

**FINDINGS OF THE IRAAN-SHEFFIELD
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
EAST PECOS SOLAR LLC (#1059)**



November 09, 2015

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OF THE
IRAAN-SHEFFIELD INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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EAST PECOS SOLAR LLC (#1059)

NOVEMBER 9, 2015

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STATE OF TEXAS §

COUNTY OF PECOS §

On the 9th day of November, 2015, a public meeting of the Board of Trustees of the Iraan-Sheffield Independent School District (“District”) was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of East Pecos Solar LLC (“Applicant”) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District’s administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On February 9, 2015, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts (“Comptroller”) received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32055319258), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Pecos County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054. On June 16, 2015, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on September 11, 2015 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

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

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

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

The Board has adopted the Texas Economic Development Agreement (Form 50-286) as promulgated by the Comptroller's Office. Form 50-286 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**. In November 2014,

the Texas Comptroller's Office announced its intention to modify Comptroller Form 50-286 and to permit amendments to existing agreements including the agreement for which these Findings are being made. The Board will consider all authorized amendments to the Agreement on Applicant's request, in the event a new form is adopted.

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

Board Finding Number 1.

The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.

In support of Finding 1, the Application indicates that:

East Pecos Solar LLC proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Iraan-Sheffield Stockton Independent School District.

Property which is used for renewable energy electric generation satisfies the requirements of §313.024(b)(5).

Board Finding Number 2.

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

In support of Finding 2, the Comptroller's Economic Impact Evaluation and Certification, Attachment C, states:

This represents the Comptroller's determination that East Pecos Solar, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset

the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$318,000	\$318,000	\$1,484,000	\$1,484,000
	2018	\$318,000	\$636,000	\$1,213,700	\$2,697,700
	2019	\$318,000	\$954,000	\$983,945	\$3,681,645
	2020	\$318,000	\$1,272,000	\$788,653	\$4,470,298
	2021	\$318,000	\$1,590,000	\$622,655	\$5,092,954
	2022	\$318,000	\$1,908,000	\$481,557	\$5,574,510
	2023	\$318,000	\$2,226,000	\$361,623	\$5,936,134
	2024	\$318,000	\$2,544,000	\$259,680	\$6,195,814
	2025	\$318,000	\$2,862,000	\$173,028	\$6,368,842
	2026	\$318,000	\$3,180,000	\$99,374	\$6,468,215
Maintain Viable Presence (5 Years)	2027	\$360,400	\$3,540,400	\$0	\$6,468,215
	2028	\$360,400	\$3,900,800	\$0	\$6,468,215
	2029	\$360,400	\$4,261,200	\$0	\$6,468,215
	2030	\$360,400	\$4,621,600	\$0	\$6,468,215
	2031	\$360,400	\$4,982,000	\$0	\$6,468,215
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$360,400	\$5,342,400	\$0	\$6,468,215
	2033	\$360,400	\$5,702,800	\$0	\$6,468,215
	2034	\$360,400	\$6,063,200	\$0	\$6,468,215
	2035	\$360,400	\$6,423,600	\$0	\$6,468,215
	2036	\$360,400	\$6,784,000	\$0	\$6,468,215
	2037	\$360,400	\$7,144,400	\$0	\$6,468,215
	2038	\$360,400	\$7,504,800	\$0	\$6,468,215
	2039	\$360,400	\$7,865,200	\$0	\$6,468,215
	2040	\$360,400	\$8,225,600	\$0	\$6,468,215
	2041	\$360,400	\$8,586,000	\$0	\$6,468,215
		\$8,586,000	is greater than	\$6,468,215	
Analysis Summary					
Is the project reasonably likely to generate school M & O tax revenue in an amount sufficient to offset the school M&O levy loss as a result of the limitation agreement within a 25 year period?					Yes

Source: CPA, East Pecos Solar, LLC

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

Board Finding Number 3.

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

The Comptroller has determined that the limitation on appraised value is a determining factor in the East Pecos Solar LLC 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, the parent company for the project is a national solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics.
- The applicant is actively developing and constructing other projects throughout the United States and internationally.
- Per the applicant, the property tax liabilities without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement.
- The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas.
- October 30, 2014 issue of the Fort Stockton Pioneer mobile news reports the Commissioners Court approved the Tuna Creek reinvestment zone and accepted an application for tax abatement from First Solar who plans to build their second Pecos County solar electric generating station.

Board Finding Number 4.

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

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

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

In its Application, Applicant has committed to creating two (2) new qualifying jobs. The average salary level of qualifying jobs will be at least \$38,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying job" means a permanent full-time job that:

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

Board Finding Number 6.

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

Board Finding Number 7.

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

In its Application, Applicant has indicated that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least the county average wage for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$177 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year, with the project value expected to depreciate over the course of the agreement. The project remains fully taxable for debt services taxes, with I-SISD currently levying a \$0.11 per \$100 I&S rate. While the value of the East Pecos Solar project is expected to depreciate over the life of the agreement and beyond, full access to the additional value in the initial years of the project is expected to benefit the District's taxpayers.

Board Finding Number 9.

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

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

Board Finding Number 10.

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

Board Finding Number 11.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code § 37.01(2)(A); as a

result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an “official proceeding,” a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

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

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant’s future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 12.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller’s Form 50-286, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.4B of said Agreement. According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2014 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F. The total industrial value for the District is \$268.5 million. The District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according

to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its population characteristics. Given that the value of industrial property is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

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

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form. (Attachment I)

Board Finding Number 14.

The Applicant (Taxpayer No. 32055319258) is eligible for the limitation on appraised value of qualified property as specified in the Agreement as an active franchise-tax paying entity.

The Applicant, (Texas Taxpayer No. 32055319258), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise tax payer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (Attachment G), in accordance with Comptroller's Form 50-286 contains all required provisions necessary for the Board to assess the eligibility of any business to which an agreement is transferred, to wit: the requirement that all assignments are amendments to the provision forth in Section 10.4 of said Agreement.

Board Finding Number 15.

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.

Board Finding Number 16.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached

hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss chiefly in the first limitation year and subsequent years that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement.

Board Finding Number 17.

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

In support of this Finding, the Board relies upon the recommendation of its consultants.
(Attachment H)

Board Finding Number 18.

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

Board Finding Number 19.

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

Board Finding Number 20.

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

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at <http://pol.tasb.org/Home/Index/588>, that it has taken appropriate action to ensure that all District Trustees, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

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

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

Board Finding Number 21.

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

Board Finding Number 22.

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

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

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

Dated the 9th day of November 2015.

IRAAN-SHEFFIELD INDEPENDENT SCHOOL DISTRICT

By: Margaret G. Holmes
Margaret G. Holmes, President, Board of Trustees

ATTEST:

By: Basiliso Ramirez
Basiliso Ramirez, Secretary, Board of Trustees

Attachment A

Application

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

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

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

JUSTIN DEMERATH

February 18, 2015

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

RE: Application to the Iraan Sheffield Independent School District from East Pecos
Solar LLC

(First Qualifying Year 2016; First Year of Value Limitation 2016)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Iraan Sheffield Independent School District is notifying EAST PECOS Alamo 7 LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The company has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in the first full tax year after application approval, i.e., 2016.

The Applicant submitted the Application to the school district on February 9, 2015. The Board voted to accept the application on February 9, 2015. The application has been determined complete as of February 16, 2015. Please prepare the economic impact report.

REQUEST FOR CONFIDENTIALITY

The Applicant has requested that the following portion of the Application be kept confidential:

- Section 9, Page 5 (detailing the project timeline);
- Tab 9 (the location of the land upon which the project will be built);and

- Tab 11 (the maps of the proposed project layout and location).

