

FINDINGS
of the
FLOYDADA INDEPENDENT
SCHOOL DISTRICT
BOARD OF TRUSTEES

Under Chapter 313 of the
Texas Tax Code

ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY

SUBMITTED BY

SOUTH PLAINS WIND ENERGY, LLC

Comptroller Application Number 1004

RESOLUTION AND FINDINGS OF FACT
of the
FLOYDADA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY
SUBMITTED BY SOUTH PLAINS WIND ENERGY, LLC

STATE OF TEXAS §
 §
COUNTY OF FLOYD §

PREAMBLE

On the 8th day of December, 2014, a public meeting of the Board of Trustees of the Floydada Independent School District (the “Board”) was held to solicit input from interested parties on the application by South Plains Wind Energy, LLC (“South Plains Wind” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by South Plains Wind for a Limitation on Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter and reviewing the Comptroller’s Economic Impact Evaluation under Texas Tax Code §313.026 and 34 T.A.C. §9.1054, the Board of Trustees of the Floydada Independent School District makes the following Findings regarding the Application:

On or about the 15th day of April, 2014, the Board of Trustees for the Floydada Independent School District, received an Application for Appraised Value Limitation on Qualified Property from South Plains Wind, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for equipment and material related to the construction of a wind power electric generation facility (the “Property”). *See* Application, Tabs 7 and 8, attached hereto as Attachment A. The Board agreed to consider such Application, and the District’s Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about April 22, 2014, and the Comptroller issued its notice of completeness by letter dated June 4, 2014, the Application Review Start Date. A copy of the Application and Comptroller’s completeness letter of June 4, 2014 are collectively attached hereto as Attachment A.

The Texas Taxpayer Identification number for South Plains Wind Energy is 32046988948. South Plains Wind Energy is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Evaluation to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on August 29, 2014 that the Application be approved (the "Certification"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certification. Copies of the Certification and Economic Impact Evaluation are attached to these Findings as Attachments C and D.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Floydada Independent School District. A copy of a report prepared by Randy McDowell and Neal Brown is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Floydada Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within a rural school district, Category III of §313.054 of the Texas Tax Code. *See* Comptroller's "2013 ISD Summary Worksheet," attached hereto as Attachment G; *see also* Attachment D.

The District's Board of Trustees, by resolution dated October 14, 2014, agreed with Applicant to extend the statutory deadline by which the District must consider its Application until January 31, 2015, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d). *See* Resolution authorizing extension of consideration period and notice to Applicant attached hereto as Attachment K.

After receipt of the completed Application, the District entered into negotiations with South Plains Wind regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. Some of the terms agreed to by the parties were at variance with specific language contained in Comptroller Form 50-286. Such changes were submitted to the Texas Comptroller for review pursuant to 34 Tex. Admin. Code §9.1055(e)(1). The proposed changes were rejected because of the variance from the Comptroller Form 50-286. 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 H, and that form of the Agreement was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* See copy of November 25, 2014 Agreement review letter from the Comptroller, attached to these Findings as Attachment I. 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 Certification and Economic Impact Evaluation, and in consideration of its own analysis of South Plains Wind's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

Board Finding Number 1.

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

In support of Finding Number 1, the Comptroller's Certification states:

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 #1004.

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

See Attachment C.

Board Finding Number 2.

The Project proposed by Applicant is reasonably likely to generate tax revenue sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period.

In support of Finding Number 2, the Certification states:

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.

Also in support of Finding Number 2, the Economic Impact Evaluation states:

Attachment B - Tax Revenue over 25 Years

This represents the Comptroller's determination that South Plains Wind Energy Project (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$234,000	\$234,000	\$1,652,976	\$1,652,976
	2018	\$234,000	\$468,000	\$1,502,023	\$3,154,999
	2019	\$234,000	\$702,000	\$1,363,144	\$4,518,142
	2020	\$234,000	\$936,000	\$1,235,368	\$5,753,510
	2021	\$234,000	\$1,170,000	\$1,117,818	\$6,871,328
	2022	\$234,000	\$1,404,000	\$1,009,675	\$7,881,003
	2023	\$234,000	\$1,638,000	\$910,178	\$8,791,181
	2024	\$234,000	\$1,872,000	\$818,649	\$9,609,830
	2025	\$234,000	\$2,106,000	\$734,432	\$10,344,263
	2026	\$234,000	\$2,340,000	\$656,955	\$11,001,218
Maintain Viable Presence (5 Years)	2027	\$819,679	\$3,159,679	\$0	\$11,001,218
	2028	\$754,100	\$3,913,779	\$0	\$11,001,218
	2029	\$693,775	\$4,607,554	\$0	\$11,001,218
	2030	\$638,270	\$5,245,824	\$0	\$11,001,218
	2031	\$587,211	\$5,833,035	\$0	\$11,001,218
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$540,236	\$6,373,271	\$0	\$11,001,218
	2033	\$497,016	\$6,870,287	\$0	\$11,001,218
	2034	\$457,259	\$7,327,546	\$0	\$11,001,218
	2035	\$420,674	\$7,748,220	\$0	\$11,001,218
	2036	\$387,024	\$8,135,244	\$0	\$11,001,218
	2037	\$356,066	\$8,491,310	\$0	\$11,001,218
	2038	\$327,577	\$8,818,887	\$0	\$11,001,218
	2039	\$301,369	\$9,120,255	\$0	\$11,001,218
	2040	\$277,255	\$9,397,510	\$0	\$11,001,218
	2041	\$255,072	\$9,652,582	\$0	\$11,001,218
		\$9,652,582	is less than	\$11,001,218	
Analysis Summary					
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?					No
NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.					
Source: CPA, South Plains Wind Energy Project					

Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	107	943	1050	\$4,426,000	\$53,069,117	\$57,495,117	\$ 8,316,040	\$ (1,747,131)	\$ 10,063,171
2016	7	28	35	\$266,000	\$6,447,867	\$6,713,867	\$ 366,211	\$ 762,939	\$ (396,728)
2017	7	2	9	\$266,000	\$4,006,461	\$4,272,461	\$ 289,917	\$ 732,422	\$ (442,505)
2018	7	(19)	-12	\$268,660	\$1,562,395	\$1,831,055	\$ 144,958	\$ 679,016	\$ (534,058)
2019	7	(27)	-20	\$271,348	\$339,004	\$610,352	\$ 91,553	\$ 610,352	\$ (518,799)
2020	7	(30)	-23	\$274,057	-\$396,127	-\$122,070	\$ 45,776	\$ 511,169	\$ (465,393)
2021	7	(23)	-16	\$276,801	-\$765,082	-\$488,281	\$ 68,665	\$ 396,729	\$ (328,064)
2022	7	(23)	-16	\$279,566	-\$1,134,058	-\$854,492	\$ 30,518	\$ 297,546	\$ (267,028)
2023	7	(21)	-14	\$282,366	-\$1,014,788	-\$732,422	\$ 38,147	\$ 221,252	\$ (183,105)
2024	7	(21)	-14	\$285,187	-\$1,139,679	-\$854,492	\$ 30,518	\$ 175,476	\$ (144,958)
2025	7	(11)	-4	\$288,043	-\$898,395	-\$610,352	\$ 22,888	\$ 137,329	\$ (114,441)
2026	7	(17)	-10	\$290,920	-\$1,023,342	-\$732,422	\$ (7,629)	\$ 99,182	\$ (106,811)
2027	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422	\$ (45,776)	\$ 22,888	\$ (68,664)
2028	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422	\$ (53,406)	\$ (22,888)	\$ (30,518)
2029	7	(19)	-12	\$290,920	-\$1,023,342	-\$732,422	\$ (68,665)	\$ (45,776)	\$ (22,889)
2030	7	(15)	-8	\$290,920	-\$1,755,764	-\$1,464,844	\$ (106,812)	\$ (76,294)	\$ (30,518)
2031	7	(19)	-12	\$290,920	-\$1,511,623	-\$1,220,703	\$ (137,329)	\$ (129,700)	\$ (7,629)
2032	7	(21)	-14	\$290,920	-\$2,244,045	-\$1,953,125	\$ (183,105)	\$ (160,217)	\$ (22,888)
2033	7	(23)	-16	\$290,920	-\$1,999,904	-\$1,708,984	\$ (221,252)	\$ (213,623)	\$ (7,629)
2034	7	(25)	-18	\$290,920	-\$2,732,326	-\$2,441,406	\$ (289,917)	\$ (236,511)	\$ (53,406)
2035	7	(28)	-21	\$290,920	-\$3,220,608	-\$2,929,688	\$ (312,805)	\$ (282,288)	\$ (30,517)
2036	7	(30)	-23	\$290,920	-\$3,953,029	-\$3,662,109	\$ (373,840)	\$ (389,099)	\$ 15,259
2037	7	(30)	-23	\$290,920	-\$3,953,029	-\$3,662,109	\$ (396,729)	\$ (442,505)	\$ 45,776
2038	7	(32)	-25	\$290,920	-\$4,685,451	-\$4,394,531	\$ (396,729)	\$ (457,764)	\$ 61,035
2039	7	(30)	-23	\$290,920	-\$4,197,170	-\$3,906,250	\$ (411,987)	\$ (511,169)	\$ 99,182
2040	7	(32)	-25	\$290,920	-\$5,173,733	-\$4,882,813	\$ (457,764)	\$ (572,205)	\$ 114,441
						Total	\$ 5,981,446	\$ (640,870)	\$ 6,622,316

\$16,274,898 is greater than **\$11,001,218**

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

See Attachment D.

Board Finding Number 3.

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

In support of this Finding, Applicant submitted information as Tab 12 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Tab 12 provides that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. According to the Applicant, the industry standard requires approximately one (1) full time position for every 15 turbines, which is less than the requirements of §313.051(b). Applicant intends to install 30-60 turbines, with a rated capacity of 2.0 MW turbines, which would require one (1) full time job for every 8 turbines. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J. Applicant reported in its Application that it would create a total of seven (7) new qualifying jobs for the project to service and support a wind farm between 60-120 MW, which is in line with industry standards.

See Attachments A and D.

Board Finding Number 4.

The Applicant will create seven (7) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3).

See Attachment A.

Board Finding Number 5.

The ability of the Applicant to locate the proposed wind energy facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development. The limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construction the Project in Texas.

In support of Finding Number 4, the Economic Impact Evaluation states:

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

- Per the applicant, it did not control the leased property upon which the project will be constructed, and thus the applicant is not geographically predisposed to the project site.

- Per the applicant, the applicant has made no investment to date on the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant has a number of similar projects in other states, and appears to have a clear ability to build in other locations.

See Attachment D. South Plains Wind Energy further states, in Tab 5 of its Application, that:

The development resources necessary to advance the subject South Plains Wind Energy Project could be redeployed to other renewable energy development projects in other power markets in the United States. Westerly chose Texas – and in particular Floyd County – for its favorable wind resource, access to the ERCOT market as a result of the new CREZ transmission lines, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation.

See Attachment A.

Board Finding Number 6.

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, Randy McDowell and Neal Brown estimate in the District’s Financial Impact Report, based on South Plains Wind Energy’s Application, that the project would add \$161,280,000 to the tax base at the peak investment level for the 2016 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. See Table I of Attachment E, and Table 4 of Attachment D. In addition, the projected revenue gains from the proposed Agreement would be approximately \$1,004,499, based on \$100 per student per year in average daily attendance. See Table VI of Attachment E.

Board Finding Number 7.

The effect of the Applicant’s proposal, if approved, is not expected to increase the District’s instructional facility needs. Floydada ISD can easily accommodate the projected student growth with its existing facilities. However, possible increase in and/or changes to class size and personnel could cause the District to incur extraordinary educational expenses.

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

The Application indicates that South Plains Wind Energy expects seven (7) new qualifying jobs South Plains Wind Energy, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed.

They projected that seven full-time employees are expected. It is not known whether these would be new employees to the Floydada ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new seven positions equates to 4 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Floydada ISD.

See Attachment E. See also TEA’s Facilities Impact Review Letter at Attachment F.

Board Finding Number 8.

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

See Attachments A and D.

Board Finding Number 9.

The projected dollar amount of the taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column labeled “Taxes w/o Agreement”), and is further based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
2014-2015	1.170	0.137	0	0	0	0
2015-2016	1.170	0.137	0	0	0	0
2016-2017	1.100	0.084	1,774,080	1,554,080	(1,201,624)	352,456
2017-2018	1.170	0.086	1,736,023	1,502,023	0	1,502,023
2018-2019	1.170	0.089	1,597,144	1,363,144	0	1,363,144
2019-2020	1.170	0.092	1,469,368	1,235,368	0	1,235,368
2020-2021	1.170	0.095	1,351,818	1,117,818	0	1,117,818
2021-2022	1.170	0.097	1,243,675	1,009,675	0	1,009,675
2022-2023	1.170	0.100	1,144,178	910,178	0	910,178
2023-2024	1.170	0.102	1,052,649	818,649	0	818,649
2024-2025	1.170	0.105	968,432	734,432	0	734,432
2025-2026	1.170	0.108	890,955	656,955	0	656,955
2026-2027	1.080	0.110	756,626	0	0	0
2027-2028	1.170	0.112	754,100	0	0	0
2028-2029	1.170	0.115	693,775	0	0	0
Totals			15,432,823	10,902,322	(1,201,624)	9,700,697

The Comptroller’s estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 3 of the Economic Impact Evaluation. See Table 3 of Attachment D.

Board Finding Number 10.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District’s Revenue Losses	Net Tax Savings
2014-2015	1.170	0.137	0	0	0	0
2015-2016	1.170	0.137	0	0	0	0
2016-2017	1.100	0.084	1,774,080	1,554,080	(1,201,624)	352,456
2017-2018	1.170	0.086	1,736,023	1,502,023	0	1,502,023
2018-2019	1.170	0.089	1,597,144	1,363,144	0	1,363,144
2019-2020	1.170	0.092	1,469,368	1,235,368	0	1,235,368
2020-2021	1.170	0.095	1,351,818	1,117,818	0	1,117,818
2021-2022	1.170	0.097	1,243,675	1,009,675	0	1,009,675
2022-2023	1.170	0.100	1,144,178	910,178	0	910,178
2023-2024	1.170	0.102	1,052,649	818,649	0	818,649
2024-2025	1.170	0.105	968,432	734,432	0	734,432
2025-2026	1.170	0.108	890,955	656,955	0	656,955
2026-2027	1.080	0.110	756,626	0	0	0
2027-2028	1.170	0.112	754,100	0	0	0
2028-2029	1.170	0.115	693,775	0	0	0
Totals			15,432,823	10,902,322	(1,201,624)	9,700,697

The Comptroller’s estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 4 of the Economic Impact Evaluation. See Table 4 of Attachment D.

Board Finding Number 11.

The Board of Trustees hired consultants to review and verify the information in the Application from South Plains Wind Energy. Based upon the consultants’ review, the Comptroller’s Economic Impact Evaluation, and the Comptroller’s Certification, the Board has determined that the information provided by the Applicant in its Application was true and correct when it was submitted (see Attachments C, D and E).

Board Finding Number 12.

The Applicant (Taxpayer Id. 32046988948) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity. See Attachments A and C.

Board Finding Number 13.

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 and ensuring that the area remains designated as a reinvestment zone through the Final Termination Date of the Agreement.

Board Finding Number 14.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, includes adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided by Applicant in its Application, the Financial Impact Report demonstrates that the District will incur a revenue loss during tax year 2016. However, the negative consequences of granting the value limitation are offset through the revenue protection provision of the Agreement and other revenue protection provisions agreed to by the Applicant and the District. See Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

Board Finding Number 15.

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

Board Finding Number 16.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller. Should a new template be adopted that corrects the improper cross references, clarifies wording and grammatical errors, and corrects contractual ambiguities not acceptable to the

parties, the Board finds that it would be in the District's best interest to agree to amend the Agreement.

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

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

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

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

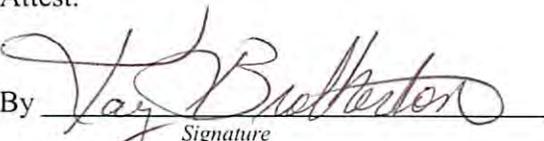
IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Floydada Independent School District Board of Trustees.

Dated this 8th day of December, 2014.

Floydada Independent School District

By 
Signature
Lyle Miller - Board President
Printed Name and Title

Attest:

By 
Signature
Lay Brotherton - Board Secretary
Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status
C	Comptroller's Certification Letter
D	Comptroller Economic Impact Evaluation
E	District's Financial Impact Report
F	TEA's Facilities Impact Letter
G	Comptroller's 2013 ISD Property Value Summary Worksheet
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's November 25, 2014 Agreement Review Letter
J	Job Waiver Request
K	Resolution authorizing extension request with notice to Applicant

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



June 4, 2014

Gilbert Trevino
Superintendent
Floydada Independent School District
226 W. California St.
Floydada, Texas 79235

Dear Superintendent Trevino:

On April 22, 2014, the Comptroller's office received from Floydada Independent School District (Floydada ISD) an application from South Plains Wind Energy, LLC for a limitation on appraised value (App #1004). Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the comptroller's decision to not issue a certificate no later than the 90th day after receiving the application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency.

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined it includes the information necessary to be determined as complete. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

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

Should you have any questions, please contact Jenny Hicks with our office. She can be reached by email at jenny.hicks@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-4794, or direct in Austin at 512-463-4794.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Wood", is written over a horizontal line.

