 31,718, rounded to the whole number.

**Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO NET AGGREGATE LIMIT.**

Upon the execution of this Agreement, the Applicant shall be obligated to make annual Supplemental Payments to the District in the sums determined by Subsections A and B, below, on or before the dates applicable to each Subsection:

A. Fixed Payments.

Applicant shall make the following fixed payments:

| <u>PAYMENT DUE DATE (TAX YEAR)</u> | <u>PAYMENT<br/>AMOUNT</u> |
|------------------------------------|---------------------------|
| January 31, 2019 (2018)            | \$210,000.00              |
| January 31, 2020 (2019)            | \$210,000.00              |
| January 31, 2021 (2020)            | \$210,000.00              |
| January 31, 2022 (2021)            | \$210,000.00              |
| January 31, 2023 (2022)            | \$210,000.00              |
| January 31, 2024 (2023)            | \$210,000.00              |
| January 31, 2025 (2024)            | \$210,000.00              |
| January 31, 2026 (2025)            | \$210,000.00              |
| January 31, 2027 (2026)            | \$210,000.00              |
| January 31, 2028 (2027)            | \$210,000.00              |
| January 31, 2029 (2028)            | \$210,000.00              |

B. Project Expansion Contingency Payment.

Beginning in Tax Year 2018 and continuing thereafter through Tax Year 2028 (for purposes of clarity, a period of eleven (11) Tax Years), Applicant shall pay the District, in addition to the amounts described in Section 6.3.A, an annual amount equal to Two Thousand One Hundred Dollars (\$2,100.00) times the number of megawatts of nameplate productive capacity in Applicant's Qualified Property or Qualified Investment located within the District that exceeds one hundred (100) megawatts. Such payments shall be due and payable at the same time as, and shall be made together with, the payments required in Section 6.3.A for each corresponding Tax Year.

**Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.**

The Parties agree that for each Tax Year of this Agreement the Stipulated Supplemental Payment amount, described in Section 6.3 will annually be calculated based upon the then most current data. In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 4.3, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

**Section 6.5. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF NET AGGREGATE LIMIT.**

For each year of this Agreement, beginning with the first Tax Year of the limitation period, specified in Section 2.3.D.1 of this Agreement, and continuing thereafter through the Final Termination Date specified in Section 2.3.E of this Agreement, the District, or its successor beneficiary should one be designated under Section 6.7, below, shall not be entitled to receive Supplemental Payments, computed under Sections 6.3 and 6.4, above, that exceed the Net Aggregate Limit.

If, for any year of this Agreement, the payment of the Applicant's Stipulated Supplemental Payment amount, calculated under Sections 6.3 and 6.4, above, exceeds the Net Aggregate Limit for that year, the difference between the Stipulated Supplemental Payment amount and the Net Aggregate Limit shall be carried forward from year-to-year into subsequent years of this Agreement, and to the extent not limited by the Net Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of the Tax Year during which the Final Termination Date occurs, because such payment would exceed the Net Aggregate Limit, will be deemed to have been cancelled.

**Section 6.6. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.**

A. All calculations required by this Article, including but not limited to: (i) the calculation of the Stipulated Supplemental Payment amount; (ii) the determination of both the Annual Limit and the Net Aggregate Limit; (iii) the effect, if any, of the Net Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any Stipulated Supplemental Payment amounts unpaid by the Applicant due to the Net Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.3, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.5, above.

C. The payment of all amounts due under this Article VI shall be made at the time set forth in Section 4.6, above.

**Section 6.7. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.**

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article VI be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article VI to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board of Trustees' meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Net Aggregate Limit or the Supplemental Payments described in Section 6.5, above.

**ARTICLE VII**  
**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**Section 7.1 ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 4.2 of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

**Section 7.2 OPTION TO TERMINATE AGREEMENT.** In the event that any payment otherwise due from Applicant to District under Article IV, Article V, and/or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

**Section 7.3 EFFECT OF OPTIONAL TERMINATION.** Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration dates of this Agreement.