In accordance with 34 TAC 9.1053, the information that is the subject of this request is segregated from the materials submitted contemporaneously with this application, that is, the proprietary commercial information regarding the competitive siting decisions for the possible project and proprietary information regarding the proposed layout of the project. The confidential materials are being submitted separately to protect against unintended disclosure. The description of the investment timeline and the maps depicting the planned location of the project display proprietary commercial information regarding the specific location of the possible project and the nature of the business that will be conducted at the site. The materials are protected by the trade secret exception set forth in Texas Government Code §552.110. The determination of whether specific material is protected as a trade secret is a question of fact. While not defined in the statute, Texas has long recognized the definition of trade secrets set forth in the Restatement of Torts. See, *Hyde v. Huffings*, 314 S.W. 2d 763, 776 (Tex. 1957), cert denied, 358 U.S. 898 (1958). The Texas Attorney General's office has consistently applied the Restatement of Torts in determining whether information submitted to Texas governmental agencies is exempt from disclosure in response to Open Records requests under the "trade secret" doctrine. See e.g., Open Records Decision No. 652, pp. 3-5 (1997); See also, OR2002-2871 (May 28, 2002). The Restatement of Torts lists six factors to be utilized in determining whether material is, in fact a trade secret. These factors will be discussed below.

1. Extent to which information is known outside of EAST PECOS;
2. Extent to which information is known by employees.
3. Security Measures.
4. Value of Information.
5. Effort Expended.
6. Ease of Duplication.

EAST PECOS maintains security on the internal item specifications from which plans for site development are written, performance statistics, and other data from which the layout and location has been developed. This type of information is held to be a trade secret by EAST PECOS. In fact, the maintenance of confidentiality of this type of information is the industry standard among all of the companies engaged in this industry.

Project confidentiality is maintained inside the company and with the consultants engaged to prepare the application. EAST PECOS requires confidentiality of all employees and contractual confidentiality provisions with its consultants. EAST PECOS uses proprietary methods for the development of layout and locating decisions. EAST PECOS feels that secure information cannot be duplicated without access to its proprietary processes. The release of any information regarding these proprietary processes would give competitors of EAST PECOS an unfair competitive position.

Letter to Local Government Assistance & Economic Analysis Division
February 18, 2015
Page 3 of 3

This Section of the Texas Government Code provides that information is excepted from disclosure if it would give advantage to a competitor. As for the same reasons stated above, maintaining the confidential status of the underlying data is critical to maintaining EAST PECOS's competitive position in the market.

The public release of this information would reveal information which the company believes would cause the company to suffer substantial competitive harm and weaken its position in competitive siting decisions. In addition, the company views the proposed layout and location of the panels as a trade secret in which they have expended considerable resources. The public release of this information would reveal information which the company considers to be a trade secret.

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

Sincerely,

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

Kevin O'Hanlon
School District Consultant

Cc: Pecos County Appraisal District
East Pecos Solar LLC
Iraan Sheffield Independent School District



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

2/9/2015

Date Application Received by District

Kevin

First Name

Superintendent

Title

Iraan-Sheffield Independent School District

School District Name

100 S. Farr Street

Street Address

P.O. Box 486

Mailing Address

Iraan

City

432-639-2512 Ext 223

Phone Number

Mobile Number (optional)

Allen

Last Name

TX

State

(432) 639-2501

Fax Number

kevin.allen@isisd.net

Email Address

79744-0486

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 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

Dan _____ Casey _____
 First Name Last Name
 Partner _____
 Title _____
 Moak, Casey & Associates _____
 Firm Name _____
 512-485-7878 _____ 512-485-7888 _____
 Phone Number Fax Number
 _____ dcasey@moakcasey.com _____
 Mobile Number (optional) _____ Email Address _____

4. On what date did the district determine this application complete? February 16, 2015
5. Has the district determined that the electronic copy and hard copy are identical? Yes No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Oscar _____	Dalton _____
First Name	Last Name
Regional Director - Project Development _____	First Solar Inc _____
Title	Organization
11757 Katy Freeway Suite 990 _____	
Street Address	
11757 Katy Freeway Suite 990 _____	
Mailing Address	
Houston _____	TX _____ 77079 _____
City	State ZIP
(281) 509-6242 _____	(602) 414-9400 _____
Phone Number	Fax Number
(281) 224-7027 _____	Oscar.Dalton@firstsolar.com _____
Mobile Number (optional) _____	Business Email Address _____

2. Will a company official other than the authorized company representative be responsible for responding to future information requests? Yes No

2a. If yes, please fill out contact information for that person.

John _____	Lichtenberger _____
First Name	Last Name
Senior Manager - Project Development _____	First Solar, Inc. _____
Title	Organization
11757 Katy Freeway Suite 990 _____	
Street Address	
11757 Katy Freeway Suite 990 _____	
Mailing Address	
Houston _____	TX _____ 78746 _____
City	State ZIP
(512) 372-8502 _____	(602) 414-9400 _____
Phone Number	Fax Number
(512) 924-8119 _____	john.lichtenberger@firstsolar.com _____
Mobile Number (optional) _____	Business Email Address _____

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

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Clay	Butler
First Name	Last Name
Partner	
Title	
The Butler Firm, PLLC	
Firm Name	
512-992-0439	888-356-3151
Phone Number	Fax Number
butler@thebutlerfirm.com	
Business Email Address	

SECTION 3: Fees and Payments

- 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.
- 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
- 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

- What is the legal name of the applicant under which this application is made? East Pecos Solar, LLC
- List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32055319258
- List the NAICS code 221114
- 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

SECTION 5: Applicant Business Structure

- Identify Business Organization of Applicant (corporation, limited liability corporation, etc) Limited Liability Corporation
- 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.
- Is the applicant current on all tax payments due to the State of Texas? Yes No
- Are all applicant members of the combined group current on all tax payments due to the State of Texas? Yes No N/A
- 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 type="checkbox"/> Land has no existing improvements	<input checked="" 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

CONFIDENTIAL

1. Application approval by school board
2. Beginning of qualifying time period
3. First year of limitation
4. Begin hiring new employees
5. Commencement of commercial operations
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? January 2017

SECTION 10: The Property

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

County: <u>Pecos County 100% 0.6999</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Iraan General Hosp. 100% 0.1896</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Middle Pecos Groundwater 100% 0.0250</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Midland College 100% 0.0255</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
5. Is the project located entirely within the ISD listed in Section 1? Yes No
 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 30,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 30,000,000.00
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? N/A

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): \$ 52,910.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

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

SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

2. What is the last complete calendar quarter before application review start date:
 First Quarter Second Quarter Third Quarter Fourth Quarter of 2014
(year)

3. What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the Texas Workforce Commission (TWC)? 0
Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).

4. What is the number of new qualifying jobs you are committing to create? 2

5. What is the number of new non-qualifying jobs you are estimating you will create? 0

6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? Yes No
 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.

7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
 a. Average weekly wage for all jobs (all industries) in the county is 893.00
 b. 110% of the average weekly wage for manufacturing jobs in the county is 713.08
 c. 110% of the average weekly wage for manufacturing jobs in the region is 1,007.01

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? 37,079.90

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 KEVIN ALLEN
Print Name (Authorized School District Representative)

Superintendent
Title

sign here [Signature]
Signature (Authorized School District Representative)

2/9/2015
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.

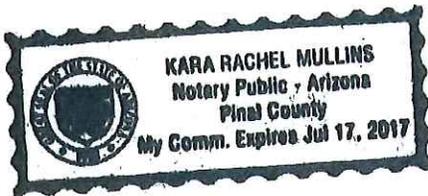
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

print here Oscar Dalton
Print Name (Authorized Company Representative (Applicant))

Regional Director, US Project Development
Title

sign here [Signature]
Signature (Authorized Company Representative (Applicant))

2/4/15
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

4th day of February, 2015

[Signature]
Notary Public in and for the State of Texas Arizona

My Commission expires: 7-17-17

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>

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

N/A

TAB 4

Detailed description of the project

The applicant's parent company for this project is a international solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes unfinanciable.