Robert Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.
Sean McCabe, South Plains Wind Energy, LLC

TAB 1

Pages 1 through 11 of application.



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/. 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

April 15, 2014

Date Application Received by District

Gilbert

First Name

Superintendent

Title

Floydada ISD

School District Name

226 W. California Street

Street Address

226 W. California Street

Mailing Address

Floydada

City

806-983-3498

Phone Number

Mobile Number (optional)

Trevino

Last Name

TX

State

806-983-5739

Fax Number

gtrevino@floydadaisd.esc17.net

Email Address

79235

ZIP

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/

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Wes Jackson
 First Name Last Name
 Partner
 Title
 Cummings Westlake LLC
 Firm Name
 713-266-4456 x2 713-266-2333
 Phone Number Fax Number
 wjackson@cwlp.net
 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? South Plains Wind Energy, LLC

2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32046988948

3. List the NAICS code 221115

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 #280, Lockney ISD, 2013

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Company

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**)

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.

SECTION 9: Projected Timeline

- 1. Application approval by school board October 2014
- 2. Beginning of qualifying time period October 2014
- 3. First year of limitation 2016
- 4. Begin hiring new employees Q4 - 2015
- 5. Commencement of commercial operations Q4 - 2015
- 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? Q4 - 2015

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Floyd County
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Floyd CAD
- 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: Floyd County, \$0.63512 100% City: _____
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Hospital District: Caprock Hospital, \$0.14060 100% Water District: High Plains UWCD #1, \$0.00810 100%
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
 Other (describe): _____ Other (describe): _____
(Name, tax rate and percent of project) (Name, tax rate and percent of project)
- 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/.

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? 20,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? 20,000,000.00
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? 7

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 629.00

b. 110% of the average weekly wage for manufacturing jobs in the county is 1,005.13

c. 110% of the average weekly wage for manufacturing jobs in the region is 712.08

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? 37,028.00

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 38,000.00

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**.

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 ▶ Gilbert Trevino Superintendent
Print Name (Authorized School District Representative) Title

sign here ▶ Gilbert Trevino 4/15/14
Signature (Authorized School District Representative) Date

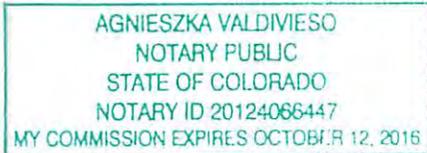
2. Authorized Company Representative (Applicant) Signature and Notarization

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 ▶ Sean McCabe Executive Officer
Print Name (Authorized Company Representative (Applicant)) Title

sign here ▶ SMCABE 4/11/14
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

11th day of April, 2014

Agnieszka Valdivieso
 Notary Public in and for the State of Texas Colorado

My Commission expires: October 12/2016

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.

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"> a) Project vicinity b) Qualified investment including location of new buildings or new improvements c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: 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"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor’s Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

TAB 2

Proof of Payment of Application Fee

Please find on the attached page, copy of the check for the \$65,000 application fee to Floydada Independent School District.

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)*

TAB 3

Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable).

Not Applicable

TAB 4

Detailed Description of the Project

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.

South Plains Wind Energy, LLC (South Plains) is requesting an appraised value limitation from Floydada Independent School District (ISD) for the South Plains Wind Energy Project (the "Project"), a proposed wind powered electric generating facility in Floyd County. The proposed Floydada ISD Project (this application) will be constructed within the Floyd County Wind Reinvestment Zone #1 that was established by Floyd County on 11-3-2013. A map showing the location of the project is included in TAB 11.

The proposed Project is anticipated to have a capacity of 60 to 120 MW located in Floydada ISD. Turbine selection is ongoing at this time and has not been finalized. The exact number of wind turbines and size of each turbine will vary depending upon ongoing wind and siting analysis, manufacturer's availability, prices, and the megawatt generating capacity of the Project when completed. Current plans are to install 2.0 MW Vestas turbines with an estimated 30 to 60 turbines located in Floydada ISD. Note that the map shows the potential locations of the turbines within Floydada ISD boundaries for 60 turbines, however, the final number is dependent upon ongoing negotiations with power purchasers, the factors mentioned above, and South Plains' ability to secure a value limitation from Floydada ISD. South Plains is also constructing an approximately 8 mile generation transmission tie line in Floydada ISD necessary for transportation of produced electric power to the White River substation. The Applicant requests a value limitation for all materials and equipment installed for the Project, including but not limited to, wind turbines, towers, foundations, roadways, buildings and offices, anemometer towers, collection system, transmission line and associated towers, and interconnection facilities.

Construction of the Project is anticipated to begin in the fourth quarter of 2014 with completion by December 31, 2015.

TAB 5

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

South Plains Wind Energy, LLC (“South Plains”) is a Delaware limited liability company formed to develop, build, own and operate the South Plains Wind Energy Project. South Plains has two members – Westerly South Plains, LLC (“Westerly SP”) and Floyd County Wind Farm, LLC (“FCWE”). Westerly SP, the majority manager of South Plains, is wholly-owned by Westerly Wind, LLC (“Westerly”), a Delaware limited liability company based in Braintree, Massachusetts. It was formed in 2009 to provide development capital, management expertise and commercial assistance to independent wind power developers. As the majority manager of South Plains, Westerly SP is the Project “sponsor,” i.e. the entity responsible for the development, financing, construction and operation of the Project.

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6,500 MW of independent power assets, including over 1,500 MW of wind power projects in Texas. The development resources necessary to advance the subject South Plains Wind Energy Project could be redeployed to other renewable energy development projects in other power markets in the United States. Westerly chose Texas – and in particular Floyd County – for its favorable wind resource, access to the ERCOT market as a result of the new CREZ transmission lines, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Westerly is keen to develop and build the proposed South Plains Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.

TAB 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 (if applicable)

- | | |
|------------------------------|--------|
| 1) Floyd County | - 100% |
| 2) Floydada ISD | - 100% |
| 3) Caprock Hospital District | - 100% |
| 4) High Plains UWCD #1 | - 100% |

TAB 7

Description of Qualified Investment

South Plains Wind Energy, LLC plans to construct a 120 MW wind farm in Floyd County.

This application covers all qualified property within Floydada ISD necessary for the commercial operations of the proposed wind farm described in Tab 4. Approximately sixty (60) wind turbines will be located in Floyd County, all of which will be located in Floydada ISD. Turbine selection is ongoing at this time and has not been finalized. For purposes of this application, the Project anticipates using 2.0 MW turbines manufactured by Vestas. South Plains is also constructing an approximately 8 mile generation transmission tie line that will be in Floydada ISD necessary for transportation of produced electric power to the White River substation.

This application covers all qualified investment and qualified property necessary for the commercial operations of the wind farm.

Qualified Investment and qualified property includes, but is not limited to, turbines, towers, foundations, transformers, pad mounts, underground collection systems, transmission lines, electrical interconnections, met towers, roads, spare parts, and control systems necessary for commercial generation of electricity.

The map in TAB 11 shows the proposed project area with the preliminary turbine locations. The exact placement of these turbines is subject to ongoing planning, soil studies, and engineering and will be determined before construction begins.

TAB 8

Description of Qualified Property

(See Tab 7)

TAB 9

Description of Land

See Attached

TAB 9 ATTACHMENT

Owner	L1SURNAM	L2BLOCK	L3SURNUM	Status	ISD
Barbara Carthel Mathis Est Trst I & II etal	GC&SF RR CO	D1	34	Leased	Floydada
Cope, Fontaine	BS&F	T	17	Leased	Floydada
Nixon Jr., Fred and Leslie L.	BS&F	T	18	Leased	Floydada
Cozby, Jr., L. B.	BS&F	T	2	Leased	Floydada
Mayo, Darrell C. and Nancy	BS&F	T	4	Leased	Floydada
Nancy Jane and Bernice Sullivan Hobbs	BS&F	T	5	Leased	Floydada
Meal Trust	BS&F	T	6	Leased	Floydada
Turner, Dean and Nova D.	EL&RR RR CO	D3	36	Leased	Floydada
Turner, Dean and Nova D.	EL&RR RR CO	D3	38	Leased	Floydada
Hartsell Family Living Trust	EL&RR RR CO	D3	55	Leased	Floydada
Schluter et al	GC&SF RR CO	D1	40	Leased	Floydada
Bramlet, Larry and Mary	GC&SF RR CO	D2	17	Leased	Floydada
Bean/West et al	GC&SF RR CO	D2	24	Leased	Floydada
Melton, E. R. and Helen	H&OB RR CO	T	14	Leased	Floydada
Mayo, Darrell C. and Nancy	TT RR CO	G	82	Leased	Floydada
Douglass, G. E.	TT RR CO	G	85	Leased	Floydada
Fawver, R. C.	TT RR CO	G	86	Leased	Floydada
Noland, Joe; Kevin; Richard & Vivian Gowen	WHITE, A D		1	Leased	Floydada
Pendergrass, Glen & Trixie	WINTER, W		250	Leased	Floydada
Tye Properties, Inc.	GC&SF RR CO	D1	38	Leased	Floydada
Beedy, Garvin	GC&SF RR CO	D1	39	Leased	Floydada
Wells, Gary and Hal	GC&SF RR CO	D1	39	Leased	Floydada
Biggs, Rickey and Margaret Saul	GC&SF RR CO	D2	26	Leased	Floydada
Trantham, Marilyn & Beth Spain	GC&SF RR CO	D2	25	Leased	Floydada
Etigson, Sandra Smith	GC&SF RR CO	D2	25	Leased	Floydada
Bramlet, Larry and Mary	GC&SF RR CO	D2	17	Leased	Floydada
Sanders, Curtis	GC&SF RR CO	D2	24	Leased	Floydada
Bramlet, Annabel	EL&RR RR CO	D3	45	Leased	Floydada
Langley, Andy and Brenda	EL&RR RR CO	D3	43	Leased	Floydada
Gilly, V. Mark	EL&RR RR CO	D3	44	Leased	Floydada
Ralph and Patricia Langley Rev. Living Trust	EL&RR RR CO	D3	44	Leased	Floydada
Stovall, Jr., Richard F.	EL&RR RR CO	D3	38	Leased	Floydada
Nixon Jr., Fred and Leslie L.	EL&RR RR CO	D3	55	Leased	Floydada
Crabtree, Hope	EL&RR RR CO	D3	56	Leased	Floydada
McGraw, Patty Jean	G RR CO	D3	83	Leased	Floydada
Yeary Farms	G RR CO	D3	83	Leased	Floydada
Noland, Joe; Kevin; Richard & Vivian Gowen	G RR CO	D3	83	Leased	Floydada
Sutterfield, J. D. and S. A.	D&W RR CO	G	62	Leased	Floydada
York, Judy S.	ACH&B	T	11	Leased	Floydada
Louise McGlaun Rev. Trust	BS&F	T	10	Leased	Floydada
Reeves, Keith	BS&F	T	18	Leased	Floydada
Cozby, Jr., L. B.	BS&F	T	18	Leased	Floydada
Nixon Jr., Fred and Leslie L.	G RR CO	D3	88	Leased	Floydada
Cozby, Jr., L. B.	B&C	T	16	Leased	Floydada
Mable Smith Est.	H&OB RR CO	T	14	Leased	Floydada
Bertrand, W. F. and F. B.	B&C	T	15	Leased	Floydada
Cozby, Jr., L. B.	B&C	T	15	Leased	Floydada
Shannon, Fleeta	H&OB RR CO	T	13	Leased	Floydada
Bertrand, W. F. and F. B.	H&OB RR CO	T	13	Leased	Floydada
Cozby, Jr., L. B.	BS&F	T	8	Leased	Floydada
Carthel, Gary and Hulon	BS&F	T	7	Leased	Floydada
Sharon and Jo V. Bingham Family Trust	BS&F	T	1	Leased	Floydada
Robinson, Norma	BS&F	T	6	Leased	Floydada
Robinson, Norma	BS&F	T	3	Leased	Floydada
Carthel, Gary and Hulon	TT RR CO	G	79	Leased	Floydada
Carthel, Hulon and Anne	CCSD&RGNG RR CO	G	53	Leased	Floydada
Fawver, R. C.	CCSD&RGNG RR CO	G	53	Leased	Floydada
Johnson, James A.	CCSD&RGNG RR CO	G	53	Leased	Floydada
Biggs, Rickey and Margaret Saul	CCSD&RGNG RR CO	G	54	Leased	Floydada
Byrd, Jim and Billie	CCSD&RGNG RR CO	G	52	Leased	Floydada
Anderson, Mitchell	TT RR CO	G	81	Leased	Floydada
Newberry, Lorene etal	TT RR CO	G	81	Leased	Floydada
Newberry, Lorene etal	TT RR CO	G	82	Leased	Floydada
Bean, Kenneth and Ann	TT RR CO	G	86	Leased	Floydada
Bell, Leon R.	TT RR CO	G	86	Leased	Floydada
Bramlet, Larry and Mary	EL&RR RR CO	D3	45	Leased	Floydada
Byrd, Jim and Billie	A&B	G	64	Leased	Floydada
Byrd, Jim and Billie	ACH&B	T	11	Leased	Floydada
Shannon, Fleeta	B&C	T	15	Leased	Floydada
Melton, E. R. and Helen	B&C	T	16	Leased	Floydada
Scarborough, Alex and Shellie	BS&F	T	10	Leased	Floydada
Sharon and Jo V. Bingham Family Trust	BS&F	T	7	Leased	Floydada
Grieder, Daniel B.	BS&F	T	9	Leased	Floydada
H. W. and Annabel Bramlet Est. Trust	EL&RR RR CO	D3	43	Leased	Floydada
Quattlebaum, Billy and Mary	EL&RR RR CO	D3	45	Leased	Floydada
H. W. and Annabel Bramlet Est. Trust	EL&RR RR CO	D3	42	Leased	Floydada
Beedy, Mark and Todd	A&B	G	63	Leased	Floydada
Ford, Gerald and Andrea	ACH&B	T	12	Leased	Floydada
Millard and Glenn Watson Family Trust	BS&F	T	10	Leased	Floydada
Mable Smith Est.	B&C	T	16	Leased	Floydada

TAB 10

Description of all property not eligible to become qualified property (if applicable)

None, not applicable

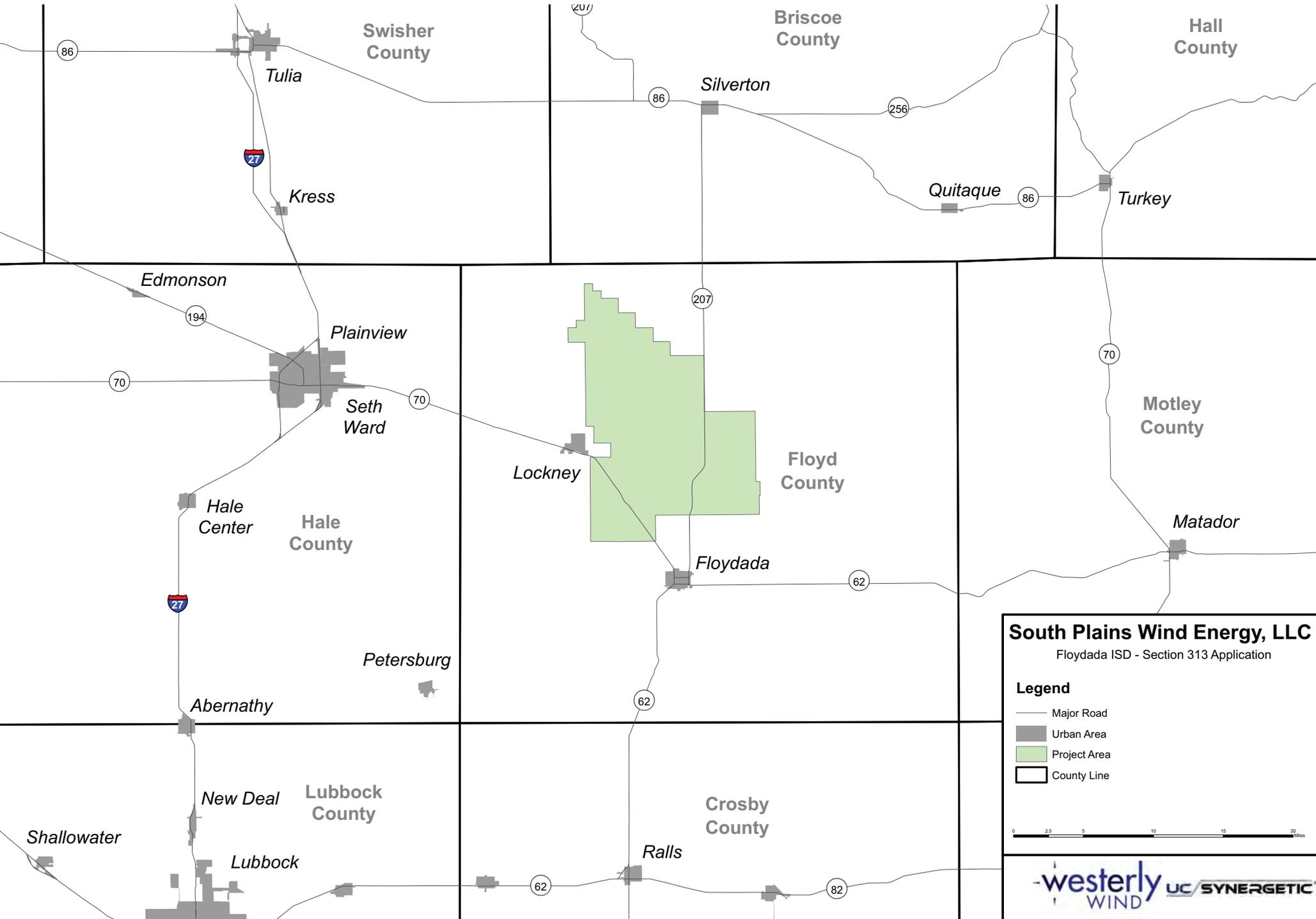
TAB 11

Maps that clearly show:

- a) Project vicinity
- b) Qualified investment including location of new building or new improvements
- c) Qualified property including location of new building or new improvements
- d) Existing property
- e) Land location within vicinity map
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size

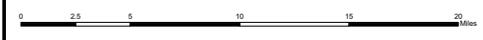
11 d) THERE IS NO EXISTING PROPERTY

Tab 11 (a) & (e) - Project Vicinity Map

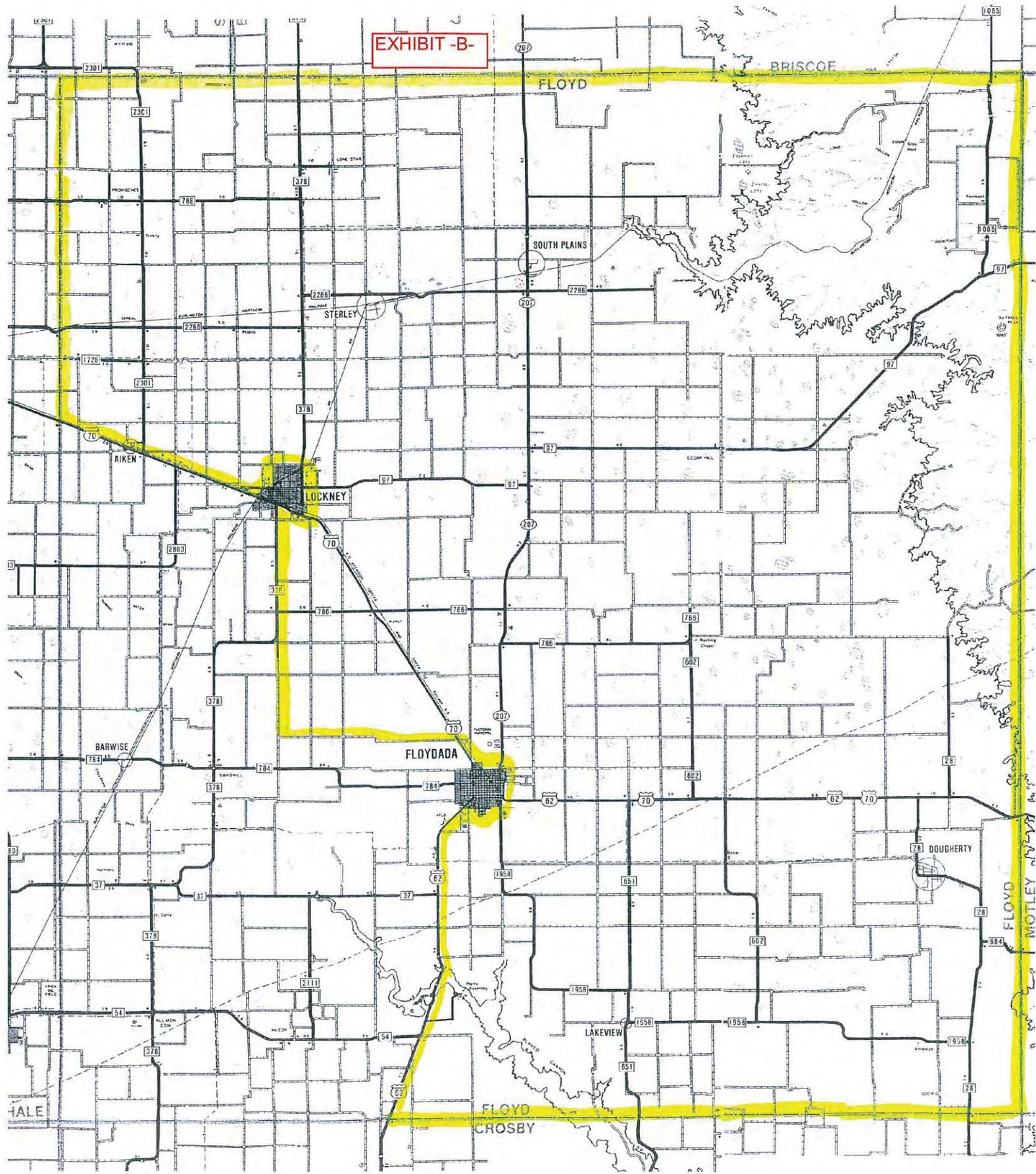


South Plains Wind Energy, LLC
 Floydada ISD - Section 313 Application

- Legend**
- Major Road
 - Urban Area
 - Project Area
 - County Line



Tab 11 (f) - Floyd County Wind Reinvestment Zone #1 - Map



TAB 12

Request for Waiver of Job Creation Requirement and supporting information (if applicable)

See Attached Letter



April 11, 2014

Re: South Plains Wind Energy Employment Estimate

To Whom It May Concern,

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6,500 MW of independent power assets, including over 1,500 MW of wind power projects in Texas. As such, Westerly has significant experience staffing wind projects. Several factors determine the ultimate ratio of technicians to turbines; among these factors are site layout, project location and turbine technology.

In Westerly's experience, a ratio of 1 technician for every 10 – 15 turbines is typical for projects that are staffed by full-time employees. At our South Plains Wind Project, assuming the use of Vestas 2.0 MW turbines, Westerly anticipates requiring approximately 1 technician per 8 turbines.

For independent estimates of full-time employment figures at wind farms in Texas, please see the National Renewable Energy Laboratory's report *Economic Development impact of 1,000 MW of Wind Energy in Texas* (<http://www.nrel.gov/docs/fy11osti/50400.pdf>). Section 3.2.2 states that 60 full-time jobs are created for 1,000 MW of wind capacity. Assuming a 2.0 MW unit, that is approximately 1 job per 8 wind turbines.

If you have any questions, please do not hesitate to contact me at (781) 930-3190.

Sincerely,

A handwritten signature in blue ink, appearing to read "Sean McCabe". The signature is stylized and cursive.

Sean McCabe
Chief Development Officer
Westerly Wind, LLC

TAB 13

Calculation of three possible wage requirements with TWC documentation

- Floyd County average weekly wage for all jobs (all industries)
- Floyd County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

**SOUTH PLAINS WIND ENERGY, LLC
 TAB 13 TO CHAPTER 313 APPLICATION - FLOYDADA ISD**

CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2013	\$ 616	\$ 32,032
SECOND	2013	\$ 597	\$ 31,044
THIRD	2013	\$ 570	\$ 29,640
FOURTH	2012	\$ 733	\$ 38,116
AVERAGE		\$ 629	\$ 32,708

CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2013	\$ 1,100	\$ 57,200
SECOND	2013	\$ 897	\$ 46,644
THIRD	2013	\$ 758	\$ 39,416
FOURTH	2012	\$ 900	\$ 46,800
AVERAGE		\$ 914	\$ 47,515
		X 110%	110%
		\$ 1,005	\$ 52,267

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
	2012	\$ 647	\$ 33,662
		X 110%	110%
		\$ 712	\$ 37,028

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2013	1st Qtr	Floyd County	Private	00	0	10	Total, All Industries	\$616
2013	2nd Qtr	Floyd County	Private	00	0	10	Total, All Industries	\$597
2013	3rd Qtr	Floyd County	Private	00	0	10	Total, All Industries	\$570
2012	4th Qtr	Floyd County	Private	00	0	10	Total, All Industries	\$733

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2013	1st Qtr	Floyd County	Private	31	2	31-33	Manufacturing	\$1,100
2013	2nd Qtr	Floyd County	Private	31	2	31-33	Manufacturing	\$897
2013	3rd Qtr	Floyd County	Private	31	2	31-33	Manufacturing	\$758
2012	4th Qtr	Floyd County	Private	31	2	31-33	Manufacturing	\$900

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

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

110% x \$33,662
= \$37,028

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.

South Plains Wind Energy, LLC

Chapter 313 Application to Floydada ISD

Cummings Westlake, LLC

TAB 14

Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)

See attached Schedules A1, A2, B, C and D

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

Applicant Name **South Plains Wind Energy, LLC**

Form 50-296A

ISD Name **FLOYDADA**

Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)	
Investment made before filing complete application with district	--	2014-2015	2014	Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]		
Investment made after filing complete application with district, but before final board approval of application								0	
									0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period		2014-2015	2014	0	0	0	0	-	
Complete tax years of qualifying time period	QTP1	2015-2016	2015	168,000,000	-	0	0	168,000,000	
	QTP2	2016-2017	2016	0	0	0	0	-	
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				168,000,000	-	-	-	168,000,000	
				Enter amounts from TOTAL row above in Schedule A2					
Total Qualified Investment (sum of green cells)				168,000,000					

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 #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.

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 **South Plains Wind Energy, LLC**

Form 50-296A

ISD Name **FLOYDADA**

Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS								
(Estimated Investment in each year. Do not put cumulative totals.)								
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property [SEE NOTE]	Other investment made during this year that will become Qualified Property {SEE NOTE}	Total Investment (A+B+C+D)
Total Investment from Schedule A1*	--	TOTALS FROM SCHEDULE A1		168,000,000	-	-	-	168,000,000
<i>Enter amounts from TOTAL row in Schedule A1 in the row below</i>								
Each year prior to start of value limitation period** <small>Insert as many rows as necessary</small>	0	2014-2015	2014				-	-
	0	2015-2016	2015	168,000,000	-	-	-	168,000,000
	1	2016-2017	2016		-	-	-	-
	2	2017-2018	2017		-	-	-	-
	3	2018-2019	2018	-	-	-	-	-
Value limitation period***	4	2019-2020	2019	-	-	-	-	-
	5	2020-2021	2020	-	-	-	-	-
	6	2021-2022	2021	-	-	1,200,000	-	1,200,000
	7	2022-2023	2022	-	-	1,200,000	-	1,200,000
	8	2023-2024	2023	-	-	1,200,000	-	1,200,000
	9	2024-2025	2024	-	-	1,200,000	-	1,200,000
	10	2025-2026	2025	-	-	1,200,000	-	1,200,000
Total investment made through limitation				168,000,000	-	6,000,000	-	174,000,000
Continue to maintain viable presence	11	2026-2027	2026			1,800,000		1,800,000
	12	2027-2028	2027			1,800,000		1,800,000
	13	2028-2029	2028			1,800,000		1,800,000
	14	2029-2030	2029			1,800,000		1,800,000
	15	2030-2031	2030			1,800,000		1,800,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2031-2032	2031			1,800,000		1,800,000
	17	2032-2033	2032			1,800,000		1,800,000
	18	2033-2034	2033			1,800,000		1,800,000
	19	2034-2035	2034			1,800,000		1,800,000
	20	2035-2036	2035			1,800,000		1,800,000
	21	2036-2037	2036			1,800,000		1,800,000
	22	2037-2038	2037			1,800,000		1,800,000
	23	2038-2039	2038			1,800,000		1,800,000
	24	2039-2040	2039			1,800,000		1,800,000
	25	2040-2041	2040			1,800,000		1,800,000

* 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 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 #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

South Plains Wind Energy, LLC

Form 50-296A

ISD Name

FLOYDADA

Revised Feb 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2014-2015	2014	0	0	0	0	0	0
	0	2015-2016	2015	-	-	-	-	-	-
Value Limitation Period	1	2016-2017	2016	-	-	161,280,000	161,280,000	161,280,000	20,000,000
	2	2017-2018	2017	-	-	148,378,000	148,378,000	148,378,000	20,000,000
	3	2018-2019	2018	-	-	136,508,000	136,508,000	136,508,000	20,000,000
	4	2019-2020	2019	-	-	125,587,000	125,587,000	125,587,000	20,000,000
	5	2020-2021	2020	-	-	115,540,000	115,540,000	115,540,000	20,000,000
	6	2021-2022	2021	-	-	106,297,000	106,297,000	106,297,000	20,000,000
	7	2022-2023	2022	-	-	97,793,000	97,793,000	97,793,000	20,000,000
	8	2023-2024	2023	-	-	89,970,000	89,970,000	89,970,000	20,000,000
	9	2024-2025	2024	-	-	82,772,000	82,772,000	82,772,000	20,000,000
	10	2025-2026	2025	-	-	76,150,000	76,150,000	76,150,000	20,000,000
Continue to maintain viable presence	11	2026-2027	2026	-	-	70,058,000	70,058,000	70,058,000	70,058,000
	12	2027-2028	2027	-	-	64,453,000	64,453,000	64,453,000	64,453,000
	13	2028-2029	2028	-	-	59,297,000	59,297,000	59,297,000	59,297,000
	14	2029-2030	2029	-	-	54,553,000	54,553,000	54,553,000	54,553,000
	15	2030-2031	2030	-	-	50,189,000	50,189,000	50,189,000	50,189,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2031-2032	2031	-	-	46,174,000	46,174,000	46,174,000	46,174,000
	17	2032-2033	2032	-	-	42,480,000	42,480,000	42,480,000	42,480,000
	18	2033-2034	2033	-	-	39,082,000	39,082,000	39,082,000	39,082,000
	19	2034-2035	2034	-	-	35,955,000	35,955,000	35,955,000	35,955,000
	20	2035-2036	2035	-	-	33,079,000	33,079,000	33,079,000	33,079,000
	21	2036-2037	2036	-	-	30,433,000	30,433,000	30,433,000	30,433,000
	22	2037-2038	2037	-	-	27,998,000	27,998,000	27,998,000	27,998,000
	23	2038-2039	2038	-	-	25,758,000	25,758,000	25,758,000	25,758,000
	24	2039-2040	2039	-	-	23,697,000	23,697,000	23,697,000	23,697,000
	25	2040-2041	2040	-	-	21,801,000	21,801,000	21,801,000	21,801,000

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 South Plains Wind Energy, LLC
ISD Name FLOYDADA

Form 50-296A

Revised Feb 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	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
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2014-2015	2014	0	-	0		
	0	2015-2016	2015	100 FTE's	41,600	0	7	38,000
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2016-2017	2016	0	0	0	7	38,000
	2	2017-2018	2017	0	0	0	7	38,000
	3	2018-2019	2018	0	0	0	7	38,380
	4	2019-2020	2019	0	0	0	7	38,764
	5	2020-2021	2020	0	0	0	7	39,151
	6	2021-2022	2021	0	0	0	7	39,543
	7	2022-2023	2022	0	0	0	7	39,938
	8	2023-2024	2023	0	0	0	7	40,338
	9	2024-2025	2024	0	0	0	7	40,741
	10	2025-2026	2025	0	0	0	7	41,149
Years Following Value Limitation Period	11 through 25	2026-2041	2026-2040	0	0	0	7	41,560

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 Yes No
 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)? Yes No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)? Yes No

Schedule D: Other Incentives (Estimated)

Applicant Name

South Plains Wind Energy, LLC

Form 50-296A

ISD Name

FLOYDADA

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
Tax Code Chapter 311	County: N/A					
	City: N/A					
	Other: N/A					
Tax Code Chapter 312	County: FLOYD	2015	2015-2024	AVG = 420,960	see detail below	AVG = 155,135
	City:					-
	Other: CAPROCK HOSPITAL	2015	2015-2024	AVG = 431,710	see detail below	AVG = 175,115
Local Government Code Chapters 380/381	County: N/A					
	City: N/A					
	Other: N/A					
Freeport Exemptions	N/A					
Non-Annexation Agreements	N/A					
Enterprise Zone/Project	N/A					
Economic Development Corporation	N/A					
Texas Enterprise Fund	N/A					
Employee Recruitment	N/A					
Skills Development Fund	N/A					
Training Facility Space and Equipment	N/A					
Infrastructure Incentives	N/A					
Permitting Assistance	N/A					
Other:						
Other:						
Other:						
Other:						
TOTAL				852,670		330,250

Additional information on incentives for this project:

YEAR	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
County Terms:	80%	80%	75%	75%	75%	55%	55%	55%	55%	55%
Hospital Terms:	80%	80%	75%	75%	75%	50%	50%	40%	40%	40%

South Plains Wind Energy, LLC

Chapter 313 Application to Floydada ISD

Cummings Westlake, LLC

TAB 15

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

None

TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

- a) Evidence that the area qualifies as a enterprise zone as defined by the Governor's office*
- b) Legal description of reinvestment zone**
- c) Order, resolution, or ordinance established the reinvestment zone**
- d) Guidelines and criteria for creating the zone**

16 a) Not Applicable

Tab 16 (b) - Legal Description of Reinvestment Zone

Beginning in the northwest corner of Floyd County and then:

- following the northerly Floyd County line eastward to the northeast corner of Floyd County,
- Then following the easterly Floyd County line southward to the southeast corner of Floyd County,
- Then following the southerly Floyd County line westward to the east side of US Highway 62.
- Then following the east boundary of US Highway 62 northward to the city limits of Floydada, TX
- Then following the Floydada city limits around the east and north sides of the city to the east side of US Highway 70
- Then following the east side of US Highway 70 northward to CR 232
- Then following the north side of CR 232 westward to the east side of CR 91
- Then following the east side of CR 91 northward until it joins and turns into FM 378
- Then following the east side of FM 378 northward to the southeastly city limits of Lockney, TX
- Then following the Lockney city limits around the east, north, and finally the west side of the city back to north side of US Highway 70
- Then following north side of US Highway 70 northwestward to the Floyd/Hale county line.
- Then following the westerly boundary of Floyd County northward to the beginning point, being the northwest corner of Floyd County

For the avoidance of doubt, this area specifically excludes the incorporated municipalities of Lockney and Floydada and that area within the boundaries of the Whirlwind Reinvestment Zone No. 2 as described in Exhibit A of Order 11-10-08 of the Commissioners Court of Floyd County, Texas Designating Reinvestment Zone.