## **ARTICLE VIII** **ADDITIONAL OBLIGATIONS OF APPLICANT**

**Section 8.1 APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.** In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure. The Final Termination Date will only be extended for the mutually agreed length of the Force Majeure.

**Section 8.2 REPORTS.** In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:  
A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

A. The Biennial Progress Report, Form 50-773, located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf>; and

B. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website [http://www.texasahead.org/tax\\_programs/chapter313/forms.php](http://www.texasahead.org/tax_programs/chapter313/forms.php).

### **Section 8.3 COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS.**

During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

**Section 8.4 DATA REQUESTS.**

During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

**Section 8.5 SITE VISITS AND RECORD REVIEW.**

Applicant shall allow authorized employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret or is subject to a confidentiality agreement with any third party.

**Section 8.6 RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS.**

This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the Texas Government Code and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. Applicant and District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the later of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

C. Comptroller may require, at Applicant's or District's sole cost and expense, as applicable, independent audits by a qualified certified public accounting firm of Applicant's, District's or the Comptroller's books, records, or property. The independent auditor shall provide Comptroller with a copy of such audit at the same time it is provided to Applicant and/or District.

D. In addition to and without limitation on the other audit provisions of this Agreement, pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE, the state auditor may conduct an audit or investigation of Applicant or District or any other entity or person receiving funds from the state directly under this Agreement or indirectly through a subcontract under this Agreement. The acceptance of funds by Applicant or District or any other entity or person directly under this Agreement or indirectly through a subcontract under this Agreement acts as acceptance of the authority of the state auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, Applicant or District or other entity that is the subject of an audit or investigation by the state auditor must provide the state auditor with access to any information the state auditor considers relevant to the investigation or audit. This Agreement may be amended unilaterally by Comptroller to comply with any rules and procedures of the state auditor in the implementation and enforcement of Section 2262.003 of the TEXAS GOVERNMENT CODE.

#### **Section 8.7 FALSE STATEMENTS; BREACH OF REPRESENTATIONS.**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which Comptroller would not have approved this Agreement and District would not executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties,

guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 TEX. ADMIN. CODE § 9.1053(f)(2)(L).

**ARTICLE IX**  
**MATERIAL BREACH OR EARLY TERMINATION**

**Section 9.1      EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.**

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

A.      The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to an material representation, information, or fact or is not complete as to any material fact or representation or such application;

B.      Applicant failed to have complete Qualified Investment as required by Section 2.5 of this Agreement;

C.      Applicant failed to create the number of Qualifying Jobs specified in Schedule C of the Application;

D.      Applicant failed to pay the average weekly wage of all jobs in the county in which District's administrative office is located for all Non-Qualifying Jobs created by Applicant;

E.      Applicant failed to provide payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

F.      Applicant failed to provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V of this Agreement;

G.      Applicant failed to provide such supplemental payments as more fully specified in Article VI of this Agreement;

H.      Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as more fully specified in Article VIII of this Agreement;

I.      Applicant failed to submit the reports required to be submitted by section 8.2 to the satisfaction of Comptroller on the dates indicated on the form;

J.      Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller determine whether Applicant is in compliance

with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

K. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property;

L. Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with the Agreement.

M. Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles III and IV, of this Agreement; or

N. Applicant fails either to:

i. Implement a plan to remedy non-compliance as required by Comptroller pursuant to 34 TAC Section 9.1059; or

ii. Pay a penalty assessed by Comptroller pursuant to 34 TAC Section 9.1059.

**Section 9.2 CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.**

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 9.3, then District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 9.3.C on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI of this Agreement.

B. Notwithstanding Section 9.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to District without the

benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Article IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 9.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.2.A had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

**Section 9.3 LIMITED STATUTORY CURE OF MATERIAL BREACH.** In accordance with the provisions of Section 313.0275 of the TEXAS TAX CODE, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement, defined in Sections 9.1.C. or 9.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 9.1.C. or 9.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the TEXAS TAX CODE, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

**Section 9.4 DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.**

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 8.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, District shall provide Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing,

the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 9.2.A and B (net of all credits under Section 9.2.A and B), and the amount of any penalty and/or interest under Section 9.2.C that are owed to District.