East Pecos Solar LLC proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Iraan-Sheffield Stockton Independent School District.

The project will be constructed on approximately 1,000 acres, which is part of a larger, long-term lease agreement with a local landowner. The project will be located entirely in Pecos County and within the Iraan-Sheffield Independent School District. The proposed project will include, but is not limited to, the following:

- Planned 103 MW-AC in size;
- First Solar PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Fixed-tilt racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, among other things;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) building including telecommunications and computing equipment, among other things;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

First Solar, Inc. ("First Solar"), the parent company of East Pecos Solar, LLC, is a global solar developer with project opportunities all across the United States. The ability to enter into a limited appraisal valuation agreement with the Iraan-Sheffield Independent School District is a motivator factor for constructing the project in Pecos County, Texas, as opposed to building and investing in another state or region.

About First Solar

First Solar is the leading global provider of comprehensive photovoltaic (PV) solar energy solutions. With vertically integrated capabilities improving every aspect of the solar value chain, First Solar delivers power plant solutions that maximize value and mitigate risk for customers worldwide.

Leadership Achieving Cost and Scale

First Solar was formed in 1999 and has become the world's leading thin film module manufacturer. First Solar is the:

- 1st solar company to produce 1 gigawatt (GW) in a single year
- 1st solar company to break the \$1/watt manufacturing cost barrier
- 1st solar company to implement a global PV module recycling program
- World-record-holder for CdTe thin film solar module (14.4%) and cell (18.7%) efficiency

Leadership across the Entire Value Chain

First Solar has gained industry-leading capabilities across the entire solar value chain to become the world's leading provider of PV energy solutions. First Solar has:

- Developed the largest solar project pipeline in the world (currently nearly 3GW contracted worldwide)
- Sold PV power plants to top power producers and energy investors in the industry
- Facilitated the financing for nearly ~2GW (AC) (representing approximately ~\$9 billion) of First Solar power plants
- Designed and constructed over 1.5GW of PV power plants, including the world's largest and most advanced operational PV plant: Agua Caliente in Arizona, USA
- Developed the most advanced grid integration and plant control capability in the solar industry
- Made significant improvements throughout the balance of system to optimize the entire PV power plant and reduce lifecycle costs
- Developed the industry's most advanced O&M program and world-class Operations Center
- Achieved system availabilities of over 99% for fleet of utility-scale PV plants under operation (over 650MW growing to 2.2 GW)

Leadership Integrating into the Global Energy Mix

First Solar's mission is to create enduring value by enabling a world powered by clean, affordable solar electricity. By providing an economically attractive alternative to fossil fuel electricity generation today, First Solar is integrating solar power into the global energy mix.

First Solar delivers advanced PV energy solutions to contemporary problems such as fuel cost volatility and energy supply reliability. First Solar energy solutions include utility-scale generation, industrial power, and fuel replacement solutions. With our proprietary technologies, industry expertise, and proven track record of success, First Solar PV power plants integrate and operate more like traditional generation plants and are the smartest source for reliable and dependable solar energy.

TAB 5

Documentation to assist in determining if limitation is a determining factor

The applicant's parent company for this project is an national solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics. The applicant is actively developing and constructing other projects throughout the US and internationally. The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas. Specifically, without the available tax incentives, the economics of the project become unappealing to investors and the likelihood of constructing the project in Texas becomes unlikely.

Property taxes can be the highest operating expense for a solar generation facility as solar plants do not have any associated fuel costs for the production of electricity, and with Texas wholesale electricity prices already below the national average in Texas, it is necessary to limit the property tax liabilities for a solar project in order to be able to offer electricity at prices that are marketable to Texas customers at competitive rates, including power sales under a bi-lateral contract. Markets such as California that have state wide available subsidies for renewable energy projects, and which have higher average contracted power rates, offer an attractive incentive for developers to build projects in those markets over Texas.

The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a power purchase agreement. As such, the applicant is not able to finance and build its project in Texas even with a signed power purchase agreement because of the low price in the power purchase agreement. Without the tax incentive, the applicant would be forced to abandon the project and spend its development capital and prospective investment funds in other states where the rate of return is higher on a project basis.

This is true even if the entity is able to contract with an off-taker under a power purchase agreement because the low rate contracted for is not financeable without the tax incentives. More specifically, a signed power purchase agreement in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Other states have high electricity prices where a developer can obtain a PPA with a much higher contracted rate, combined with state subsidies, the other states offer a much higher rate of return for the project financiers. Without the tax incentives in Texas, a project with a power purchase agreement becomes unfinanciable.

TAB 6

Names and percentages of additional districts that compromise the entire project:

The project is located 100% in the Iraan-Sheffield Independent School District in Pecos County, Texas.

TAB 7

Description of Qualified Investment

East Pecos Solar, LLC, anticipates constructing a solar photovoltaic (PV) electric generating facility with an operating capacity of approximately 103 MW. The exact capacity and the specific technology components will be determined during the development and design process.

A 103 MW solar PV generating facility may include a qualified investment consisting of the following improvements:

- First Solar PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Fixed-tilt racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, among other things;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) building including telecommunications and computing equipment, among other things;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.

TAB 8

Description of Qualified Property

Please refer to TAB 7.

TAB 9

Description of Land

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Exhibit "A"

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YOL. 313 PAGE 9

3

Deed Record 761 Pg 209

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TAB 10

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

1. 9341 12 H&GN SEC 6 – Mobile Home and Carport (\$5,830)
2. 292 12 H&GN SEC 7 – Mobile Home, Home, Additions, Porches (\$47,080)

PECOS COUNTY APPRAISAL DIST

Pn/Acct: 00012-00006-00100-000000 Owner/Seq: 18912 / 1 Loc Code: 24M Jur Codes: 00 01 32 63 65 MCP
 Name: DRGAC LARRY D Pri. Parcel/Type: 6218 / R Legal 1: 9341 12 H&GN SEC 6 Cat Code: D1 E2 D Mtg:
 Careof: Owner Int: 1.000000 Legal 2: N P1 Neighbor: 7 Loan Num:
 Addr1: P O BOX 195 HS Code: Legal 3: Rd Type: Appr Year: 2013
 Addr2: Disabled Vet: 0 Legal 4: Util Type: Appr Date:
 City/St: MC CAMEY TX 79752-0195 Ceiling Year: 0 Prop Addr: 7260 NEVILL RD Econic: 0.00 Appr Num:
 Ceiling Tax: 0.00 Prop City/St: - Agent: Mtg:

Seq	Acres	Sq Ft	Front	Rear	FF Avg	Depth	Dep %	Class	Cost	%GD	%RD	Extra	Mkt Value	Prod Class/Cd	Prod Cost	%GD	Prod Extra	Prod Value
1	250.800	0	0	0	0	0.00	1.00	R01	109.00	1.00	1.01	0	27610	ARB1/D1	10.00	1.00	0	2510
2	60.000	0	0	0	0	0.00	1.00	R03	67.00	1.00	1.01	0	4060	ARB3/D1	4.30	1.00	0	260

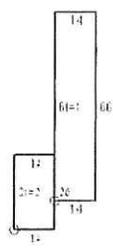
Bldg	Type	Class	HS	BYr	LYr	Age	Cond	Notes	Tot Area	Cost	%GD	%FC	%EC	%CP	%EX1	%EX2	Extra	Total Value
1	MH	MA14	N	0	0	0		TEX241465	924	2015	0.30	1.00	1.00	1.00	1.00	1.00	0	5,590
2	DMP1	I	N	0	0	0		CARPORNT	364	2,59	0.25	1.00	1.00	1.00	1.00	1.00	0	240