Tab 16 (c) - Order Establishing Reinvestment Zone

**ORDER NO. 2013-11-03 OF THE COMMISSIONERS COURT
OF FLOYD COUNTY, TEXAS
DESIGNATING REINVESTMENT ZONE**

AN ORDER DESIGNATING A CERTAIN AREA AS FLOYD COUNTY WIND REINVESTMENT ZONE NO.1, FOR COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN FLOYD COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Commissioners Court of Floyd County, Texas desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Property Tax Code § 312.001, *et seq.*), and the Guidelines and Criteria of the Commissioners Court of Floyd County for Granting a Tax Abatement in a Reinvestment Zone Created in Floyd County, Texas (the "Guidelines"); and

WHEREAS, on March 11, 2013, a hearing before the Commissioners Court of Floyd County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the *Floyd County Hesperian Beacon* and the delivery of written notice to the respective presiding officers of each taxing entity that it includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of Floyd County, Texas at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF FLOYD COUNTY, TEXAS:

SECTION 1. That the facts and recitations contained in the preamble of this Order are hereby found and declared to be true and correct.

SECTION 2. That the Commissioners Court of Floyd County, Texas, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the Floyd County Wind Reinvestment Zone No. 1 has been properly called, held and conducted and that notice of such

Tab 16 (c) - Order Establishing Reinvestment Zone

hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and

- (b) That the boundaries of the Floyd County Wind Reinvestment Zone No. 1 should be the area within the boundaries described in Exhibit "A" and as depicted in the plat map indicating the boundaries thereof, attached hereto as Exhibit "B," and incorporated herein by reference for all intents and purposes; and,
- (c) That creation of the Floyd County Wind Reinvestment Zone No. 1 with boundaries as described in Exhibit "A" and depicted in "B" will result in benefits to the Floyd County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The Floyd County Wind Reinvestment Zone No. 1, as described in Exhibit "A" and depicted in Exhibit "B" meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Floyd County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Floyd County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, Floyd County Commissioner's Court hereby creates Floyd County Wind Reinvestment Zone No. 1; a reinvestment zone for commercial-industrial tax abatement encompassing only the area within the boundaries described in "Exhibit A" and that is depicted in the plat map thereof in Exhibit "B," and such reinvestment zone is hereby designated and shall hereafter be referred to as Floyd County Wind Reinvestment Zone No. 1.

SECTION 4. That Floyd County Wind Reinvestment Zone No. 1 shall take effect on March 11, 2013 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

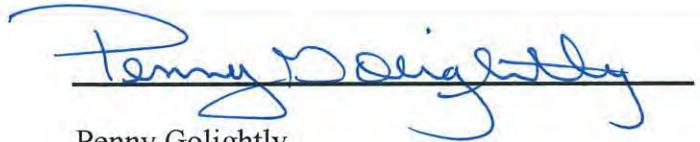
SECTION 5. That if any section, paragraph, clause or provision of this Order shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Order.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Floyd County Commissioners Court at which this Order was adopted was posted at a place convenient and readily accessible at all times

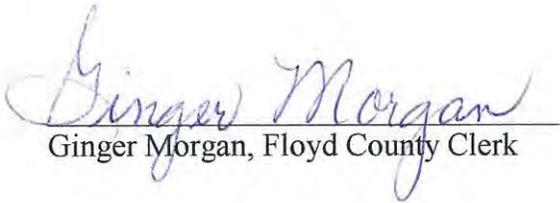
Tab 16 (c) - Order Establishing Reinvestment Zone

as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general circulation within the County, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this 11th day of March, 2013.

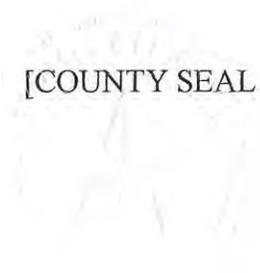


Penny Golightly,
Floyd County Judge



Ginger Morgan, Floyd County Clerk

[COUNTY SEAL



Tab 11 (d) - Guidelines & Criteria for Creating Reinvestment Zone

GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENT FOR SELECTED TAXING UNITS CONTAINED WITHIN FLOYD COUNTY, TEXAS

SECTION I. General Purpose:

The Affected Jurisdictions located wholly within or partially within the County of Floyd, Texas, are committed to the promotion of high quality development in all parts of Floyd County, Texas; and to an ongoing improvement in the quality of life for the citizens residing within the Affected Jurisdictions. The Affected Jurisdictions recognize that these objectives are generally served by enhancement and expansion of the local economy. The Affected Jurisdictions will, on a case by case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the Affected Jurisdictions. It is the policy of the Affected Jurisdictions that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the Affected Jurisdictions are under any obligation to provide tax abatement to any applicant and attention is called to V.T. C. A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case by case basis.

SECTION II. Definitions:

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. **Abatement of Taxes:** To exempt from ad valorem taxation all or part of the value of certain improvements placed on land located in a reinvestment zone designated for economic development purposes as of the date of execution of the Tax Abatement Agreement for a period of time not to exceed ten (10) years.
2. **Affected Jurisdiction:** The County of Floyd and any other governmental taxing unit located totally within or partially within the County of Floyd that has adopted these guidelines and criteria.
3. **Abatement Agreement:** (1) A contract between a property owner and an Affected Jurisdiction for the abatement of taxes on qualified property located within the reinvestment zone; or, (2) a contract for the abatement of taxes between an Affected Jurisdiction and a certified air carrier who owns or leases Real Property located within the reinvestment zone or Personal Property or both as authorized by V.T.C.A., Tax Code, Section 312.204(e)
4. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.

EXHIBIT A

5. **Distribution Center Facility:** A building or structure including Tangible Personal Property used or to be used primarily to receive, store, service or distribute goods or materials.
6. **Expansion of Existing Facilities or Structures:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.
7. **Existing Facility or Structure:** A facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.
8. **Facility:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. **Improvements to Real Property or Improvements:** Shall mean the construction, addition to, structural upgrading of, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.
10. **Manufacturing Facility:** A Facility which is or will be used for the primary purpose of the production of goods or materials or the processing or change of goods or materials to a finished product.
11. **Modernization of Existing Facilities:** The replacement or upgrading or existing facilities.
12. **New Facility:** The construction of a Facility on previously undeveloped real property eligible for tax abatement.
13. **New Permanent Job:** A new employment position created by a business that has provided employment to an employee of at least 1,820 hours annually and intended to be an employment position that exists during the life of the abatement. In the case of a seasonal industry, a new permanent job shall mean a apposition which provides employment to an employee of at least 36 hours per week during the season or seasons of business activity and intended to be an employment position that exists during each season of business activity during the life of the abatement.

EXHIBIT A

14. **Other Basic Industry:** A Facility other than a distribution center facility, a research facility, a regional service facility or a manufacturing facility which produces goods or services or which creates new or expanded job opportunities.
15. **Owner:** The record title owner of Real Property or the legal owner of Tangible Personal Property. In the case of land leased from an Affected Jurisdiction the lessee shall be deemed the owner of such leased property together with all improvements and Tangible Personal Property located thereon.
16. **Productive Life:** The number of years a Facility is expected to be in service.
17. **Real Property:** Land on which Improvements are to be made or fixtures placed.
18. **Regional Services Facility:** A Facility, the primary purpose of which is to service or repair goods or materials and which creates job opportunities within the Affected Jurisdictions.
19. **Reinvestment Zone:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.202.
20. **Research Facility:** A Facility used or to be used primarily for research or experimentation to improve or develop new goods and/or services or to improve or develop the production process for such goods and/or services.
21. **Tangible Personal Property:** Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.

SECTION III. Intent of Criteria and Guidelines:

The Intent of the criteria and guidelines, as herein set forth, is to establish the minimum standards which an applicant for tax abatement must meet in order to be considered for such status by the Affected Jurisdictions.

SECTION IV. Criteria and Guidelines for Tax Abatement:

1. Any type of Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:
2. To qualify for Tax Abatement, the company must modernize or expand an existing facility or construct a new facility.

EXHIBIT A

3. In addition to the aforementioned, the taxing jurisdiction will consider abatement if the company meets one of the following criteria:
 - a) The facility will conduct its primary business in one of the following target industries:
 - i) Value-added Agricultural Production including Food Processing and Machinery
 - ii) Warehouse Distribution
 - iii) Dairy Production
 - iv) Confined Cattle Feeding Operations
 - v) Tourism
 - vi) Hospitality
 - b) The project is not included as a target industry, but is expected to create a substantial economic impact on an Affected Jurisdiction or has the potential of generating additional significant economic development opportunities to Floyd County.
4. The project will significantly increase assessed valuation of real property and/or personal property, or will create new permanent jobs of substantial value to an Affected Jurisdiction.
5. New or existing facilities, of any type herein defined, located in a reinvestment zone or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.
6. Improvements to Real Property are eligible for tax abatement status.
7. The following types of Property shall be ineligible for tax abatement status and shall be fully taxed
 - a) Real Property;
 - b) inventories or supplies;
 - c) dwelling units intended for lease passive income to the landlord; provided, however, that nursing homes, hotels and the like which include the provision of services as a substantial component of the enterprise are not hereby excluded from eligibility for tax abatement;
 - d) vehicles;
 - e) aircraft;
 - f) boats;
 - g) property owned by the State of Texas or any State agency; and,
 - h) property owned or leased by a member of the Affected Jurisdiction.
8. In order for a Facility to qualify for abatement, the following conditions must apply:

EXHIBIT A

- a) The owner or leaseholder must make eligible improvements to the property; and,
 - b) In the case of lessees the leaseholder must have a commitment at least equal to the term of the abatement agreement plus one year.
9. In reinvestment zones, the amount and term of abatement shall be determined on a case by case basis, however, in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the municipality in all cases where the property for which tax abatement is applied for is within the City limits of a City or by the County of Floyd in all cases where the property for which tax abatement is applied for is outside of the City limits of a municipality, but within the County of Floyd, except that a reinvestment zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The authority of all other taxing units shall be as set forth in V.T.C.A., Tax Code, Section 312.206.

In enterprise zones, the governing body of each taxing jurisdiction may execute a written agreement with the owner of the property not later than the 90th day after the date the municipal or county agreement, whichever is later. The agreement may, but is not required to, contain terms that are identical to those contained in the agreement with the municipality, county, or both, whichever applies, and the only terms for the agreement that may vary are the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.

10. No property shall be eligible for tax abatement unless such property is located in a reinvestment zone in accordance with V.T. C. A., Tax Code, Section 312.202.
11. Notwithstanding any of the requirements set forth in Section 10, the governing body of an Affected Jurisdiction upon the affirmative vote of three-fourths (3/4) of its members may vary any of the above requirements when it is demonstrated by the applicant for Tax Abatement that variation is in the best interest of the Affected Jurisdiction and will enhance the economic development of the Affected Jurisdiction. By way of example only and not by imitation the governing body of an Affected Jurisdiction may consider the following or similar terms in determining whether a variance shall be granted:
- a) That the increase in productivity of the Facility will be substantial and hence directly benefit the economy.
 - b) That the increase of goods or services produced by the Facility will be substantial and directly benefit the economy.
 - c) That the employment maintained at the Facility will be increased.
 - d) That the waiver of the requirement will contribute and provide for the retention of existing jobs within the Affected Jurisdiction.
 - e) That the applicant for tax abatement has demonstrated that if tax abatement is granted to his Facility even though his Facility will not employ additional personnel, nevertheless due to the existence of said Facility new jobs will be created as a direct result of his Facility in other facilities located within the Affected Jurisdiction.

EXHIBIT A

- f) Any other evidence tending to show a direct economic benefit to the Affected Jurisdiction.

12. Taxability:

- a) The portion of the value of Improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between the Affected Jurisdiction and the owner of the Real Property and/or Tangible Personal Property, (which agreement shall be) in accord with the provisions of V.T. C. A., Tax Code, Section 312.205.
- b) All ineligible property, if otherwise taxable as herein described, shall be fully taxed.

13. The governing body of each Affected Jurisdiction shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the governing body of an Affected Jurisdiction does not:

- a) Limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;
- b) Limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or,
- c) Create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

14. The burden to demonstrate that an application for tax abatement should be granted shall be upon the applicant. Each Affected Jurisdiction to which the application has been directed shall have full authority to request any additional information from the applicant that the governing body of such Affected Jurisdiction deems necessary to assist it in considering such application.

SECTION V. Criteria and Guidelines for Creation of Reinvestment Zone:

- 1. No property shall be eligible for tax abatement unless such property is located in a reinvestment zone designated as such as in accordance with V.T.C.A., Tax Code, Section 312.202. To be designated as a reinvestment zone an area must:
 - a) Substantially arrest or impair the sound growth of the municipality or county creating the zone, retard the provision of housing accommodations, or constitute an economic or social liability and be a menace to the public health, safety, morals, or welfare in its present condition and use because of the presence of:
 - 1. a substantial number of substandard, slum, deteriorated, or deteriorating structures;
 - 2. the predominance of defective or inadequate sidewalks or streets;
 - 3. faulty size, adequacy, accessibility or usefulness of lots;
 - 4. unsanitary or unsafe conditions;

EXHIBIT A

5. the deterioration of site or other improvements;
 6. tax or special assessment delinquency exceeding the fair value of the land;
 7. defective or unusual conditions of title;
 8. conditions that endanger life or property by fire or other cause; or
 9. any combination of these factors;
- b) Be predominantly open and, because of obsolete platting, deterioration of structures or site improvements, or other factors, substantially impair or arrest the sound growth of the municipality;
- c) Be in a federally assisted new community located in a home rule municipality or in an area immediately adjacent to a federally assisted new community located in a home rule municipality;
- d) Be located entirely in an area that meets the requirements for federal assistance under Section 119 of the Housing and Community Development Act of 1974 (42 U.S.C. Section 5318);
- e) Encompass signs, billboards, or other outdoor advertising structures designated by the governing body of the municipality for relocation, reconstruction, or removal for the purpose of enhancing the physical environment of the municipality, which the legislature declares to be a public purpose; or,
- f) Be reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the municipality.
2. For purposes of this Section, federally assisted new community is a federally assisted area:
- a) That has received or will receive assistance in the form of loan guarantees under Title X of the National Housing Act (12 U.S.C., Section 1749aa et seq); and,
 - b) A portion of which has received grants under Section 107 (a) (1) of the Housing and Community Development Act of 1974, as amended.
3. The governing body of a municipality, as required by Section 312.201, or a county as required by V.T.C.A., Tax Code, Section 312.401, shall hold a public hearing on the designation of an area within its jurisdiction as a reinvestment zone. The burden shall be on the owner of the property sought to be included in the zone or applicant for the creation of the reinvestment zone to establish the following:
- a) That the requirements of Subsection 1 of this Section have been met; and
 - b) That the improvements sought are feasible and practical.

EXHIBIT A

4. No later than the seventh day before the date set for the above public hearing notice of such hearing shall be:
 - a) Published in a newspaper having general circulation in the Affected Jurisdiction; and
 - b) Delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries Real Property that is to be included in the reinvestment zone.
5. At the public hearing above described in Subsection 3 above, any interested person is entitled to speak and present evidence for or against the designation of such reinvestment zone.
6. At the conclusion of the hearing described in Subparagraph 3 above, the governing body shall enter its findings as follows:
 - a) That the applicant or owner has or has not met his burden as hereinabove set forth, and/or,
 - b) That the improvements sought are or are not feasible and practical.
 - c) That the proposed improvements sought will or will not be a benefit to the land to be included in the reinvestment zone and to the Affected Jurisdiction after the expiration of an agreement entered into under V.T.C.A., Tax Code, Section 312.204.
7. An application for the creation of a reinvestment zone shall not be granted unless the Affected Jurisdiction considering such application enters affirmative findings to Subparagraphs a, b, and c of Subsection 6 above set forth.
8. At the conclusion of the public hearing herein required and upon the affirmative finding of the governing body as required by Subsection 7 above set forth, the governing body may designate a reinvestment zone in accordance with the provisions of V.T.C.A., Tax Code, Sections 312.201 or 312.401, whichever Section shall be applicable to the premises.
9. The designation of a reinvestment zone expires five years after the date of the designation and may be renewed for periods not to exceed five years, except that a reinvestment zone that is a state enterprise zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing tax abatement agreement made in accordance with V.T.C.A., Tax Code, Section 312.201 through Section 312.209.
10. Designation of an area as an enterprise zone under the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government code, constitutes designation of the area as a reinvestment zone under Subchapter B of the Property Redevelopment and Tax Abatement Act without further hearing or other procedural requirements other than those

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provided by the Texas Enterprise Zone Act, Chapter 2303 Subchapter C, Texas Government Code.