C. After making its determination regarding any alleged breach, the Board of Trustees shall cause Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination.").

#### **Section 9.5 DISPUTE RESOLUTION.**

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.3, Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 9.3, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Hidalgo County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) District shall bear one-half of such mediator's fees and expenses and Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to the attorneys representing District pursuant to Section 6.30 of the TEXAS TAX CODE.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either District or Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any

claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

**Section 9.6 LIMITATION OF OTHER DAMAGES.**

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 9.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

**Section 9.7 BINDING ON SUCCESSORS.**

In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

**ARTICLE X**  
**MISCELLANEOUS PROVISIONS**

**Section 10.1 INFORMATION AND NOTICES.**

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

B. Notices to District shall be addressed to District's Authorized Representative as follows:

Dr. Rene Gutierrez, Superintendent  
**EDINBURG CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
P.O. Box 990  
Edinburg, Texas 78540-0990  
Fax: (956) 383-3576  
Email: rene.gutierrez@ecisd.us

*With a copy to:*

Kevin O'Hanlon  
O'Hanlon, McCollom & Demerath  
808 West Avenue  
Austin, Texas 78701  
Fax: (512) 494-9919  
Email: kohanlon@808west.com

C. Notices to Applicant shall be addressed to its Authorized Representative as follows:

**HIDALGO WIND FARM LLC**  
c/o Leslie Frieman, General Counsel  
EDP Renewables North America, LLC  
808 Travis Street, Suite 700  
Houston, Texas 77002  
Fax: (713)265-0365  
Email: legalnotice@edpr.com

*With a copy to:*

Renn G. Neilson  
Baker Botts, L.L.P.  
One Shell Plaza, 910 Louisiana Street  
Houston, Texas 77002-4995  
Fax: (713) 229-7971  
Email: renn.neilson@bakerbotts.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as Applicant may designate by written notice to District.

**Section 10.2 AMENDMENTS TO AGREEMENT; WAIVERS.**

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of subsection B hereof. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement.

B. By official action of the District's Board of Trustees, this Agreement may only be amended according to the following:

- i. Applicant shall submit to District and Comptroller:

a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;

b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller;

c. and any additional information requested by District or Comptroller necessary to evaluate the amendment or modification; and

ii. Comptroller shall review the request and any additional information and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by Comptroller by the end of the 90 day period, the request is denied;

iii. If Comptroller has not denied the request, District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 10.3 of this Agreement shall:

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

iii. define minimum eligibility requirements for the recipient of limited value.

D. This Agreement may not be amended to extend the value limitation time period beyond its ten year statutory term.

### **Section 10.3 ASSIGNMENT.**

Any assignment of the interests of Applicant in this Agreement is considered an amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 10.3 regarding amendments to the Agreement.

### **Section 10.4 MERGER.**

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

**Section 10.5 MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS.**

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

**Section 10.6 GOVERNING LAW.**

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in the County.

**Section 10.7 AUTHORITY TO EXECUTE AGREEMENT.**

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

**Section 10.8 SEVERABILITY.**

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

**Section 10.9 PAYMENT OF EXPENSES.**

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

**Section 10.10 INTERPRETATION.**

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

**Section 10.11 EXECUTION OF COUNTERPARTS.**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

**Section 10.12 PUBLICATION OF DOCUMENTS.**

The Parties acknowledge that District is required to publish Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

- A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;
- B. District shall provide on its website a link to the location of those documents posted on Comptroller's website;
- C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

**Section 10.13 CONTROL; OWNERSHIP; LEGAL PROCEEDINGS.**

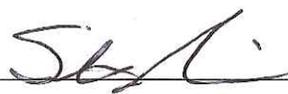
Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

**Section 10.14 DUTY TO DISCLOSE.**

If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Contract.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 10<sup>th</sup> day of December, 2014.