Acres: 310.800 Owners Acres: 310.800 Larger Tract: 0 Land HIS: 0 Imp HIS: 0 Total Mkt: 37,500
 Abst Num: 9341 MH Serial: Land NHS: 0 Imp New HIS: 0 HS Cap Value: 0
 Abst/SubDiv: H&GN MH Label: Production Mkt: 31,670 Imp NHS: 5,830 Total Taxable: 8,600
 Tract/Lot: 6 MH Name: Prod (Ag/Timber): 2,770 Imp New NHS: 0 Owner Int: 1,000,000
 Block: 12 MH ID: 0 Total Land Mkt: 31,670 Imp Total: 5,830 Owner Value: 8,600

Notes:
PIC 40.05 FOR 2010

Seq	Building Calls	Seq	Commentary	Value	Unit
1					
2					

Num	Previous Owner	Deed Date	Volume	Page
4	DRGAC LARRY ETUX ANNA	01/13/2005	761	203
3		03/01/1997	661	375
2	BAGLEY TAYLOR & RIFFE	03/01/1995	661	375
1		06/01/1987	576	18



PECOS COUNTY APPRAISAL DIST

PropAcct: 00012-00006-00200-000000
 Name: DRGAC LARRY D
 Careof:
 Addr1: P O BOX 195
 Addr2:
 City/St: MC CAMEY TX 79752-0195

Pri. Parcel/Type: 6219 / R
 Owner Int: 1.000000
 HS Code:
 Disabled Vet: 0
 Ceiling Year: 0
 Ceiling Tax: 0.00

Owner/Seq: 18912 / 1
 Legal 1: 5615 12 H&GN SEC 6
 Legal 2: S PT
 Legal 3:
 Legal 4:
 Prop Addr:
 Prop City/St: -

Jur Codes: 00 01 32 63 65 MCP
 Cat Code: D1
 Neighbor:
 Rd Type:
 Util Type:
 Ecom: 0.00
 Agent:
 Map:

Seq	Acres	Sq Ft	Front	Rear	FF Avg	Depth	Dep %	Class	Cost	%GD	%RD	Estra	Mkt Value	Prod Class/Cd	Prod Cost	%GD	Prod Extra	Prod Value
1	47.370	0	0	0	0	0.00	1.00	R112	209,000	1.00	1.01	0	10000	ART121D1	139,000	1.00	0	6580
Acres: 47.370 Owners Acres: 47.370 Larger Tract: 0 Abst Num: 5615 MH Serial: Abst/SubDiv: H&GN MH Label: Tract/Lot: 6 MH Name: Block: 12 MHID: 0									Land HIS: 0 Imp HIS: 0 Total Mkt: 10,000 Land NHIS: 0 Imp New HIS: 0 HS Cap Value: 0 Production Mkt: 10,000 Imp NHIS: 0 Total Taxable: 6,580 Prod.(Ag/Timber): 6,580 Imp New NHIS: 0 Owner Int: 1,000,000 Total Land Mkt: 10,000 Imp Total: 0 Owner Value: 6,580									

Notes:

WARRANTY DEED UND. 1/2 INT TO LARRY DRGAC FROM ANNA DRGAC PER 761/203 DATED 4/13/2005

Seq	Building Calls	Seq	Commentary	Value	Unit
Num:	Previous Owner	Deed Date	Volume	Page	
3	DRGAC LARRY ETUX ANNA	04/13/2005	761	203	
2	BAGLEY TAYLOR & RIFE	03/01/1995	661	375	
1		06/01/1987	576	18	

Property ID: 6293

Owner: BALLEW MARGARET MC DONALD

Property ID:
6293

Account Number:
00012-00043-00100-000000

Property Legal Description:
310 12 H AND GN SEC 43

Deed Information:

Volume: 720
Page: 427
File Number:
Deed Date: 1/3/2001

Property Location:

Block: 12

Survey / Sub Division Abstract:
H AND GN
310

Section / Lot: 43

Owner Information:
BALLEW MARGARET MC DONALD

HC 73 BOX 405

GIRVIN, TX 79740

Property Detail:

Property Exempt:
Category / SPTB Code: D1
Total Acres: 602.000
Total Living Sqft: See Detail
Owner Interest: 1.000000
Homestead Exemption:
Homestead Cap Value: 0
Land Ag / Timber Value: 2,590
Land Market Value: 40,330
Improvement Value: 0
Property Market Value: 40,330

Previous Owner:
WOODWARD ERNEST &

Jur Code	Jur Name	Total Market	Homestead	Total Exemption	Taxable
00	PECOS COUNTY APPR DIST	40,330		0	2,590
01	PECOS COUNTY	40,330		0	2,590
011S	PECOS COUNTY I&S	40,330		0	2,590
32	IRAAN-SHEFFIELD ISD M&O	40,330		0	2,590
32IS	IRAAN-SHEFFIELD ISD I&S	40,330		0	2,590
63	MIDDLE PECOS WATER	40,330		0	2,590
65	HOSPITAL DISTRICT	40,330		0	2,590
65IS	IRAAN HOSPITAL DISTRICT I&S	40,330		0	2,590
MCP	MIDLAND COLLEGE	40,330		0	2,590

Property ID: 6293

Owner: BALLEW MARGARET MC DONALD

Land Detail

Land Sequence 1		
Acres: 60	Market Class: RB3	Market Value: 4,020
Land Method: AC	Ag/Timber Class: ARB3	Ag/Timber Value: 260
Land Homesiteable: NO	Land Type: NATP	Ag Code: 1D1
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Land Sequence 2		
Acres: 542	Market Class: RB3	Market Value: 36,310
Land Method: AC	Ag/Timber Class: ARB3	Ag/Timber Value: 2,330
Land Homesiteable: NO	Land Type: NATP	Ag Code: 1D1
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Total Land Value: \$ 40,330

Property ID: 6293

Owner: BALLEW MARGARET MC DONALD

Previous Owner Information

Parcel ID	Seller	Buyer	Volume	Page	File Number	Deed Date
6293	WOODWARD ERNEST &	WOODWARD MARGARET MCDONALD	720	427		1/3/2001
6293	MC DONALD DAVID HARKEY	WOODWARD ERNEST &	651	509		3/15/1994

Property ID: 6293

Owner: BALLEW MARGARET MC DONALD

Property Tax Information

Jur Code	Description	Assesed Value	Tax Rate	Tax Value
6515	IRAAN HOSPITAL DISTRICT I&S	2590	0.0708	1.83
0115	PECOS COUNTY I&S	2590	0.0384	0.99
01	PECOS COUNTY	2590	0.6806	17.63
MCP	MIDLAND COLLEGE	2590	0.028	0.73
3215	IRAAN-SHEFFIELD ISD J&S	2590	0.11	2.85
63	MIDDLE PECOS WATER	2590	0.0249	0.64
65	HOSPITAL DISTRICT	2590	0.1502	3.89
32	IRAAN-SHEFFIELD ISD M&O	2590	1.06	27.45

Total Taxes: \$ 56.01

Property ID: 6294

Owner: WALTERS LA DONNA LOU

Property ID:
6294

Account Number:
00012-00044-00100-000000

Property Legal Description:
5981 12 H AND GN SEC 44

Deed Information:
Volume: 119
Page: 71
File Number: \132347
Deed Date: 8/25/2014

Property Location:

Block: 12

Survey / Sub Division Abstract:
H AND GN
5981

Section / Lot: 44

Owner Information:
WALTERS LA DONNA LOU

P O BOX 115

MC CAMEY, TX 79752

Property Detail:
Property Exempt:
Category / SPTB Code: D1
Total Acres: 213.333
Total Living Sqft: See Detail
Owner Interest: 0.333333
Homestead Exemption:
Homestead Cap Value: 0
Land Ag / Timber Value: 2,170
Land Market Value: 20,730
Improvement Value: 0
Property Market Value: 20,730