SECTION VI. Tax Abatement Agreement:

1. After the creation of a reinvestment zone as hereinabove authorized a Tax Abatement Agreement may be executed between the owner and any Affected Jurisdiction. A Tax Abatement Agreement shall:
 - a) Establish and set forth the Base Year assessed value of the property for which tax abatement is sought.
 - b) Provide that the taxes paid on the base year assessed value shall not be abated as a result of the execution of said Tax Abatement Agreement.
 - c) Provide that ineligible property as subscribed in Section IV, Subsection 6, hereinabove shall be fully taxed.
 - d) Provide for the exemption of Improvements in each year covered by the agreement only to the extent the value of such improvements for each such year exceeds the value for the year in which the agreement is executed.
 - e) Fully describe and list the kind, number and location of all of the improvements to be made in or on the Real Property.
 - f) Set forth the estimated value of all improvements to be made in or on the Real Property.
 - g) Clearly provide that tax abatement shall be granted only to the extent:
 1. The Improvements to Real Property increase the value of the Real Property for the year in which the Tax Abatement Agreement is executed; and
 2. That the Tangible Personal Property improvements to Real Property were not located on the Real Property prior to the execution of the Tax Abatement Agreement.
 - h) Provide for the portion of the value of the improvements to Real Property or improvements to be abated. This determination is to be made consistent with the provisions of Section IV, Subsection 6, of these guidelines and criteria as hereinabove set forth.

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- i) Provide for the commencement date and the termination date. In no event shall said dates exceed a period of ten years.

- j) Describe the type and proposed use of the improvements to Real Property or improvements including:
 - 1. The type of facility.

 - 2. Whether the improvements are for a new facility, modernization of a facility, or expansion of a facility.
 - 3. The nature of the construction, proposed time table of completion, a map or drawings of the improvements above mentioned.

 - 4. The amount of investment and the commitment for the creation of new jobs.

 - 5. A list containing the kind, number and location of all proposed Improvements.

 - 6. Any other information required by the Affected Jurisdiction.

- k) Provide a legal description of the Real Property upon which improvements are to be made.

- l) Provide access to and authorize inspection of the Real Property or improvements by employees of the Affected Jurisdiction, who have executed a Tax Abatement Agreement with owner to insure improvements are made according to the specifications and conditions of the Tax Abatement Agreement.

- m) Provide for the limitation of the uses of the Real Property or improvements consistent with the general purpose of encouraging development or redevelopment of the zone during the period covered by the Tax Abatement Agreement.

- n) Provide the contractual obligations in the event of default by owner, violation of the terms or conditions by owner, recapturing property tax revenue in the event owner defaults or otherwise fails to make improvements as provided in said Tax Abatement Agreement, and any other provision as may be required or authorized by State Law.

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- o) Contain each term agreed to by the owner of the property.
 - p) Require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement.
 - q) Provide that the governing body of the municipality may cancel or modify the agreement if the property owner fails to comply with agreement.
2. Not later than the seventh day before a municipality or the County of Floyd (as required by V.T.C.A., Tax Code 312.2041 or Section 312.402) enters into an agreement for tax abatement under V.T.C.A., Tax Code, Section 312.204, the governing body of a municipality or a designated officer or employee thereof or the governing body of the County of Floyd or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the agreement is located, a written notice that the municipality or the County of Floyd as the case may be, intends to enter into the agreement. The notice must include a copy of the proposed Tax Abatement Agreement.
 3. A notice, as above described in Subparagraph 2, is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.
 4. Failure to deliver the notice does not affect the validity of the agreement.

SECTION VII. Application:

1. Any present owner or lessee of taxable property located within an Affected Jurisdiction may apply for tax abatement by filing an application with the County of Floyd, when the Real Property or Tangible Personal Property for which abatement is sought is located within the County of Floyd but outside of the City limits of any City or with the appropriate City when the Real Property or Tangible Personal Property for which abatement is sought is located within the City limits of a municipality located wholly or partially within Floyd County.
2. The application shall consist of a completed application form accompanied by:
 - a) A general description of the improvements to be undertaken.

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- b) A descriptive list of the improvements for which tax abatement is requested.
- c) A list of the kind, number and location of all proposed improvements of the Real Property Facility or Existing Facility.
- d) A map indicating the approximate location of improvements on the Real Property Facility or Existing Facility together with the location of any or all Existing Facilities located on the Real Property or Facility.
- e) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an existing facility.
- f) A proposed time schedule for undertaking and completing the proposed improvements.
- g) A general description stating whether the proposed improvements are in connection with:
 - 1. the modernization of a facility (of any type herein defined); or,
 - 2. construction of a new facility (of any type herein defined); or,
 - 3. expansion of a facility (of any type herein defined); or,
 - 4. any combination of the above.
- h) A statement of the additional value to the Real Property or Facility as a result of the proposed improvements.
- i) A statement of the assessed value of the Real Property, Facility or Existing Facility for the Base Year.
- j) Information concerning the number of new jobs that will be created or information concerning the number of existing jobs to be retained as result of the improvements undertaken.

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- k) Any other information which the Affected Jurisdiction, to which the application has been directed, deems appropriate for evaluating the financial capacity of the applicant and compatibility of the proposed improvements with these guidelines and criteria.

- l) Information that is provided to an Affected Jurisdiction in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. Information in the custody of an Affected Jurisdiction after the agreement is executed is not confidential. (V.T.C.A., Tax Code, Section 312.003)

- m) The Affected Jurisdiction to which the application for tax abatement has been directed shall determine if the property described in said application is within a designated reinvestment zone. If the Affected Jurisdiction determines that the property described is not within a current reinvestment zone then they shall so notify the applicant and said applicant shall then be considered both as an application for the creation of a reinvestment zone and a request for tax abatement to be effective after the zone is created.

SECTION VIII. Recapture:

1. In the event that any type of facility, (as defined in Section II, Subparagraphs 5, 6, 7, 8, 10, 1, 12, 14, 18, 20) is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion, other casualty accident, natural disaster or other event beyond the reasonable control of applicant or owner, including the inability to produce energy due to the lack of wind energy for a period of 180 consecutive days during the term of a tax abatement agreement, then in such even the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within (60) days of the date of termination. The burden shall be upon the applicant or owner to prove to the satisfaction of the Affected Jurisdiction to which the application for tax abatement was directed that the discontinuance of producing goods or services was as a result of fire, explosion, other casualty accident, natural disaster or other event beyond the control of applicant or owner. In the event that applicant or owner meets this burden and the Affected Jurisdiction is satisfied that the discontinuance of the production of goods or services was the result of events beyond the control of the applicant or owner, then such applicant or owner shall have a period of one year, then the Tax Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later

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than January 31st of the following year. Taxes abated in years prior to the date of termination shall be payable to each Affected Jurisdiction within sixty (60) days of the date of termination. The one year time period, hereinabove mentioned, shall commence upon written notification from the Affected Jurisdiction to the applicant or owner.

2. In the event that the applicant or owner has entered into a tax abatement agreement to make improvements to a facility of any type described in Section 1 above, but fails to undertake or complete such improvements, then in such event the Affected Jurisdiction to whom the application for tax abatement was directed shall give the applicant or owner sixty (60) days notice of such failure. The applicant or owner shall demonstrate to the satisfaction of the Affected Jurisdiction, above mentioned, that the applicant or owner has commenced to cure such failure within the sixty (60) days above mentioned. In the event that the applicant or owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within sixty (60) days of the date of termination.
3. In the event that the Affected Jurisdiction to which the application for tax abatement was directed determines that the applicant or owner is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event the Affected Jurisdiction, shall give the applicant or owner sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of the Affected Jurisdiction within the sixty (60) days notice period, then the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate, however, where fulfillment of any obligation requires more than sixty (60) days, performance shall be commenced within sixty (60) days after receipt of the notice and such performance shall be diligently continued until the default is cured; provided, however, that if such default is not cured within one hundred and fifty (150) days from the date of such notice of default from the Affected Jurisdiction, the failure to cure such default shall constitute a default hereunder. Taxes abated during the calendar year in which termination takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year.
4. In the event that the applicant or owner allows ad valorem taxes on property ineligible for tax abatement owed to any Affected Jurisdiction, to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination, under this subparagraph, takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year.

EXHIBIT A

5. In the event that the applicant or owner, who has executed a tax abatement agreement with Affected Jurisdiction, relocates the business for which tax abatement has been granted, to a location outside of the designated reinvestment zone, then in such event, the Tax Abatement Agreement shall terminate after sixty (60) days written notice by the Affected Jurisdiction to the Owner/Applicant. Taxes abated during the calendar year in which termination, under this subparagraph takes place shall be payable to each Affected Jurisdiction by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within sixty (60) days of the date of termination.
6. The date of termination as that term is used in this Subsection VIII shall, in every instance, be the 60th day or the 150th day, if applicable, as described in Section VIII(3) after the day the Affected Jurisdiction sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the Applicant or Owner. Should the default be cured by the owner or Applicant within the sixty (60) day notice period, the Owner/Applicant shall be responsible for so advising the Affected Jurisdiction and obtaining a release from the notice of default from the Affected Jurisdiction, failing in which, the abatement remains terminated and the abated taxes must be paid.
7. In every case of termination set forth in Subparagraphs 1, 2, 3, 4 and 5 above, the Affected Jurisdiction to which the application for tax abatement was directed shall determine whether default has occurred by Owner (Applicant) in the terms and conditions of the Tax Abatement Agreement and shall so notify all other Affected Jurisdictions.

SECTION IX. Miscellaneous:

1. Any notice required to be given by these criteria or guidelines shall be given in the following manner:
 - a) To the owner or applicant: written notice shall be sent to the address appearing on the Tax Abatement Agreement.
 - b) To an Affected Jurisdiction: written notice shall be sent to the address appearing on the Tax Abatement Agreement.
2. The Chief Appraiser of the Floyd County Central Appraisal District shall annually assess the Real and Personal Property comprising the reinvestment zone. Each year, the applicant or owner receiving tax abatement shall furnish the Chief Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the Affected Jurisdictions which levy taxes of the amount of assessment.

EXHIBIT A

3. Upon the completion of improvements made to any type of Facility as set forth in Section VIII, Subparagraph 1 of these criteria and guidelines a designated employee or employees of any Affected Jurisdiction having executed a tax abatement agreement with applicant or owner shall have access to the Facility to insure compliance with the Tax Abatement Agreement.
4. A tax abatement agreement may be assigned, in whole or in part, to a new owner but only after written consent has been obtained from all Affected Jurisdictions which have executed an agreement with the applicant or owner, however, assignment may be made with or without the consent in the context of financing the facility or in the case of a transfer to an entity that has equal or greater financial strength than the Owner.
5. These guidelines and criteria are effective upon the date of their adoption by an Affected Jurisdiction and shall remain in force for two years. At the end of the two year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.
6. Each Affected Jurisdiction shall determine whether or not said Affected Jurisdiction elects by resolution to become eligible to participate in tax abatement, then such Affected Jurisdiction shall adopt these guidelines and criteria by separate resolution forwarding a copy of both resolutions to all other Affected Jurisdictions.
7. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, then in such event the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.
8. The guidelines and criteria once adopted by an Affected Jurisdiction may be amended or repealed by a vote of three-fourths of the members of the governing body of an Affected Jurisdiction during the two year term in which these guidelines and criteria are effective.

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SECTION X. Road Maintenance :

- 1. During construction of the Improvements, Owner agrees to use commercially reasonable efforts to minimize the disruption to County roads by Owner or its agents during the construction period.**
- 2. After construction, Owner will leave such County roads in a state of equal or better condition than they were prior to construction, excepting normal wear and tear.**

South Plains Wind Energy, LLC

Chapter 313 Application to Floydada ISD

Cummings Westlake, LLC

TAB 17

Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

See page 8 of the application form 50-296A (Tab 1)

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 Gilbert Trevino
Print Name (Authorized School District Representative)

Superintendent
Title

sign here [Handwritten Signature: Gilbert Trevino]
Signature (Authorized School District Representative)

4/15/14
Date

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.

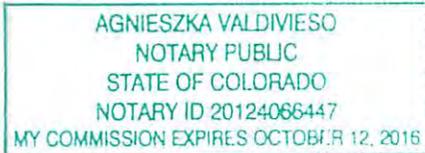
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Sean McCabe
Print Name (Authorized Company Representative (Applicant))

Executive Officer
Title

sign here [Handwritten Signature: S. McCabe]
Signature (Authorized Company Representative (Applicant))

4/11/14
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

11th day of April, 2014

[Handwritten Signature: Agnieszka Valdivieso]
Notary Public in and for the State of Texas Colorado

My Commission expires: October 12/2016

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.



Franchise Tax Account Status

As of: 12/01/2014 04:57:33 PM

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

SOUTH PLAINS WIND ENERGY, LLC	
Texas Taxpayer Number	32046988948
Mailing Address	179 LINCOLN ST STE 500 BOSTON, MA 02111-2427
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	02/15/2012
Texas SOS File Number	0801551780
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 29, 2014

Gilbert Trevino
Superintendent
Floydada Independent School District
226 W. California St.
Floydada, Texas 79235

Dear Superintendent Trevino:

On June 4, 2014, the Comptroller issued written notice that South Plains Wind Energy, LLC (the applicant) submitted a completed application (Application #1004) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on April 15, 2014, to the Floydada 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 #1004. |

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.

¹ 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 June 4, 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 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 South Plains Wind Energy, LLC (the project) applying to Floydada 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 South Plains Wind Energy, LLC.

Applicant	South Plains Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Floydada ISD
2012-13 Enrollment in School District	806
County	Floyd
Proposed Total Investment in District	\$174,000,000
Proposed Qualified Investment	\$168,000,000
Limitation Amount	\$20,000,000
Number of new qualifying jobs committed to by applicant*	7
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$731
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)	\$727
Minimum annual wage committed to by applicant for qualified jobs	\$38,000
Minimum weekly wage required for non-qualifying jobs	
Minimum annual wage required for non-qualifying jobs	
Investment per Qualifying Job	\$24,857,143
Estimated M&O levy without any limit (15 years)	\$16,834,253
Estimated M&O levy with Limitation (15 years)	\$5,833,035
Estimated gross M&O tax benefit (15 years)	\$11,001,218
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

Table 2 is the estimated statewide economic impact of South Plains Wind Energy, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2015	107	943	1050	\$4,426,000	\$53,069,117	\$57,495,117
2016	7	28	35	\$266,000	\$6,447,867	\$6,713,867
2017	7	2	9	\$266,000	\$4,006,461	\$4,272,461
2018	7	(19)	-12	\$268,660	\$1,562,395	\$1,831,055
2019	7	(27)	-20	\$271,348	\$339,004	\$610,352
2020	7	(30)	-23	\$274,057	-\$396,127	-\$122,070
2021	7	(23)	-16	\$276,801	-\$765,082	-\$488,281
2022	7	(23)	-16	\$279,566	-\$1,134,058	-\$854,492
2023	7	(21)	-14	\$282,366	-\$1,014,788	-\$732,422
2024	7	(21)	-14	\$285,187	-\$1,139,679	-\$854,492
2025	7	(11)	-4	\$288,043	-\$898,395	-\$610,352
2026	7	(17)	-10	\$290,920	-\$1,023,342	-\$732,422
2027	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422
2028	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422
2029	7	(19)	-12	\$290,920	-\$1,023,342	-\$732,422
2030	7	(15)	-8	\$290,920	-\$1,755,764	-\$1,464,844

Source: CPA, REMI, South Plains Wind Energy, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Floydada ISD I&S Levy	Floydada ISD M&O Levy	Floydada ISD M&O and I&S Tax Levies	Floyd County Tax Levy	Caprock Hospital District Tax Levy	Estimated Total Property Taxes
				0.1379	1.1700		0.635120	0.140600	
2016	\$161,280,000	\$161,280,000		\$222,405	\$1,886,976	\$2,109,381	\$1,024,322	\$226,760	\$3,360,462
2017	\$148,378,000	\$148,378,000		\$204,613	\$1,736,023	\$1,940,636	\$942,378	\$208,619	\$3,091,634
2018	\$136,508,000	\$136,508,000		\$188,245	\$1,597,144	\$1,785,388	\$866,990	\$191,930	\$2,844,308
2019	\$125,587,000	\$125,587,000		\$173,184	\$1,469,368	\$1,642,552	\$797,628	\$176,575	\$2,616,756
2020	\$115,540,000	\$115,540,000		\$159,330	\$1,351,818	\$1,511,148	\$733,818	\$162,449	\$2,407,415
2021	\$106,297,000	\$106,297,000		\$146,584	\$1,243,675	\$1,390,258	\$675,114	\$149,454	\$2,214,826
2022	\$97,793,000	\$97,793,000		\$134,857	\$1,144,178	\$1,279,035	\$621,103	\$137,497	\$2,037,635
2023	\$89,970,000	\$89,970,000		\$124,069	\$1,052,649	\$1,176,718	\$571,417	\$126,498	\$1,874,633
2024	\$82,772,000	\$82,772,000		\$114,143	\$968,432	\$1,082,575	\$525,702	\$116,377	\$1,724,654
2025	\$76,150,000	\$76,150,000		\$105,011	\$890,955	\$995,966	\$483,644	\$107,067	\$1,586,677
2026	\$70,058,000	\$70,058,000		\$96,610	\$819,679	\$916,289	\$444,952	\$98,502	\$1,459,742
2027	\$64,453,000	\$64,453,000		\$88,881	\$754,100	\$842,981	\$409,354	\$90,621	\$1,342,956
2028	\$59,297,000	\$59,297,000		\$81,771	\$693,775	\$775,545	\$376,607	\$83,372	\$1,235,524
2029	\$54,553,000	\$54,553,000		\$75,229	\$638,270	\$713,499	\$346,477	\$76,702	\$1,136,677
2030	\$50,189,000	\$50,189,000		\$69,211	\$587,211	\$656,422	\$318,760	\$70,566	\$1,045,748
			Total	\$1,984,140	\$16,834,253	\$18,818,392	\$9,138,265	\$2,022,988	\$29,979,645