Hidalgo Wind Farm LLC

By:   
Name: Steve Trevin  
Executive Vice President, Central Region  
Title: \_\_\_\_\_

EDINBURG CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT

By:   
**ROBERT PENA, JR.**  
President  
Board of Trustees

Attest:  
By:   
**XAVIER SALINAS**  
Secretary  
Board of Trustees

## EXHIBIT 1

### DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of Hidalgo County, Texas. At the time of this Agreement, all of Hidalgo County, Texas has been designated as an Enterprise Zone for purposes of Chapter 2303 of the TEXAS GOVERNMENT CODE, pursuant to Section 2303.101(3) of the TEXAS GOVERNMENT CODE, as having met the qualifications of a distressed county within the meaning of the Act. All of Applicant's Qualified Investment and Qualified Property located within Hidalgo County, Texas will meet the criteria set forth in Section 313.021(2)(A)(i) of the TEXAS TAX CODE.

**EXHIBIT 2**

**DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT**

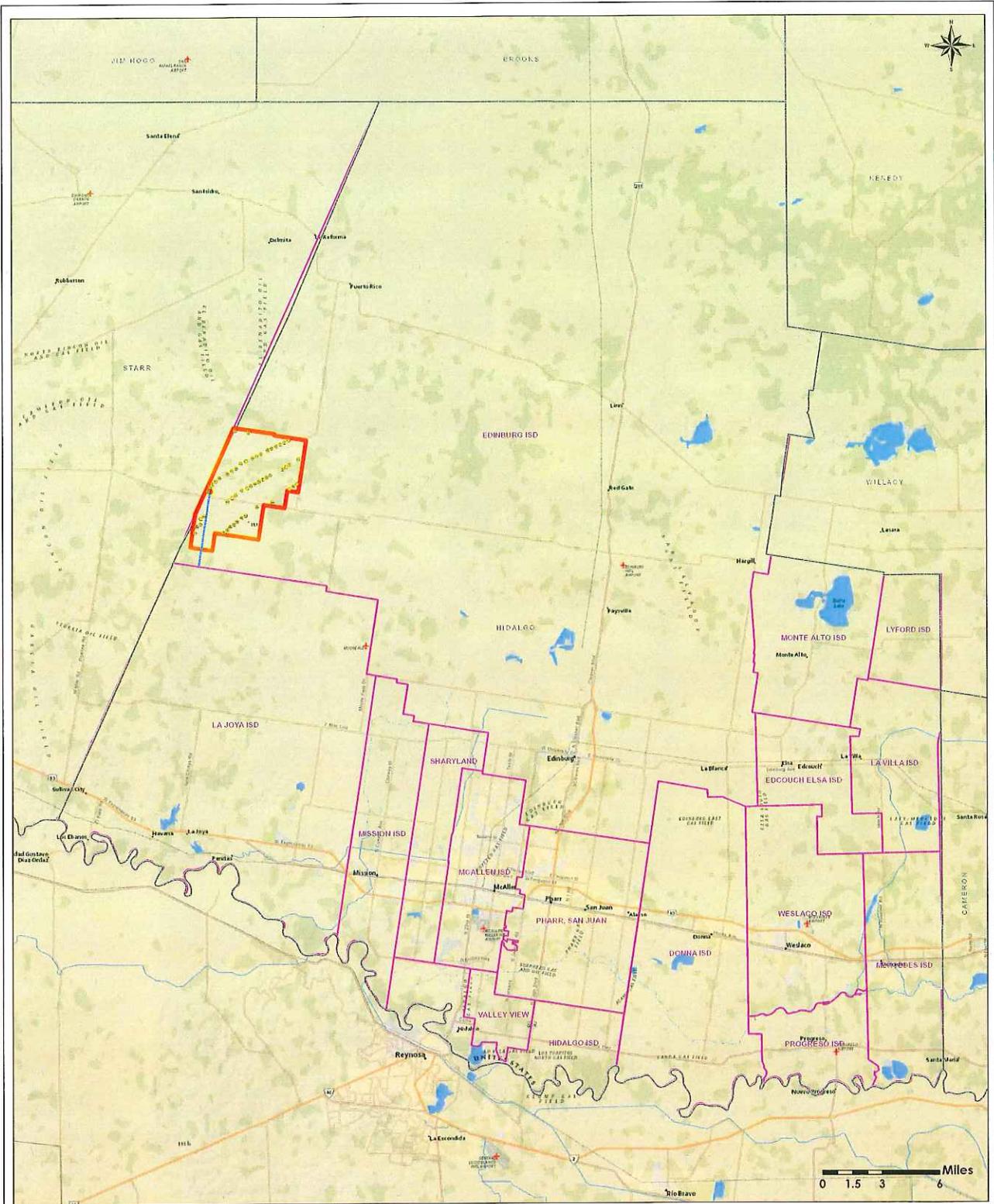
The Qualified Investment shall be located within the boundaries of the Edinburg Consolidated Independent School District and the map attached to this **EXHIBIT 2**.