Previous Owner:
WILLIAMS PEGGY JOYCE BARNESLEY

Jur Code	Jur Name	Total Market	Homestead	Total Exemption	Taxable
00	PECOS COUNTY APPR DIST	20,730		0	2,170
01	PECOS COUNTY	20,730		0	2,170
011S	PECOS COUNTY I&S	20,730		0	2,170
32	IRAAN-SHEFFIELD ISD M&O	20,730		0	2,170
32IS	IRAAN-SHEFFIELD ISD I&S	20,730		0	2,170
63	MIDDLE PECOS WATER	20,730		0	2,170
65	HOSPITAL DISTRICT	20,730		0	2,170
65IS	IRAAN HOSPITAL DISTRICT I&S	20,730		0	2,170
MCP	MIDLAND COLLEGE	20,730		0	2,170

Property ID: 6294

Owner: WALTERS LA DONNA LOU

Land Detail

Land Sequence 1		
Acres: 160	Market Class: RN	Market Value: 18,140
Land Method: AC	Ag/Timber Class: ARN	Ag/Timber Value: 2,160
Land Homesiteable: NO	Land Type: NATP	Ag Code: 1D1
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Land Sequence 2		
Acres: 400	Market Class: RB1	Market Value: 39,240
Land Method: AC	Ag/Timber Class: ARB1	Ag/Timber Value: 4,000
Land Homesiteable: NO	Land Type: NATP	Ag Code: 1D1
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Land Sequence 3		
Acres: 80	Market Class: RB3	Market Value: 4,820
Land Method: AC	Ag/Timber Class: ARB3	Ag/Timber Value: 340
Land Homesiteable: NO	Land Type: NATP	Ag Code: 1D1
Front Foot: N/A	Rear Foot: N/A	Lot Depth: N/A
Front Ft Avg: N/A	Lot Depth %: N/A	Land Square Ft: N/A
Land Note:		

Total Land Value: \$ 62,200

Property ID: 6294

Owner: WALTERS LA DONNA LOU

Previous Owner Information

Parcel ID	Seller	Buyer	Volume	Page	File Number	Deed Date
6294	WILLIAMS PEGGY JOYCE BARNLEY	BARNLEY JAMES ALLEN	119	71	132347	8/25/2014
6294	NEVILL LAURA LOU MRS	WALTERS LA DONNA LOU	37	716	120120	2/10/2012
6294	NEVILL LAURA LOU MRS	WALTERS LA DONNA LOU	0	0		7/22/1997

Property ID: 6294

Owner: WALTERS LA DONNA LOU

Property Tax Information

Jur Code	Description	Assessed Value	Tax Rate	Tax Value
3215	IRAAN - SHEFFIELD ISD 1&S	2170	0.11	2.39
MCP	MIDLAND COLLEGE	2170	0.028	0.61
6515	IRAAN HOSPITAL DISTRICT 1&S	2170	0.0708	1.54
01	PECOS COUNTY	2170	0.6806	14.77
0115	PECOS COUNTY 1&S	2170	0.0384	0.83
32	IRAAN - SHEFFIELD ISD M&O	2170	1.06	23.00
65	HOSPITAL DISTRICT	2170	0.1502	3.26
63	MIDDLE PECOS WATER	2170	0.0249	0.54

Total Taxes: \$ 46.94

TAB 11

Maps that clearly show:

- *Project vicinity, Qualified investment & property, Existing Property, Land Location, and Reinvestment Zone*

SEE ATTACHED MAPS

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TAB 12

Request of waiver of job creation requirement



January 15, 2015

Mr. Kevin Allen, Superintendent
Irann-Sheffield Independent School District
P.O. Box 486
Irann, Texas 79744-0486

Re: Chapter 313 Job Waiver Request

Dear Mr. Allen:

Please consider this letter to be East Pecos Solar LLC's formal request to waive the minimum new job creation requirement, as provided under Texas Tax Code 313.025(f-1).

Based upon our knowledge of staffing requirements East Pecos Solar LLC requests the job creation requirement under Chapter 313 of the Texas Tax Code be waived. In line with solar industry standards for job requirements, East Pecos Solar LLC has committed to create two (2) new permanent jobs.

Solar projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of highly skilled technicians to operate the solar project once construction operations end and commercial operations begin.

These permanent employees of a solar energy project maintain and service solar panels, mounting infrastructure, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees described above, there also may be asset managers or technicians who supervise, monitor, and support solar project operations from offsite locations.

The waiver request herein is in line with industry standards for the number of jobs specifically relegated to a solar generation facility of this size. This is evidenced by previously filed limitation agreement applications by solar developers who similarly requested a waiver of the job requirements and in addition, by readily available documentation and education materials related to the development of solar generation facilities.

Sincerely,

John Lichtenberger
Senior Manager - Texas Region
US Project Development - East

First Solar, Inc.
11757 Katy Freeway, Suite 400
Houston, TX 77079

Telephone 281 509 6200
Facsimile 281 920 0956

www.firstsolar.com

TAB 13

Calculation of three possible wage requirements with supporting documentation

AVERAGE WEEKLY WAGES FOR ALL JOBS, ALL INDUSTRIES IN PECOS COUNTY
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Pecos	2014	Q3	\$909
Pecos	2014	Q2	\$851
Pecos	2014	Q1	\$957
Pecos	2013	Q4	\$855
SUM:			\$3,572
CALCULATION:			$\$3,572/4 = \893.00

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN PECOS COUNTY
FOUR MOST RECENT QUARTERS

COUNTY	YEAR	QUARTER	Avg. Weekly Wage
Pecos	2014	Q3	\$716
Pecos	2014	Q2	\$655
Pecos	2014	Q1	\$661
Pecos	2013	Q4	\$561
SUM:			\$2,593
CALCULATION:			$\$2,565/4 = \$648.25 * 1.1 = \$713.08$

AVERAGE WEEKLY WAGES FOR MANUFACTURING JOBS IN THE PERMIAN BASIN REGION (WDA)
FOUR MOST RECENT QUARTERS

REGION / WDA	YEAR	Hourly/Annual	Avg. Weekly Wage
Permian Basin	2013	\$22.89/\$47,604	\$915.46
CALCULATION:			$\$915.46 * 1.1 = \$1,007.01$

Please refer to the attached TWC & Council of Governments documentation below.

Quarterly Employment and Wages (QCEW)

[Back](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$857
2014	2nd Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$851
2014	3rd Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$909
2013	1st Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$873
2013	2nd Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$844
2013	3rd Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$799
2013	4th Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$855

Quarterly Employment and Wages (QCEW)

[Back](#)

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$661
2014	2nd Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$655
2014	3rd Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$716
2013	1st Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$692
2013	2nd Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$571
2013	3rd Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$708
2013	4th Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$561

**2013 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$23.73	\$49,363
1. Panhandle Regional Planning Commission	\$20.43	\$42,499
2. South Plains Association of Governments	\$16.53	\$34,380
3. NORTEX Regional Planning Commission	\$19.15	\$39,838
4. North Central Texas Council of Governments	\$25.00	\$51,997
5. Ark-Tex Council of Governments	\$17.45	\$36,298
6. East Texas Council of Governments	\$19.50	\$40,565
7. West Central Texas Council of Governments	\$18.64	\$38,779
8. Rio Grande Council of Governments	\$16.27	\$33,848
9. Permian Basin Regional Planning Commission	\$22.89	\$47,604
10. Concho Valley Council of Governments	\$17.20	\$35,777
11. Heart of Texas Council of Governments	\$19.44	\$40,444
12. Capital Area Council of Governments	\$27.31	\$56,805
13. Brazos Valley Council of Governments	\$17.20	\$35,770
14. Deep East Texas Council of Governments	\$16.48	\$34,287
15. South East Texas Regional Planning Commission	\$29.09	\$60,501
16. Houston-Galveston Area Council	\$26.13	\$54,350
17. Golden Crescent Regional Planning Commission	\$22.23	\$46,242
18. Alamo Area Council of Governments	\$18.91	\$39,329
19. South Texas Development Council	\$13.94	\$28,990
20. Coastal Bend Council of Governments	\$23.78	\$49,454
21. Lower Rio Grande Valley Development Council	\$15.82	\$32,907
22. Texoma Council of Governments	\$20.93	\$43,529
23. Central Texas Council of Governments	\$17.33	\$36,042
24. Middle Rio Grande Development Council	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

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.