Source: CPA, South Plains Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Floyd 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 and the hospital district.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Floydada ISD I&S Levy	Floydada ISD M&O Levy	Floydada ISD M&O and I&S Tax Levies	Floyd County Tax Levy	Caprock Hospital District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1379	1.1700		0.635120	0.140600	
2016	\$161,280,000	\$20,000,000		\$222,405	\$234,000	\$456,405	\$204,864	\$45,352	\$706,621
2017	\$148,378,000	\$20,000,000		\$204,613	\$234,000	\$438,613	\$235,595	\$52,155	\$726,363
2018	\$136,508,000	\$20,000,000		\$188,245	\$234,000	\$422,245	\$216,747	\$47,983	\$686,974
2019	\$125,587,000	\$20,000,000		\$173,184	\$234,000	\$407,184	\$199,407	\$44,144	\$650,735
2020	\$115,540,000	\$20,000,000		\$159,330	\$234,000	\$393,330	\$330,218	\$81,225	\$804,772
2021	\$106,297,000	\$20,000,000		\$146,584	\$234,000	\$380,584	\$303,801	\$74,727	\$759,111
2022	\$97,793,000	\$20,000,000		\$134,857	\$234,000	\$368,857	\$279,496	\$82,498	\$730,851
2023	\$89,970,000	\$20,000,000		\$124,069	\$234,000	\$358,069	\$257,138	\$75,899	\$691,105
2024	\$82,772,000	\$20,000,000		\$114,143	\$234,000	\$348,143	\$236,566	\$69,826	\$654,535
2025	\$76,150,000	\$20,000,000		\$105,011	\$234,000	\$339,011	\$483,644	\$107,067	\$929,722
2026	\$70,058,000	\$70,058,000		\$96,610	\$819,679	\$916,289	\$444,952	\$98,502	\$1,459,742
2027	\$64,453,000	\$64,453,000		\$88,881	\$754,100	\$842,981	\$409,354	\$90,621	\$1,342,956
2028	\$59,297,000	\$59,297,000		\$81,771	\$693,775	\$775,545	\$376,607	\$83,372	\$1,235,524
2029	\$54,553,000	\$54,553,000		\$75,229	\$638,270	\$713,499	\$346,477	\$76,702	\$1,136,677
2030	\$50,189,000	\$50,189,000		\$69,211	\$587,211	\$656,422	\$318,760	\$70,566	\$1,045,748
			Total	\$1,984,140	\$5,833,035	\$7,817,175	\$4,643,627	\$1,100,636	\$13,561,438
			Diff	\$0	\$11,001,218	\$11,001,218	\$4,494,638	\$922,352	\$16,418,208

Assumes School Value Limitation and Tax Abatement with the County and the Hospital District.

Source: CPA, South Plains Wind Energy, LLC

¹Tax 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 South Plains Wind Energy Project (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$234,000	\$234,000	\$1,652,976	\$1,652,976
	2018	\$234,000	\$468,000	\$1,502,023	\$3,154,999
	2019	\$234,000	\$702,000	\$1,363,144	\$4,518,142
	2020	\$234,000	\$936,000	\$1,235,368	\$5,753,510
	2021	\$234,000	\$1,170,000	\$1,117,818	\$6,871,328
	2022	\$234,000	\$1,404,000	\$1,009,675	\$7,881,003
	2023	\$234,000	\$1,638,000	\$910,178	\$8,791,181
	2024	\$234,000	\$1,872,000	\$818,649	\$9,609,830
	2025	\$234,000	\$2,106,000	\$734,432	\$10,344,263
	2026	\$234,000	\$2,340,000	\$656,955	\$11,001,218
Maintain Viable Presence (5 Years)	2027	\$819,679	\$3,159,679	\$0	\$11,001,218
	2028	\$754,100	\$3,913,779	\$0	\$11,001,218
	2029	\$693,775	\$4,607,554	\$0	\$11,001,218
	2030	\$638,270	\$5,245,824	\$0	\$11,001,218
	2031	\$587,211	\$5,833,035	\$0	\$11,001,218
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$540,236	\$6,373,271	\$0	\$11,001,218
	2033	\$497,016	\$6,870,287	\$0	\$11,001,218
	2034	\$457,259	\$7,327,546	\$0	\$11,001,218
	2035	\$420,674	\$7,748,220	\$0	\$11,001,218
	2036	\$387,024	\$8,135,244	\$0	\$11,001,218
	2037	\$356,066	\$8,491,310	\$0	\$11,001,218
	2038	\$327,577	\$8,818,887	\$0	\$11,001,218
	2039	\$301,369	\$9,120,255	\$0	\$11,001,218
	2040	\$277,255	\$9,397,510	\$0	\$11,001,218
	2041	\$255,072	\$9,652,582	\$0	\$11,001,218

\$9,652,582

is less than

\$11,001,218

Analysis Summary

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

No

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

Source: CPA, South Plains Wind Energy Project

Employment Indirect and Induced Tax Effects

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2015	107	943	1050	\$4,426,000	\$53,069,117	\$57,495,117	\$ 8,316,040	\$ (1,747,131)	\$ 10,063,171
2016	7	28	35	\$266,000	\$6,447,867	\$6,713,867	\$ 366,211	\$ 762,939	\$ (396,728)
2017	7	2	9	\$266,000	\$4,006,461	\$4,272,461	\$ 289,917	\$ 732,422	\$ (442,505)
2018	7	(19)	-12	\$268,660	\$1,562,395	\$1,831,055	\$ 144,958	\$ 679,016	\$ (534,058)
2019	7	(27)	-20	\$271,348	\$339,004	\$610,352	\$ 91,553	\$ 610,352	\$ (518,799)
2020	7	(30)	-23	\$274,057	-\$396,127	-\$122,070	\$ 45,776	\$ 511,169	\$ (465,393)
2021	7	(23)	-16	\$276,801	-\$765,082	-\$488,281	\$ 68,665	\$ 396,729	\$ (328,064)
2022	7	(23)	-16	\$279,566	-\$1,134,058	-\$854,492	\$ 30,518	\$ 297,546	\$ (267,028)
2023	7	(21)	-14	\$282,366	-\$1,014,788	-\$732,422	\$ 38,147	\$ 221,252	\$ (183,105)
2024	7	(21)	-14	\$285,187	-\$1,139,679	-\$854,492	\$ 30,518	\$ 175,476	\$ (144,958)
2025	7	(11)	-4	\$288,043	-\$898,395	-\$610,352	\$ 22,888	\$ 137,329	\$ (114,441)
2026	7	(17)	-10	\$290,920	-\$1,023,342	-\$732,422	\$ (7,629)	\$ 99,182	\$ (106,811)
2027	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422	\$ (45,776)	\$ 22,888	\$ (68,664)
2028	7	(13)	-6	\$290,920	-\$1,023,342	-\$732,422	\$ (53,406)	\$ (22,888)	\$ (30,518)
2029	7	(19)	-12	\$290,920	-\$1,023,342	-\$732,422	\$ (68,665)	\$ (45,776)	\$ (22,889)
2030	7	(15)	-8	\$290,920	-\$1,755,764	-\$1,464,844	\$ (106,812)	\$ (76,294)	\$ (30,518)
2031	7	(19)	-12	\$290,920	-\$1,511,623	-\$1,220,703	\$ (137,329)	\$ (129,700)	\$ (7,629)
2032	7	(21)	-14	\$290,920	-\$2,244,045	-\$1,953,125	\$ (183,105)	\$ (160,217)	\$ (22,888)
2033	7	(23)	-16	\$290,920	-\$1,999,904	-\$1,708,984	\$ (221,252)	\$ (213,623)	\$ (7,629)
2034	7	(25)	-18	\$290,920	-\$2,732,326	-\$2,441,406	\$ (289,917)	\$ (236,511)	\$ (53,406)
2035	7	(28)	-21	\$290,920	-\$3,220,608	-\$2,929,688	\$ (312,805)	\$ (282,288)	\$ (30,517)
2036	7	(30)	-23	\$290,920	-\$3,953,029	-\$3,662,109	\$ (373,840)	\$ (389,099)	\$ 15,259
2037	7	(30)	-23	\$290,920	-\$3,953,029	-\$3,662,109	\$ (396,729)	\$ (442,505)	\$ 45,776
2038	7	(32)	-25	\$290,920	-\$4,685,451	-\$4,394,531	\$ (396,729)	\$ (457,764)	\$ 61,035
2039	7	(30)	-23	\$290,920	-\$4,197,170	-\$3,906,250	\$ (411,987)	\$ (511,169)	\$ 99,182
2040	7	(32)	-25	\$290,920	-\$5,173,733	-\$4,882,813	\$ (457,764)	\$ (572,205)	\$ 114,441
						Total	\$ 5,981,446	\$ (640,870)	\$ 6,622,316

\$16,274,898 is greater than **\$11,001,218**

Analysis Summary

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

Yes

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Per the applicant, it did not control the leased property upon which the project will be constructed, and thus the applicant is not geographically predisposed to the project site.
- Per the applicant, the applicant has made no investment to date on the project site.
- Per the applicant, no construction has commenced at the project site.
- The applicant has a number of similar projects in other states, and appears to have a clear ability to build in other locations.

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 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.

Supporting Information

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

TAB 5

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

South Plains Wind Energy, LLC (“South Plains”) is a Delaware limited liability company formed to develop, build, own and operate the South Plains Wind Energy Project. South Plains has two members – Westerly South Plains, LLC (“Westerly SP”) and Floyd County Wind Farm, LLC (“FCWE”). Westerly SP, the majority manager of South Plains, is wholly-owned by Westerly Wind, LLC (“Westerly”), a Delaware limited liability company based in Braintree, Massachusetts. It was formed in 2009 to provide development capital, management expertise and commercial assistance to independent wind power developers. As the majority manager of South Plains, Westerly SP is the Project “sponsor,” i.e. the entity responsible for the development, financing, construction and operation of the Project.

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6,500 MW of independent power assets, including over 1,500 MW of wind power projects in Texas. The development resources necessary to advance the subject South Plains Wind Energy Project could be redeployed to other renewable energy development projects in other power markets in the United States. Westerly chose Texas – and in particular Floyd County – for its favorable wind resource, access to the ERCOT market as a result of the new CREZ transmission lines, and favorable property tax incentives under the Tax Code Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation. Westerly is keen to develop and build the proposed South Plains Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects.

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

Prepared by

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&

Neal Brown

School Finance Consultants

**Summary of Floydada ISD Financial Impact
of the
Limited Appraised Value Application
from
South Plains Wind Energy, LLC**

Introduction

South Plains Wind Energy, LLC applied for a property value limitation from Floydada Independent School District under Chapter 313 of the Tax Code. The application was submitted on April 15, 2014 and subsequently approved for consideration by the Floydada ISD Board of Trustees. South Plains Wind Energy, LLC (“South Plains Wind”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

Floydada ISD Financial Impact of Chapter 313 Agreement

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

Years Prior to Start of Value Limitation Period:

The first two years of the agreement are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2014 and 2015 be considered the years that are Prior to the Start of Value Limitation Period.

Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Floydada ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Floydada ISD has a minimum qualified investment amount of \$20 million. A qualifying entity’s taxable value would be reduced to \$20 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Floydada ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2016 and continue through tax year 2025.

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

Tax years 2026 through 2030 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

Floydada ISD Financial Impact of Chapter 313 Agreement

Taxable Value Projections from Application

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

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value
Each Year Prior to Start of Value Limitation Period	0	2014-2015	2014	0	0
	0	2015-2016	2015	0	0
Value Limitation Period	1	2016-2017	2016	161,280,000	20,000,000
	2	2017-2018	2017	148,378,000	20,000,000
	3	2018-2019	2018	136,508,000	20,000,000
	4	2019-2020	2019	125,587,000	20,000,000
	5	2020-2021	2020	115,540,000	20,000,000
	6	2021-2022	2021	106,297,000	20,000,000
	7	2022-2023	2022	97,793,000	20,000,000
	8	2023-2024	2023	89,970,000	20,000,000
	9	2024-2025	2024	82,772,000	20,000,000
	10	2025-2026	2025	76,150,000	20,000,000
Continue to Maintain Viable Presence	11	2026-2027	2026	70,058,000	70,058,000
	12	2027-2028	2027	64,453,000	64,453,000
	13	2028-2029	2028	59,297,000	59,297,000
	14	2029-2030	2029	54,553,000	54,553,000
	15	2030-2031	2030	50,189,000	50,189,000
Additional Years for 25 Year Economic Impact Study	16	2031-2032	2031	46,174,000	46,174,000
	17	2032-2033	2032	42,480,000	42,480,000
	18	2033-2034	2033	39,082,000	39,082,000
	19	2034-2035	2034	35,955,000	35,955,000
	20	2035-2036	2035	33,079,000	33,079,000
	21	2036-2037	2036	30,433,000	30,433,000
	22	2037-2038	2037	27,998,000	27,998,000
	23	2038-2039	2038	25,758,000	25,758,000
	24	2039-2040	2039	23,697,000	23,697,000
	25	2040-2041	2040	21,801,000	21,801,000

Floydada ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from South Plains Wind” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2016 through 2025, the company’s taxable value will be limited to the \$20,000,000 minimum qualified investment of Floydada ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From South Plains Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	0	n/a	0	0
Jan. 1, 2015	0	n/a	0	0
Jan. 1, 2016	161,280,000	(20,000,000)	141,280,000	20,000,000
Jan. 1, 2017	148,378,000	(20,000,000)	128,378,000	20,000,000
Jan. 1, 2018	136,508,000	(20,000,000)	116,508,000	20,000,000
Jan. 1, 2019	125,587,000	(20,000,000)	105,587,000	20,000,000
Jan. 1, 2020	115,540,000	(20,000,000)	95,540,000	20,000,000
Jan. 1, 2021	106,297,000	(20,000,000)	86,297,000	20,000,000
Jan. 1, 2022	97,793,000	(20,000,000)	77,793,000	20,000,000
Jan. 1, 2023	89,970,000	(20,000,000)	69,970,000	20,000,000
Jan. 1, 2024	82,772,000	(20,000,000)	62,772,000	20,000,000
Jan. 1, 2025	76,150,000	(20,000,000)	56,150,000	20,000,000
Jan. 1, 2026	70,058,000	n/a	0	70,058,000
Jan. 1, 2027	64,453,000	n/a	0	64,453,000
Jan. 1, 2028	59,297,000	n/a	0	59,297,000

Floydada ISD Financial Impact of Chapter 313 Agreement

South Plains Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for South Plains Wind is \$9.7 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

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

- The District held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.17 for the life of this agreement. The M&O rates for 2016-2017 & 2026-2027 are projected to drop to \$1.10 & \$1.08 respectively, due to the rollback tax rate calculations.
- The district has outstanding bonds that are scheduled to payoff in 2037 and currently have a \$.137 I&S tax rate. This district's annual debt payments are just over \$360,000 per year through 2037 and the debt rates below are calculated rates using the projected taxable values with the addition of South Plains Wind estimated taxable values. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.170	0.137	0	0	0	0
2015-2016	1.170	0.137	0	0	0	0
2016-2017	1.100	0.084	1,774,080	1,554,080	(1,201,624)	352,456
2017-2018	1.170	0.086	1,736,023	1,502,023	0	1,502,023
2018-2019	1.170	0.089	1,597,144	1,363,144	0	1,363,144
2019-2020	1.170	0.092	1,469,368	1,235,368	0	1,235,368
2020-2021	1.170	0.095	1,351,818	1,117,818	0	1,117,818
2021-2022	1.170	0.097	1,243,675	1,009,675	0	1,009,675
2022-2023	1.170	0.100	1,144,178	910,178	0	910,178
2023-2024	1.170	0.102	1,052,649	818,649	0	818,649
2024-2025	1.170	0.105	968,432	734,432	0	734,432
2025-2026	1.170	0.108	890,955	656,955	0	656,955
2026-2027	1.080	0.110	756,626	0	0	0
2027-2028	1.170	0.112	754,100	0	0	0
2028-2029	1.170	0.115	693,775	0	0	0
Totals			15,432,823	10,902,322	(1,201,624)	9,700,697

Floydada ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

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

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district’s tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value decrease of .5% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2013 taxable value was used as a baseline for all projections
- The district’s enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was decreased by 1.0% per year for the life of the agreement.