# HIDALGO

Project Property (County-Wide)

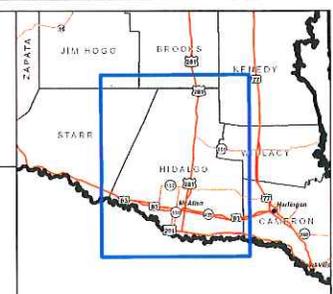
Attachment 11

Map displaying the project boundaries entirely located within Edinbur CISD school district boundaries



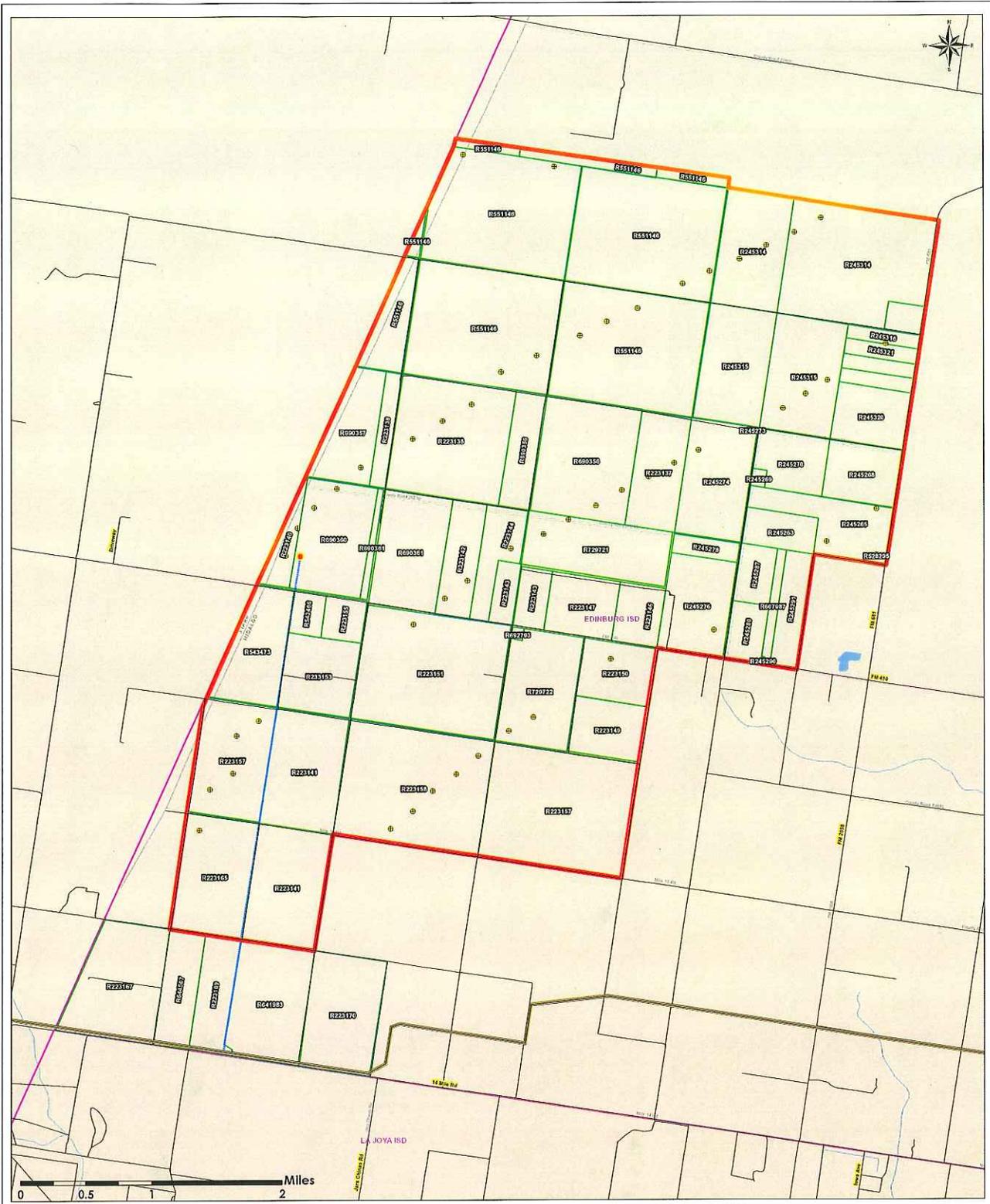
- Project Boundary
- Preliminary Turbine Layout
- Project Substation (Preliminary)
- Project Transmission Route
- School District