TAB 14

Schedules A1, A2, B, C, and D completed and signed Economic Impact

See attached Excel Spreadsheet

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

Applicant Name East Pecos Solar LLC
 ISD Name Irami-Sherfield ISD

Form 50-296A
 Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components or fixtures that will become Qualified Property	Column C Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E Total Investment (Sum of Columns A+B+C+D)		
Investment made before filing complete application with district			Not eligible to become Qualified Property			[The only other investment made before filing complete application with district that may become Qualified Property is land.]	\$0		
Investment made after filing complete application with district, but before final board approval of application	2015	2015	\$0	\$0	\$0	\$0	0		
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period			\$0.00	\$0	\$0	\$0	\$0.00		
Complete tax years of qualifying time period	Q1P1	2016	\$170,000,000.00	\$0	\$0	\$0	\$170,000,000.00		
	Q1P2	2017	\$0.00	\$0	\$0	\$0	\$0.00		
Total Investment through Qualifying Time Period (ENTER this row in Schedule A2)			\$170,000,000.00	\$0	\$0	\$0	\$170,000,000.00		
Total Qualified Investment (sum of green cells)			\$170,000,000.00	Enter amounts from TOTAL row above in Schedule A2					

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

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

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

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

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.02(1) but not creating a new improvement as defined by TAC 3.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is attached to existing property—described in SECTION 13, question #5 of the application.

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

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

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

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

Applicant Name East Pecos Solar LLC
ISD Name Iram-Sheffield ISD

PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)									
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other investment made during this year that will not become Qualified Property (SEE NOTE)	Column D Other investment made during this year that will become Qualified Property (SEE NOTE)	Column E Total Investment (A+B+C+D)		
Total Investment from Schedule A1*			\$170,000,000.00	\$0	\$0	\$0	\$170,000,000.00		
0	2015-2016	2015	\$0	\$0	\$0	\$0	\$0		
0	2016-2017	2016	\$170,000,000.00	\$0	\$0	\$0	\$170,000,000.00		
1	2017-2018	2017	\$0.00	\$0	\$0	\$0	\$0.00		
2	2018-2019	2018	\$0.00	\$0	\$0	\$0	\$0.00		
3	2019-2020	2019	\$0.00	\$0	\$0	\$0	\$0.00		
4	2020-2021	2020	\$0.00	\$0	\$0	\$0	\$0.00		
5	2021-2022	2021	\$0.00	\$0	\$0	\$0	\$0.00		
6	2022-2023	2022	\$0.00	\$0	\$0	\$0	\$0.00		
7	2023-2024	2023	\$0.00	\$0	\$0	\$0	\$0.00		
8	2024-2025	2024	\$0.00	\$0	\$0	\$0	\$0.00		
9	2025-2026	2025	\$0.00	\$0	\$0	\$0	\$0.00		
10	2026-2027	2026	\$0.00	\$0	\$0	\$0	\$0.00		
Total investment made through limitation			\$170,000,000	\$0	\$0	\$0	\$170,000,000		
11	2027-2028	2027			\$8,500,000		\$8,500,000		
12	2028-2029	2028			\$0		\$0		
13	2029-2030	2029			\$0		\$0		
14	2030-2031	2030			\$0		\$0		
15	2031-2032	2031			\$0		\$0		
16	2032-2033	2032			\$0		\$0		
17	2033-2034	2033			\$0		\$0		
18	2034-2035	2034			\$0		\$0		
19	2035-2036	2035			\$0		\$0		
20	2036-2037	2036			\$0		\$0		
21	2037-2038	2037			\$0		\$0		
22	2038-2039	2038			\$0		\$0		
23	2039-2040	2039			\$0		\$0		
24	2040-2041	2040			\$0		\$0		
25	2041-2042	2041			\$0		\$0		

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

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

Applicant Name: East Pecos Solar LLC
 ISD Name: Irann-Sheffield ISD

Form 50-296A
 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
Prior Years	0	2015-2016	\$0	\$0	\$0	\$0	\$0	\$0
Prior Years	0	2016-2017	\$0	\$0	\$0	\$0	\$0	\$0
Value Limitation Period	1	2017-2018	\$0	\$170,000,000.00	\$0	\$0	\$170,000,000.00	\$30,000,000.00
	2	2018-2019	\$0	\$144,500,000.00	\$0	\$0	\$144,500,000.00	\$30,000,000.00
	3	2019-2020	\$0	\$122,825,000.00	\$0	\$0	\$122,825,000.00	\$30,000,000.00
	4	2020-2021	\$0	\$104,401,250.00	\$0	\$0	\$104,401,250.00	\$30,000,000.00
	5	2021-2022	\$0	\$88,741,062.50	\$0	\$0	\$88,741,062.50	\$30,000,000.00
	6	2022-2023	\$0	\$75,429,903.13	\$0	\$0	\$75,429,903.13	\$30,000,000.00
	7	2023-2024	\$0	\$64,115,417.66	\$0	\$0	\$64,115,417.66	\$30,000,000.00
	8	2024-2025	\$0	\$54,498,105.01	\$0	\$0	\$54,498,105.01	\$30,000,000.00
	9	2025-2026	\$0	\$46,323,389.26	\$0	\$0	\$46,323,389.26	\$30,000,000.00
	10	2026-2027	\$0	\$39,374,880.87	\$0	\$0	\$39,374,880.87	\$30,000,000.00
Continue to maintain viable presence	11	2027-2028	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	12	2028-2029	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	13	2029-2030	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	14	2030-2031	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	15	2031-2032	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2032-2033	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	17	2033-2034	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	18	2034-2035	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	19	2035-2036	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	20	2036-2037	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	21	2037-2038	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	22	2038-2039	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	23	2039-2040	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	24	2040-2041	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00
	25	2041-2042	\$0	\$34,000,000.00	\$0	\$0	\$34,000,000.00	\$34,000,000.00

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

Schedule C: Employment Information

Applicant Name: East Pecos Solar LLC
ISD Name: Irann-Sheffield ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year)	Construction		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				
Prior Years	0	2015-2016	2014	0	N/A	0	0	N/A	
Prior Years	0	2016-2017	2015	200 FTE avg; 450 FTE peak	\$37,534.00	0	0	N/A	
	1	2017-2018	2016	0	N/A	0	2	\$37,000.00	
	2	2018-2019	2017	0	N/A	0	2	\$37,000.00	
	3	2019-2020	2018	0	N/A	0	2	\$37,000.00	
	4	2020-2021	2019	0	N/A	0	2	\$37,000.00	
	5	2021-2022	2020	0	N/A	0	2	\$37,000.00	
	6	2022-2023	2021	0	N/A	0	2	\$37,000.00	
	7	2023-2024	2022	0	N/A	0	2	\$37,000.00	
	8	2024-2025	2023	0	N/A	0	2	\$37,000.00	
	9	2025-2026	2024	0	N/A	0	2	\$37,000.00	
	10	2026-2027	2025	0	N/A	0	2	\$37,000.00	
Years Following Value Limitation Period	11 through 25	2026-2041	2026-2040	0	N/A	0	0	N/A	

Value Limitation Period
The applicant has not entered the value limitation period.