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

Floydada ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

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

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

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2016-2017	270,827,064	2,708,271	4,098,788	0	6,807,059	935,724	7,742,783
2017-2018	269,472,929	2,694,729	4,042,699	0	6,737,429	924,138	7,661,567
2018-2019	268,125,564	2,681,256	3,986,784	0	6,668,040	914,926	7,582,966
2019-2020	266,784,936	2,667,849	3,933,423	0	6,601,272	905,806	7,507,079
2020-2021	265,451,012	2,654,510	3,885,151	0	6,539,661	896,778	7,436,438
2021-2022	264,123,756	2,641,238	3,831,652	0	6,472,889	887,839	7,360,728
2022-2023	262,803,138	2,628,031	3,788,723	0	6,416,755	878,989	7,295,744
2023-2024	261,489,122	2,614,891	3,737,491	0	6,352,382	870,228	7,222,611
2024-2025	260,181,676	2,601,817	3,681,167	0	6,282,983	861,555	7,144,538
2025-2026	258,880,768	2,588,808	3,632,556	0	6,221,364	852,968	7,074,331
2026-2027	257,586,364	2,575,864	3,589,042	0	6,164,906	844,467	7,009,372
2027-2028	256,298,432	2,562,984	3,540,302	0	6,103,286	836,050	6,939,336
2028-2029	255,016,940	2,550,169	3,493,317	0	6,043,486	827,718	6,871,204

Floydada ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues *with* South Plains Wind *without* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2016-2017	432,107,064	4,321,071	4,068,668	0	8,389,739	509,017	8,898,756
2017-2018	417,850,929	4,178,509	2,400,326	20,859	6,557,977	912,589	7,470,566
2018-2019	404,633,564	4,046,336	2,475,806	10,266	6,511,876	894,441	7,406,317
2019-2020	392,371,936	3,923,719	2,543,323	688	6,466,354	880,936	7,347,290
2020-2021	380,991,012	3,809,910	2,606,271	0	6,416,181	873,409	7,289,590
2021-2022	370,420,756	3,704,208	2,655,090	0	6,359,297	865,911	7,225,209
2022-2023	360,596,138	3,605,961	2,706,194	0	6,312,156	858,438	7,170,594
2023-2024	351,459,122	3,514,591	2,741,567	0	6,256,158	850,994	7,107,153
2024-2025	342,953,676	3,429,537	2,764,913	0	6,194,449	843,572	7,038,021
2025-2026	335,030,768	3,350,308	2,789,606	0	6,139,914	836,176	6,976,089
2026-2027	327,644,364	3,276,444	2,813,530	0	6,089,974	828,805	6,918,779
2027-2028	320,751,432	3,207,514	2,826,831	0	6,034,345	821,457	6,855,802
2028-2029	314,313,940	3,143,139	2,839,327	0	5,982,466	814,137	6,796,603

TABLE V – District Revenues *with* South Plains Wind *with* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
2017-2018	289,472,929	2,894,729	3,838,802	0	6,733,532	924,047	0	7,657,578
2018-2019	288,125,564	2,881,256	3,782,887	0	6,664,143	914,833	0	7,578,976
2019-2020	286,784,936	2,867,849	3,729,521	0	6,597,370	905,712	0	7,503,082
2020-2021	285,451,012	2,854,510	3,681,249	0	6,535,759	896,682	0	7,432,440
2021-2022	284,123,756	2,841,238	3,627,750	0	6,468,987	887,741	0	7,356,729
2022-2023	282,803,138	2,828,031	3,584,723	0	6,412,755	878,890	0	7,291,645
2023-2024	281,489,122	2,814,891	3,533,491	0	6,348,382	870,128	0	7,218,510
2024-2025	280,181,676	2,801,817	3,477,167	0	6,278,983	861,453	0	7,140,436
2025-2026	278,880,768	2,788,808	3,428,556	0	6,217,364	852,864	0	7,070,228
2026-2027	327,644,364	3,276,444	3,376,454	0	6,652,898	599,729	0	7,252,627
2027-2028	320,751,432	3,207,514	2,826,831	0	6,034,345	821,457	0	6,855,802
2028-2029	314,313,940	3,143,139	2,839,327	0	5,982,466	814,137	0	6,796,603

Floydada ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses (during the first year that the "limited appraised value" was used as the actual taxable value) offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Floydada ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and South Plains Wind Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Floydada ISD by South Plains Wind, the projected amount of these payments over the life of the agreement is \$1,004,499 of the \$9.7 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Floydada ISD \$100/ADA	South Plains Wind's Share
2014-2015	0	71,800	(71,800)
2015-2016	0	71,100	(71,100)
2016-2017	352,456	70,347	282,109
2017-2018	1,502,023	69,643	1,432,379
2018-2019	1,363,144	68,947	1,294,197
2019-2020	1,235,368	68,257	1,167,111
2020-2021	1,117,818	67,575	1,050,243
2021-2022	1,009,675	66,899	942,776
2022-2023	910,178	66,230	843,948
2023-2024	818,649	65,568	753,081
2024-2025	734,432	64,912	669,520
2025-2026	656,955	64,263	592,692
2026-2027	0	63,620	(63,620)
2027-2028	0	62,984	(62,984)
2028-2029	0	62,354	(62,354)
Totals	9,700,697	1,004,499	8,696,198

Floydada ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
A.B. Duncan Elementary	EE-6	30	600	469	131
Floydada Jr. High	7-8	15	270	125	145
Floydada High	9-12	31	558	201	357
Total		76	1,428	795	633

The building capacities are based on 20 students per classroom for elementary and 18 students per grade level at secondary schools. Floydada ISD is a early-education through 12th grade district.

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new seven positions equates to 4 new students.

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

Floydada ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

South Plains Wind Energy, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, South Plains Wind is projected to benefit from an 82% tax savings during that ten year period of this Agreement. South Plains Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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



1701 North Congress Ave. • Austin, Texas 78701-1894 • 512.463-9738 • 512.463-9838 FAX • www.tea.state.tx.us

Michael Williams
Director

September 23, 2014

Mr. Lyle Miller, President
Board of Trustees
Floydada Independent School District
226 West California Street
Floydada, TX 79235-2705

Dear Mr. Miller:

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

Please feel free to contact me by phone at (512) 463-9188 or by email at al.mckenzie@tea.state.tx.us if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", written over a light blue horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/ik



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2013 ISD Summary Worksheet

077/Floyd

077-901/Floydada ISD

* This district is in year 1 of the grace period.

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	46,296,480	.9497	48,748,531	46,296,480
B. Multi-Family Residences	251,200	N/A	251,200	251,200
C1. Vacant Lots	687,950	N/A	687,950	687,950
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	70,727,170	.8123	87,075,262	70,727,170
D2. Real Prop Farm & Ranch	2,166,020	N/A	2,166,020	2,166,020
E. Real Prop NonQual Acres	17,764,860	.9622	18,462,752	17,764,860
F1. Commercial Real	8,083,210	N/A	8,083,210	8,083,210
F2. Industrial Real	54,709,990	N/A	54,709,990	54,709,990
G. Oil, Gas, Minerals	113,990	N/A	113,990	113,990
J. Utilities	12,324,510	.9799	12,577,314	12,324,510
L1. Commercial Personal	9,096,400	1.0047	9,053,847	9,096,400
L2. Industrial Personal	32,624,100	N/A	32,624,100	32,624,100

M. Other Personal	106,540	N/A	106,540	106,540
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	254,952,420		274,660,706	254,952,420
Less Total Deductions	23,501,725		24,611,525	23,501,725
Total Taxable Value	231,450,695		250,049,181	231,450,695 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
241,122,505	231,450,695	241,122,505	231,450,695	231,450,695	231,450,695

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
9,671,810	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

T7	T8	T9	T10	T11	T12
241,122,505	231,450,695	241,122,505	231,450,695	231,450,695	231,450,695

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 invalid, but local value was certified because your school district is in year one of the grace period.

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

by and between

FLOYDADA INDEPENDENT SCHOOL DISTRICT

and

SOUTH PLAINS WIND ENERGY, LLC
(Texas Taxpayer ID # 32046988948)

TEXAS COMPTROLLER'S APPLICATION NO. 1004

Dated

December 8, 2014

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

STATE OF TEXAS §

COUNTY OF FLOYD §

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 **FLOYDADA INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **SOUTH PLAINS WIND ENERGY, LLC**, a Texas limited liability company, Texas Taxpayer Identification Number 32046988948 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 15, 2014, the Superintendent of Schools of the Floydada 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 December 8, 2014 is the Application Review Start Date as that terms is defined by 34 TEXAS ADMIN. CODE 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE §9.1054, the Application was delivered for review to the Floyd County Appraisal District established in Floyd County, Texas (the “Floyd 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 August 29, 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 8, 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 8, 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 8, 2014, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, and the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on November 25, 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 8, 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 TEXAS ADMIN. CODE §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS 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 South Plains Wind Energy, LLC (*Texas Taxpayer ID #32046988948*), 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 15, 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 Floyd County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Floydada 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 Floyd County, Texas.

“District” or “School District” means the Floydada 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; and, (iii) 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 4.2 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 4.2 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 TEXAS 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 June 4, 2014, which will determine Applicant's Qualified Property and applicable wage standard.
- B. The Application Approval Date for this Agreement is December 8, 2014, which will determine the qualifying time period.
- C. The Qualifying Time Period for this agreement:
 - 1. Starts on December 8, 2014, Application Approval Date; and
 - 2. Ends on December 31, 2016.
- D. The Tax Limitation Period for this Agreement:
 - 1. Starts on January 1, 2016; and,
 - 2. Ends on December 31, 2025.
- E. The Final Termination Date for this Agreement is December 31, 2030.
- 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 Million Dollars (\$20,000,000).

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 \$20,000,000 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 Section 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 3.3 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. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), **IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT.** Applicant recognizes and

acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue Protection Amount suffered by the District as a result of the Agreement, including without limitation any increase in the M&O Amount calculated under Section 4.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

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

Subject to the provisions of Section 7.1, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (as set out in **EXHIBIT 4**), 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:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that 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 had been subject to the full ad valorem maintenance & operations tax without any limitation on value.
- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount required by this Section 4.2 of this Agreement:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
- iii. 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 of this Agreement results in a negative number for the M&O Amount, the negative number will be considered to be zero.
- iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse

District for other revenue losses created by other agreements or any other factors.

Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district, pursuant to Chapter 41 of the Texas Education Code, because of its participation in this Agreement, Applicant shall make payments to District, up to the Revenue Protection Amount limit set forth in Section 7.1 that are necessary to offset any negative impact on 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 District.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant shall also pay to the District on an annual basis all non-reimbursed costs arising from entering this Agreement, including but not limited to: (a) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (b) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (c) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly, including costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property that is subject to the limitation provided in Section 2.4 herein.

Section 4.5. THIRD PARTY CALCULATIONS. All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees up to Six Thousand Five Hundred Dollars, (\$6,500.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

Section 4.6. DATA FOR CALCULATIONS. The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to § 26.01 of the Texas Tax Code in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District's tax roll. Any

estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

Section 4.7. DELIVERY OF CALCULATIONS.

A. All calculations required under Articles IV, V, or VI shall be made by the Consultant on or before December 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

B. In the event the District receives the Consultant's invoice for services rendered, the District shall forward to Applicant such invoice, which Applicant shall pay within thirty (30) days of receipt.

Section 4.8. PAYMENT BY APPLICANT.

A. On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District, all amounts billed by the Consultant pursuant to Section 4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. The District, upon request of Applicant, shall provide supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise excepted from disclosure under the Texas Public Information Act (Texas Government Code § 552.001, *et seq.*).

B. Based upon the amount of Qualified Property and the construction schedule of Applicant's Project as set forth in the Application, the Parties anticipate that Applicant may have an M&O Amount for the first year of the Tax Limitation Period (as established in Section 2.3.D) that exceeds \$1,000,000. Therefore, should the M&O Amount as calculated in Section 4.2 above, exceed \$150,000 for the first year of the Limitation Period, Applicant and the District agree that Applicant will pay District the greater of \$150,000 or 12.5 percent of the actual M&O Amount on or before January 31 next following the year that the M&O Amount was calculated (the "Partial Payment"). The Partial Payments for the remaining balance of the M&O Amount for the first year of the Tax Limitation Period owed the District shall continue from year to year

thereafter until the entire balance is paid in full.

C. Notwithstanding anything to the contrary in Section 4.8.B, in no event shall the District receive less than the same amount of M&O Revenue that the District would have received if the project had not been constructed and this Agreement was not in effect (the “Floor Revenue”). Therefore, in addition to all other amounts that are owed to the District under this Agreement, including the Partial Payment as set out in Section 4.8.B, Applicant shall pay to District such portion of the M&O Amount owed the District for the first year of the Tax Limitation Period necessary to increase the District from the New M&O Revenue up to Floor Revenue (the “Floor Revenue Payment”). Applicant shall pay to the District the Floor Revenue Payment on or before January 31 next following the year that the M&O Amount was calculated, the same as all other payments under this Agreement that become due.

Section 4.9. CHALLENGING CALCULATION RESULTS. The Applicant may appeal the Consultant’s results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant’s appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 days of its receipt, pursuant to District Policy GK (LOCAL).

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT. In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article IV of this Agreement shall be recalculated by the Consultant at Applicant’s sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

Section 4.11. EFFECT STATUTORY OR OTHER LEGAL CHANGES. If the District will receive less M&O Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district due to the District’s participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas, or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limitation set forth in Section 7.1 below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of M&O Revenue not less than that which the District would have received had the District not entered into this Agreement.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement above, 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; and

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

Section 5.2. PAYMENTS. Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

SECTION 6.1. SEPARATE AND INDEPENDENT AMOUNTS. In addition to payment of the amounts set forth under Articles IV and V of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for supplemental payments, as set forth in this Article VI. Any and all obligations for any supplemental payments shall be separate and independent of Applicant's obligations under Articles IV and V of this Agreement.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

A. Notwithstanding the foregoing, the total annual supplemental 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 Seventy-One Thousand Eight Hundred Dollars (\$71,800.00) based upon the District's 2014-15 Average Daily Attendance of 718, rounded to the whole number.

Section 6.3. SUPPLEMENTAL PAYMENT CHANGES. In the event Chapter 313 is modified or amended to allow the District to receive supplemental payments in excess of the foregoing limitation, Applicant agrees to cooperate with the District to amend this Agreement to allow District to receive the maximum amount of supplemental payments as allowed by law; provided however, the total supplemental payments for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or the amount calculated as set out in Section 6.2.A.i above, as determined for that school year. "Net Tax Savings" means an amount equal to (but not less than zero): (i) the sum of the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; minus (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for all years during the term of this Agreement, plus (B) any and all payments due to the District under Article IV of this Agreement. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 6.2 shall mean an amount equal to (but not less than zero): (i) the sum of the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for such year, plus (B) any and all payments due to the District under Article IV of this Agreement for such year. This Section 6.2.C shall only apply if Chapter 313 of the Texas Tax Code is amended so that the District is permitted to receive payments in lieu of taxation greater than as described in Section 6.2.A.i. above; otherwise, Section 6.2.A.i shall apply.

Section 6.4. PAYMENT BY APPLICANT. Payment of amounts due under this Article shall be made as set forth in Section 4.8 of this Agreement and is subject to the limitations contained in Section 7.1.

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 Section 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>;

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

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website 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 IV, V and VI, 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 9.2.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 9.2.C. 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 9.3. 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 9.4. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under the second 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 the second 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 Floyd 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 9.2 and 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 in Floyd County, Texas, 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 9.5. 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 9.6. 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:

To the District:

Floydada Independent School District
Attn: Gilbert Trevino, Superintendent
(or the successor Superintendent)
226 W. California St.
Floydada, TX 79235
Phone #: (806) 983-3498
Fax #: (806) 983-5739
Email: gtrevino@floydadaisd.esc17.net

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
P.O. Box 9158
Amarillo, TX 79105-9158
Phone #: (806) 379-1306
Fax #: (806) 379-0316
Email: fred.stormer@uwlaw.com

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

To Applicant:

Sean McCabe, Executive Officer
South Plains Wind Energy, LLC
25 Braintree Hill Park, Suite 200
Braintree, MA 02184
Phone #: (802) 345-7282
Email: sean@westerlywind.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 10.2 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 10.4. 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 10.2 regarding amendments to the Agreement.

Section 10.5. 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 10.6. 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 10.7. 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 10.8. 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 10.9. 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 10.10. 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 10.11. 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 10.12. 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 10.13. 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 10.14. 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 10.15. 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 8th day of December, 2014.