Author: EFP  
 Date / Time: 05 February 2014 / 14:28 PM  
 Version: N/A  
 Datum: North American 1983  
 Projection: NAD 1983 StatePlane Texas South FIPS 4205 Feet  
 Scale: 1:149,247  
 Sources: EDP, ESRI, Verityx  
 Analysis ID: A-XXXXXXX  
 Layout ID: L-XXXXXXX



**CONFIDENTIAL**





- Project Boundary
- \* Preliminary Turbine Layout
- \* Project Substation (Preliminary)
- Preliminary Project Transmission Route
- Parcels
- School District
- ETT Laredo - North Edinburg 345 kV Transmission (2016)

Author: RFP  
 Date / Time: 05 February 2014 / 14:28 PM  
 Vendor: N/A  
 Datum: North American 1983  
 Projection: NAD 1983 StatePlane Texas South FIPS 4205 Feet  
 Scale: 1:22,322  
 Sources: EDFR, ESRI, Verityx  
 Analysis ID: A-XXXXXXX  
 Layout ID: L-XXXXXXX



### EXHIBIT 3

#### DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Edinburg Consolidated Independent School District and located on the Land necessary for the commercial operations of the proposed renewable energy generating facility described in Tab 4 of the Application. Qualified property includes, but is not limited to:

A facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The total Qualified Property will include, but is not limited to, the following: up to 50 2.0 megawatt wind power turbine generators, or their equivalent generating capacity. The total project will consist of a wind turbine tower for each turbine generator; a reinforced concrete foundation supporting the weight of each turbine generator and its tower; equipment and towers used to gather meteorological data; buried electrical conductor cables used to transport electricity from each turbine tower to an electrical substation; an electrical power substation and switchyard; approximately [4] miles of 345 kv electrical conductor cables used to transport electricity off of the project site; [one or more buildings used to operate the project and hold maintenance supplies, replacement parts, and related equipment]; and various appurtenant equipment and personal property as is customarily used in the ownership, operation and maintenance of a wind power facility. All of the property for which the Applicant is seeking a limitation on appraised value will be leased or owned by the Applicant pursuant to this Agreement.