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts)

Yes No

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: East Pecos Solar LLC
ISD Name: Irann-Sheffield ISD

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: Pecos County City: General Hospital District Other: Middle Pecos Groundwater Conservation District	2016	2016-2025	\$408,452.00	\$209,421.00	\$199,031.00
Tax Code Chapter 312	County: Pecos County City: General Hospital District Other: Middle Pecos Groundwater Conservation District	2016	2016-2025	\$125,456.00	\$64,370.00	\$61,086.00
Local Government Code Chapters 380/381	County: Pecos County City: General Hospital District Other: Middle Pecos Groundwater Conservation District	2016	2016-2025	\$14,145.00	\$7,253.00	\$6,892.00
Freepport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$548,053.00	\$281,044.00	\$267,009.00

Additional information on incentives for this project: 25 Year Average was used to adjust for depreciation of facility

TAB 15

Economic Impact

East Pecos Solar LLC will not be including an Economic Impact Report.

TAB 16

Description of Reinvestment Zone, including:

- A. Evidence that the area qualifies as an reinvestment zone*
- B. Legal description of the reinvestment zone*
- C. Order, resolution or ordinance establishing the reinvestment zone*
- D. Guidelines and criteria for creating the zone*

RESOLUTION OF THE
PECOS COUNTY COMMISSIONERS COURT

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 312 TAX ABATEMENT IN PORTIONS OF PECOS COUNTY, TEXAS, TO BE KNOWN AS THE "TUNAS CREEK" REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, Pecos 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 (V.T.C.A. Texas Tax Code § 312.401), for the purpose of authorizing a Tax Abatement Agreement, as authorized by Chapter 312 of the Texas Tax Code; and,

WHEREAS, Pecos County, Texas, (the "County") desires to encourage the retention or expansion of primary employment and to attract major investment in the County that would be a benefit to property in a reinvestment zone created by the County and that would contribute to the economic development of the County;

WHEREAS, on October 27, 2014, the Pecos County Commissioners Court held a hearing, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone as described on EXHIBIT A and mapped on EXHIBIT B; and,

WHEREAS, the Pecos County Commissioners Court at such public hearing invited any interested person to appear and speak for or against (1) the creation of the reinvestment zone, and whether all or part of the territory described should be included in the proposed reinvestment zone, and (2) acceptance of an Application for Tax Abatement by East Pecos Solar, LLC, for Pecos County to consider entering into a Tax Abatement Agreement;

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;

WHEREAS, the County wishes to (1) create a reinvestment zone consisting of the same real property as described on EXHIBIT A and mapped on EXHIBIT B, and (2) accept the Application for Tax Abatement by East Pecos Solar, LLC.

NOW THEREFORE, BE IT RESOLVED BY THE PECOS COUNTY COMMISSIONERS COURT:

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

SECTION 2. That the Pecos County Commissioners Court, 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 the adoption of the "Tunas Creek" Reinvestment Zone has been properly called, held, and conducted, and that notices of such hearing have 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 "Tunas Creek" Reinvestment Zone be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,
- (c) That the map attached hereto as "EXHIBIT B" is declared to be and (by the adoption of this Resolution) is certified to depict and to show accurately the boundaries of the "Tunas Creek" Reinvestment Zone, which is normatively described in "EXHIBIT A", and further certifies that the property described in "EXHIBIT A" is inside the boundaries shown on "EXHIBIT B"; and,
- (d) That creation of the "Tunas Creek" Reinvestment Zone with boundaries as described in "EXHIBIT A" and "EXHIBIT B" will result in benefits to Pecos County and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the "Tunas Creek" Reinvestment Zone described in "EXHIBIT A" and "EXHIBIT B" meets the criteria set forth in Texas Tax Code §312.401 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract major investment in the zone that will be a benefit to the property to be included in the reinvestment zone and would contribute to the economic development of Pecos County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Pecos County Commissioners Court, hereby creates a reinvestment zone under the provisions of Texas Tax Code § 312.401, encompassing the area described by the descriptions in "EXHIBIT A" and "EXHIBIT B", and such reinvestment zone is hereby designated and shall hereafter be referred to as the *Tunas Creek Reinvestment Zone*.

SECTION 4. That the *Tunas Creek Reinvestment Zone* shall take effect upon adoption by the County Commissioners Court and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

SECTION 5. That the Pecos County Commissioners Court already has found and resolved that Pecos County is eligible to enter into tax abatement agreements.

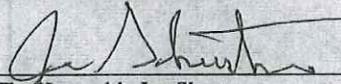
SECTION 6. That the Pecos County Commissioners Court accepts the Application for Tax Abatement submitted by East Pecos Solar, LLC.

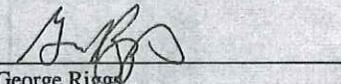
SECTION 7. That if any section, paragraph, clause, or provision of this resolution shall for any reason beheld to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

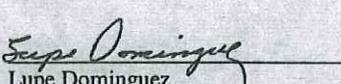
SECTION 8. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Pecos County Commissioners Court, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by 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 newspapers of general circulation in Pecos County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED, AND ADOPTED on this 27th day of October, 2014.

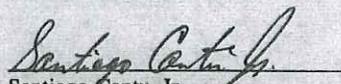
PECOS COUNTY, TEXAS

By: 
The Honorable Joe Shuster
County Judge

By: 
George Riggs
Commissioner, Precinct 1

By: 
Lupe Dominguez
Commissioner, Precinct 2

By: _____
J.H. Kent
Commissioner, Precinct 3

By: 
Santiago Cantu, Jr.
Commissioner, Precinct 4

VOL. 51 PG. 755

**EXHIBIT A
LEGAL DESCRIPTION OF "TUNAS CREEK"
REINVESTMENT ZONE**

TRACT I

A 1001.94 acre tract of land out of Sections 6 and 7, Block 12, H & T.N. RR Co., Pecos, County, Texas, and being more fully described in field notes by RPLS Steven L. Prewitt, dated April 18, 2001, attached hereto as Exhibit "A" and made a part hereof for all purposes.

TRACT II

That tract of land in Pecos County, Texas described as Section 43, Block 12, H & GN Ry Co. Survey, containing 608 acres.

TRACT III

The westernmost 320 acres of land in Pecos County, Texas described as Section 44, Block 12, H. & G.N. RR. Co. Survey, Abstract No. 5981, Certificate No. 8/1633.

VOL. 51 PG. 756
Exhibit "A"

TELEPHONE (915) 694-7175
FAX (915) 694-1045

VOL. 313 PAGE 7
VOL. 761 PAGE 207
LUCHINI & MERTZ
Land Surveying Co.
P. O. Box 2943
Mesquite, Texas 79702

STEVEN L. FREMY
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 2194

April 18, 2001

METES AND BOUNDS DESCRIPTION of
a 1001.94 Acre Tract out of
Sections 6 & 7, Block 12,
H. & G. N. R.R. Co.,
Pecos County, Texas

Beginning at a 1 1/4 inch iron pipe found on the east line of Section 7, Block 12, H. & G. N. R.R. Co. from which the northeast corner of said Section 7 and the northeast corner of this tract bears N 11°49'43" W 46.85 feet;

Thence S 11°49'43" W, with the east line of said Section 7, 9155.73 feet pass the calculated southwest corner of Section 8, Block 12, H. & G. N. R.R. Co., a total distance of 10630.38 feet to a MLS iron rod marked "RPS 4144" for the southeast corner of said Section 7 and the southeast corner of this tract;

Thence N 78°06'38" W, with the south line of said Section 7, 2640.18 feet to a MLS iron rod marked "RPS 4144" for the southwest corner of said Section 7 and an ell corner of this tract;

Thence S 11°49'43" W, with the east line of Section 6, Block 12, H. & G. N. R.R. Co., 674.84 feet to a MLS iron rod marked "RPS 4144" for the southeast corner of said Section 6 and an ell corner of this tract;