SOUTH PLAINS WIND ENERGY, LLC

FLOYDADA INDEPENDENT SCHOOL DISTRICT

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

ATTEST:

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

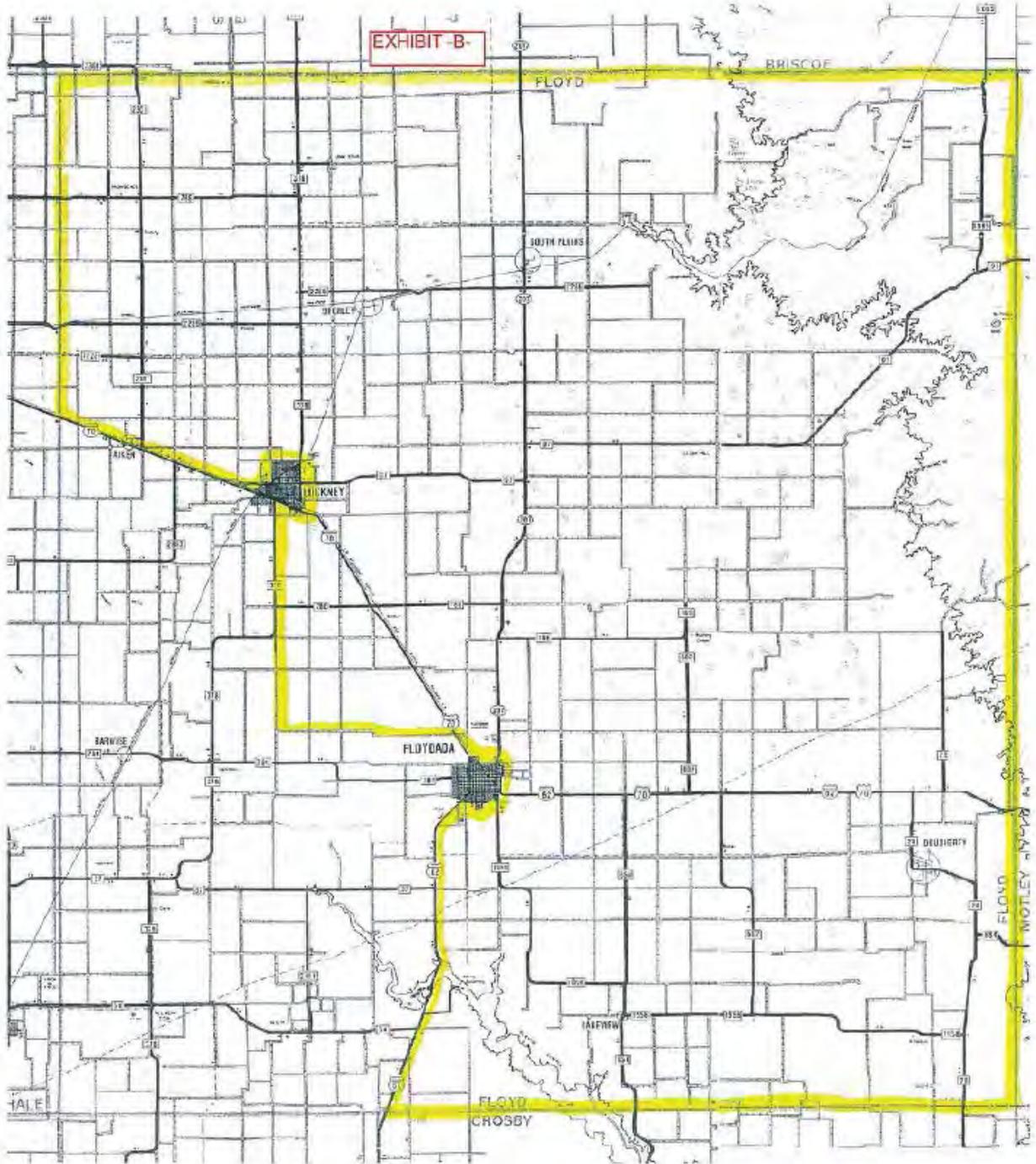
By Order No. 2013-11-03, the Floyd County Commissioners Court created Floyd County Reinvestment Zone No. 1 on March 11, 2013 which is more particularly described below.

Beginning in the northwest corner of Floyd County and then:

- following the northerly Floyd County line eastward to the northeast corner of Floyd County,
- Then following the easterly Floyd County line southward to the southeast corner of Floyd County,
- Then following the southerly Floyd County line westward to the east side of US Highway 62.
- Then following the east boundary of US Highway 62 northward to the city limits of Floydada, TX
- Then following the Floydada city limits around the east and north sides of the city to the east side of US Highway 70
- Then following the east side of US Highway 70 northward to CR 23
- Then following the north side of CR 232 westward to the east side of CR 91
- Then following the east side of CR 91 northward until it joins and turns into FM 378
- Then following the east side of FM 378 northward to the southeastly [sic] city limits of Lockney, TX
- Then following the Lockney city limits around the east, north, and finally the west side of the city back to north side of US Highway 70
- Then following north side of US Highway 70 northwestward to the Floyd/Hale county line.
- Then following the westerly boundary of Floyd County northward to the beginning point, being the northwest corner of Floyd County

For the avoidance of doubt, this area specifically excludes the incorporated municipalities of Lockney and Floydada and that area within the boundaries of the Whirlwind Reinvestment Zone No. 2 as described in Exhibit A of Order 11-10-08 of the Commissioners Court of Floyd County, Texas Designating Reinvestment Zone.

Map of Floyd County Reinvestment Zone No. 1



Agreement for Limitation on Appraised Value
Between Floydada ISD and South Plains Wind Energy, LLC
(App No. 1004), December 8, 2014

Texas Economic Development Act Agreement
Comptroller Form 50-286 (January 2014)

11EAFDBG0D2SIAv8

EXHIBIT 2

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Property owned by the Applicant is located within the boundaries of both the Floydada Independent School District and the Floyd County Reinvestment Zone No. 1. The legal description of the Land within the Floyd County Reinvestment Zone No. 1 can be found in Exhibit 1.

Agreement for Limitation on Appraised Value
Between Floydada ISD and South Plains Wind Energy,
(App No. 1004), December 8, 2014

Texas Economic Development Act Agreement
Comptroller Form 50-286 (January 2014)

11EAFDBG0D2SIAv8

EXHIBIT 3

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

South Plains Wind Energy, LLC plans to construct a 120 MW wind farm in Floyd County.

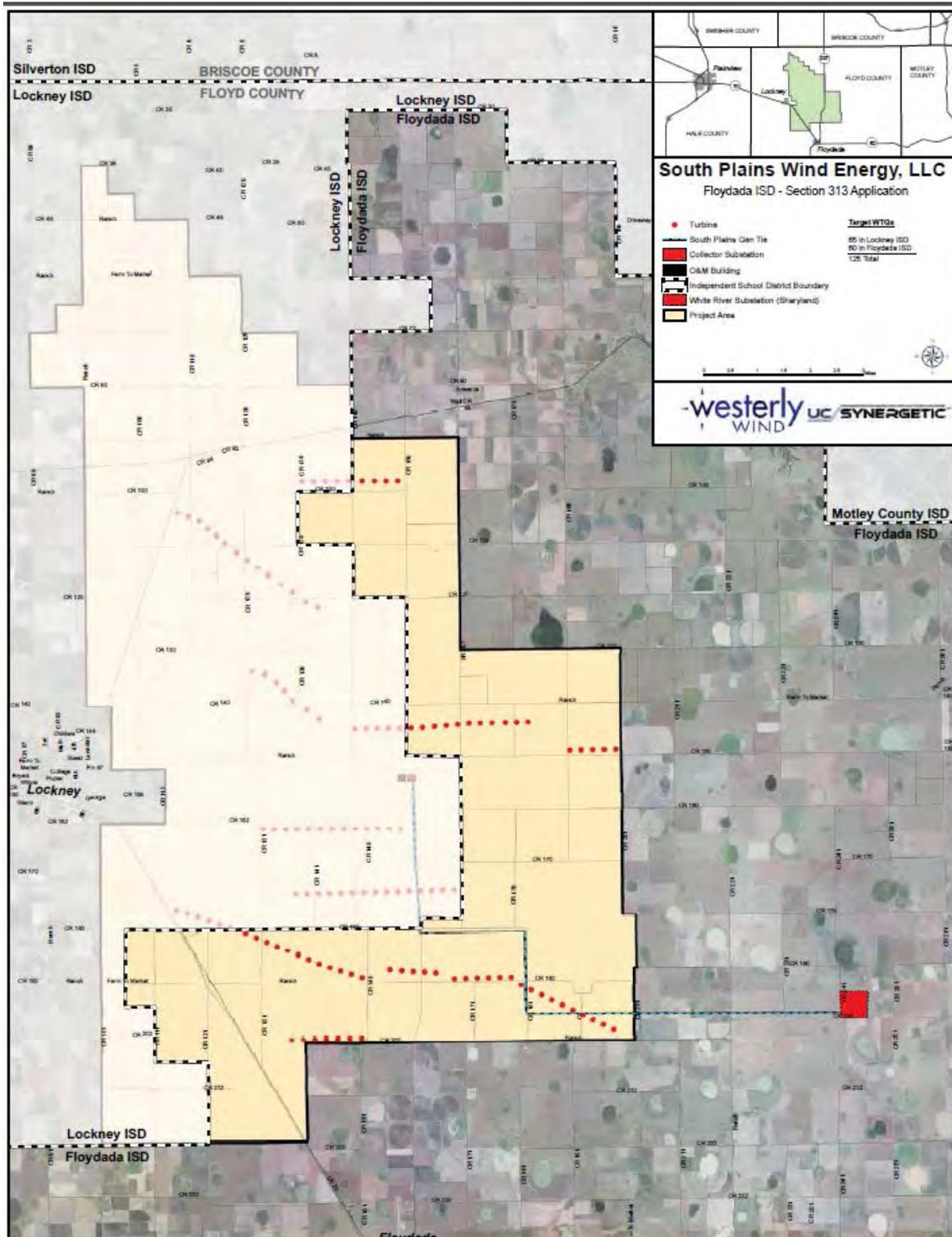
This application covers all qualified property within Floydada ISD necessary for the commercial operations of the proposed wind farm described in Tab 4. Approximately sixty (60) wind turbines will be located in Floyd County, all of which will be located in Floydada ISD. Turbine selection is ongoing at this time and has not been finalized. For purposes of this application, the Project anticipates using 2.0 MW turbines manufactured by Vestas. South Plains is also constructing an approximately 8 mile generation transmission tie line that will be in Floydada ISD necessary for transportation of produced electric power to the White River substation.

This application covers all qualified investment and qualified property necessary for the commercial operations of the wind farm.

Qualified Investment and qualified property includes, but is not limited to, turbines, towers, foundations, transformers, pad mounts, underground collection systems, transmission lines, electrical interconnections, met towers, roads, spare parts, and control systems necessary for commercial generation of electricity.

The map below shows the proposed project area with the preliminary turbine locations. The exact placement of these turbines is subject to ongoing planning, soil studies, and engineering and will be determined before construction begins.

PROJECT MAP



Agreement for Limitation on Appraised Value
Between Floydada ISD and South Plains Wind Energy, LLC
(App No. 1004), December 8, 2014

Texas Economic Development Act Agreement
Comptroller Form 50-286 (January 2014)

EXHIBIT 4

	<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
Limitation Pre-Years	Stub Year	January 1, 2014	2014-15	2014	Limitation Pre-Year
	1	January 1, 2015	2015-16	2015	Limitation Pre-Year
Limitation Period (10 Years)	2	January 1, 2016	2016-17	2016	\$20 million appraisal limitation
	3	January 1, 2017	2017-18	2017	\$20 million appraisal limitation
	4	January 1, 2018	2018-19	2018	\$20 million appraisal limitation
	5	January 1, 2019	2019-20	2019	\$20 million appraisal limitation
	6	January 1, 2020	2020-21	2020	\$20 million appraisal limitation
	7	January 1, 2021	2021-22	2021	\$20 million appraisal limitation
	8	January 1, 2022	2022-23	2022	\$20 million appraisal limitation
	9	January 1, 2023	2023-24	2023	\$20 million appraisal limitation
	10	January 1, 2024	2024-25	2024	\$20 million appraisal limitation
	11	January 1, 2025	2025-26	2025	\$20 million appraisal limitation
Maintain a Viable Presence (5 Years)	12	January 1, 2026	2026-27	2026	No appraisal limitation; must maintain a viable presence
	13	January 1, 2027	2027-28	2027	No appraisal limitation; must maintain a viable presence
	14	January 1, 2028	2028-29	2028	No appraisal limitation; must maintain a viable presence
	15	January 1, 2029	2029-30	2029	No appraisal limitation; must maintain a viable presence
	16	January 1, 2030	2030-31	2030	No appraisal limitation; must maintain a viable presence

Agreement for Limitation on Appraised Value
 Between Floydada ISD and South Plains Wind Energy, LLC
 (App No. 1004), December 8, 2014

*Texas Economic Development Act Agreement
 Comptroller Form 50-286 (January 2014)*

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



November 25, 2014

Gilbert Trevino
Superintendent
Floydada Independent School District
226 W. California St.
Floydada, Texas 79235

Re: Agreement for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Floydada Independent School
District and South Plains Wind Energy, LLC

Dear Assistant Superintendent Trevino:

This office has been provided with the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Floydada Independent School District and South Plains Wind Energy, LLC (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

If you need additional information or have questions, please contact me at (512) 463-3973.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. B. Wood", is written over a horizontal line.

Robert B. Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.
Sean McCabe, South Plains Wind Energy, LLC
Wes Jackson, Cummings Westlake, LLC



April 11, 2014

Re: South Plains Wind Energy Employment Estimate

To Whom It May Concern,

The Westerly management team has considerable experience in the energy sector, and has been directly involved in the development, financing, construction and operation of over 6,500 MW of independent power assets, including over 1,500 MW of wind power projects in Texas. As such, Westerly has significant experience staffing wind projects. Several factors determine the ultimate ratio of technicians to turbines; among these factors are site layout, project location and turbine technology.

In Westerly's experience, a ratio of 1 technician for every 10 – 15 turbines is typical for projects that are staffed by full-time employees. At our South Plains Wind Project, assuming the use of Vestas 2.0 MW turbines, Westerly anticipates requiring approximately 1 technician per 8 turbines.

For independent estimates of full-time employment figures at wind farms in Texas, please see the National Renewable Energy Laboratory's report *Economic Development impact of 1,000 MW of Wind Energy in Texas* (<http://www.nrel.gov/docs/fy11osti/50400.pdf>). Section 3.2.2 states that 60 full-time jobs are created for 1,000 MW of wind capacity. Assuming a 2.0 MW unit, that is approximately 1 job per 8 wind turbines.

If you have any questions, please do not hesitate to contact me at (781) 930-3190.

Sincerely,

A handwritten signature in blue ink that reads "Sean McCabe". The signature is stylized and cursive.

Sean McCabe
Chief Development Officer
Westerly Wind, LLC

**RESOLUTION OF THE BOARD OF TRUSTEES
OF
FLOYDADA INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of Floydada Independent School District (“the District”) does hereby make the following resolution regarding a pending application by South Plains Wind Energy, LLC (“South Plains Wind”) for a limitation on appraised value agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about April 15, 2014, South Plains Wind submitted to the District an application under Texas Code, Chapter 313 (the “Application”) for a limitation on appraised value agreement (“Agreement”), which was deemed complete by the District on April 22, 2014; and

WHEREAS, on or about April 22, 2014, the Application was submitted to the Texas Comptroller; and,

WHEREAS, on or about June 4, 2014, the Texas Comptroller issued a letter deeming the Application complete, advising that it would move forward with its economic impact evaluation, and triggering the effective filing date of the Application; and

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

WHEREAS, due to ongoing negotiations with South Plains Wind, it is likely the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact, and approve and execute such an Agreement before the Deadline; and,

WHEREAS, on October 2, 2014, South Plains Wind submitted a request to the District to extend the Deadline, a copy of which is attached here to as Exhibit “A.”

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

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant South Plains Wind’s request, and extend the Deadline for an additional ninety (90) days in order to complete negotiations and allow the Comptroller sufficient time to review and approve the Agreement of the parties; and,

BE IT FURTHER RESOLVED, the superintendent is directed to provide notice to South Plains Wind of the Board's decision to grant its request, and extend the deadline until January 31, 2015.

Passed and approved by the Floydada Independent School District Board of Trustees on this 14th day of October, 2014.

Floydada Independent School District


By: President of the Board of Trustees

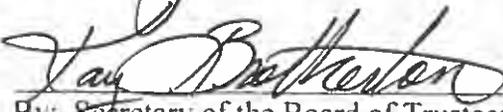

By: Secretary of the Board of Trustees

EXHIBIT A

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 Fax: 713-266-2333

October 2, 2014

Gilbert Trevino, Superintendent
Floydada ISD
226 W. California St.
Floydada, TX 79235

via email: gtrevino@floydadaisd.esc17.net

Re: Request for Extension to consider 313 Application

Dear Mr. Trevino,

Due to ongoing negotiations regarding the terms of the Limitation on Appraised Value Agreement (the "LAVA"), we do not believe that the LAVA with South Plains Wind Energy, LLC will be approved by the Comptroller in time for the parties to execute the LAVA within the 151 day deadline imposed by Texas Tax Code Chapter 313, Section 313.025(b). Accordingly, we ask that Floydada ISD extend that deadline by no less than 90 days.

Thank you for your consideration.

Sincerely,



J. Weston Jackson
Consultant for
South Plains Wind Energy, LLC

COPY

Floydada Independent School District

Gilbert Trevino, Superintendent

226 West California Floydada, TX 79235

Phone: 806-983-3498 Fax: 806-983-5739

October 15, 2014

Wes Jackson
Cummings Westlake, LLC
12837 Louetta Road, Suite 201
Cypress, TX 77429

Via email: wjackson@cwlp.net

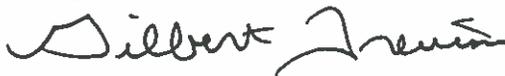
Re: Request for Extension on Application of South Plains Wind Energy, LLC
For a Limited Assessed Valuation Agreement

Dear Mr. Jackson:

Please be advised that at a properly called meeting of the Floydada Independent School District Board of Trustees on October 14, 2014, the Board took action on the request for an extension to consider the application of South Plains Wind Energy, LLC for a Limited Assessed Valuation Agreement with Floydada ISD. The District approved the request, and has granted the extension on the application up to an additional 90 day period (*i.e.*, Saturday, January 31, 2015). *See* enclosed copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

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

Sincerely,



Gilbert Trevino, Superintendent