Thence N 78°06'38" W, with the south line of said Section 6, 2640.18 feet to a MLS iron rod marked "RPS 4144" for the southwest corner of said Section 6 and the southwest corner of this tract;

Thence N 11°49'43" E, with the west line of said Section 6, 4739.30 feet to an 8 inch spike set for the most westerly northwest corner of this tract;

Thence S 78°10'17" E 1003.97 feet to an 8 inch spike set for an ell corner of this tract;

Thence N 26°57'43" E 1071.95 feet to an 8 inch spike set for an ell corner of this tract;

Thence N 11°00'43" E 810.90 feet to an 8 inch spike set for an ell corner of this tract;

Thence N 71°26'43" E 1585.70 feet to an 8 inch spike set in the west line of said Section 7 for an ell corner of this tract;



EXHIBIT "A"
page 1 of 4

VOL. 761 PAGE 207 VOL. 313 PAGE 7

Deed Record 761 Pg 207

VOL. 51 PG. 757

VOL. 761 PAGE 208
VOL. 313 PAGE 8

TELEPHONE (918) 684-6773
FAX (918) 684-1943

Steven L. Pawter
Registered Professional
Land Surveyor No. 5184

LUCHINI & MERTZ
Land Surveying Co.
P. O. Box 7142
Tulsa, Oklahoma 74112

Thence N 11°49'44" E, with the west line of said Section 7, 3636.18 feet to a point for the most northerly northwest corner of this tract;

Thence S 79°55'02" E, with the high bank of the river, 80.76 feet to a point;

Thence S 59°13'00" E, with the high bank of the river, 84.82 feet to a point;

Thence S 54°04'03" E, with the high bank of the river, 183.11 feet to a point;

Thence S 86°04'53" E, with the high bank of the river, 123.34 feet to a point;

Thence N 36°35'51" E, with the high bank of the river, 296.01 feet to a point;

Thence N 32°01'40" E, with the high bank of the river, 241.00 feet to a point;

Thence N 69°29'43" E, with the high bank of the river, 98.69 feet to a point;

Thence S 65°28'31" E, with the high bank of the river, 145.30 feet to a point;

Thence S 86°38'19" E, with the high bank of the river, 168.50 feet to a point;

Thence N 57°56'59" E, with the high bank of the river, 199.89 feet to a point;

Thence N 23°32'49" E, with the high bank of the river, 131.00 feet to a point;

Thence N 86°05'02" E, with the high bank of the river, 161.22 feet to a point;

Thence S 75°47'44" E, with the high bank of the river, 187.83 feet to a point;

Thence S 30°26'35" E, with the high bank of the river, 108.85 feet to a point;

Thence S 22°56'01" E, with the high bank of the river, 207.42 feet to a point;

Thence S 33°47'26" E, with the high bank of the river, 189.53 feet to a point;

Exhibit "A"
Page 2 of 4

VOL. 761 PAGE 208

VOL. 313 PAGE 8

Deed Record 761 Pg 208

VOL. 51 PG. 758

TELEPHONE (817) 484-4728
FAX (817) 484-4443

VOL. 313 PAGE 9
VOL. 761 PAGE 209
LUCHINI & MERTZ
Land Surveying Co.
P. O. Box 1662
Blossom, Texas 75002

STEVEN L. FUCHT
Registered Professional
Land Surveyor No. 5189

Thence S 68°11'48" E, with the high bank of the river, 108.63 feet to a point;
Thence S 77°31'22" E, with the high bank of the river, 244.15 feet to a point;
Thence N 89°36'54" E, with the high bank of the river, 73.31 feet to a point;
Thence S 49°22'49" E, with the high bank of the river, 176.88 feet to a point;
Thence S 89°05'17" E, with the high bank of the river, 148.09 feet to a point for the northeast corner
of said Section 7 and the northeast corner of this tract;
Thence S 11°49'43" W, with the east line of said Section 7, 46.66 feet to the place of beginning.

Note: All bearings and distances are based on the Lambert Grid System NAD '27 Datum Texas Central Zone.
Combined Grid Factor: (0.999743)
Note: Please see Plat to accompany this Description.



Steven L. Fucht

Exhibit "A"
Page 3 of 4

VOL. 761 PAGE 209

VOL. 313 PAGE 9

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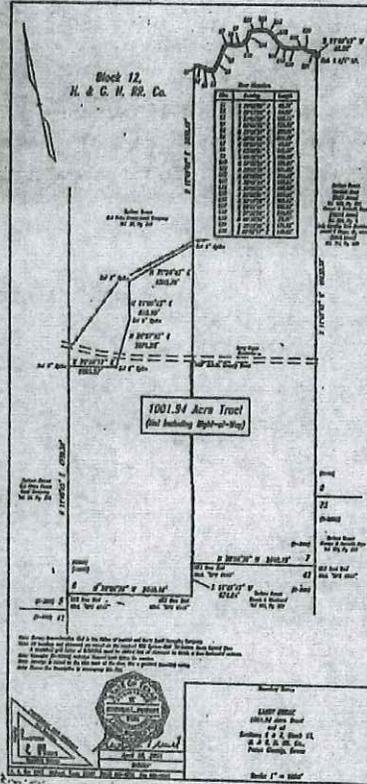
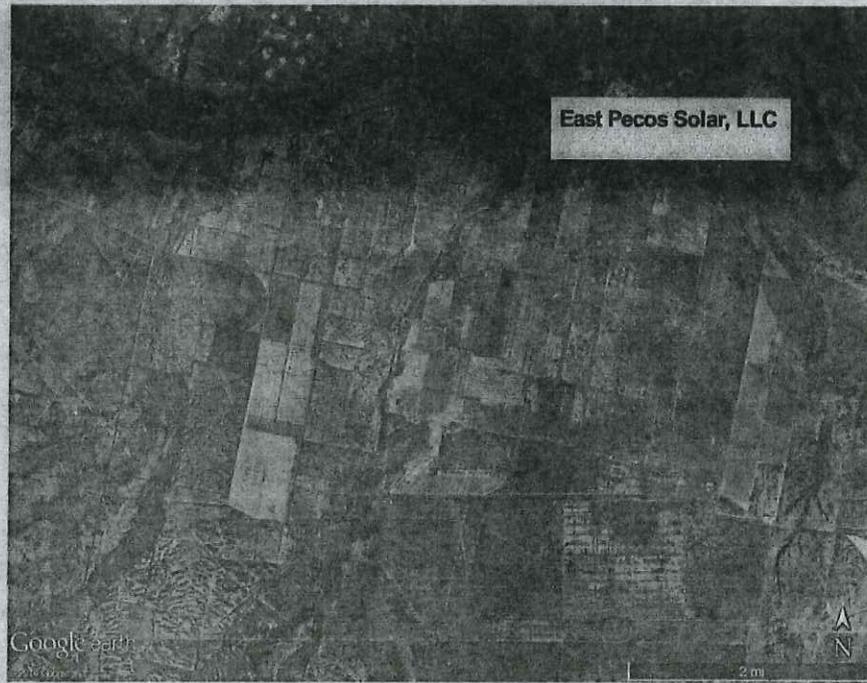


Exhibit "A" Page 4 of 4

THE FOREGOING INSTRUMENT OF WRITING WAS FILED FOR RECORD IN THIS OFFICE ON
 THE 10TH DAY OF SEPTEMBER 2001 AT 10:30 O'CLOCK A.M. AND RECORDED ON
 THE 10TH DAY OF SEPTEMBER 2001. FILE NUMBER 72115
 DEPUTY: *Stuart Johnson* JUDY DEERFIELD, RECORDS COUNTY CLERK

VOL. 51 PG. 760

EXHIBIT B
MAP OF "TUNAS CREEK"
REINVESTMENT ZONE



PECOS COUNTY

GUIDELINES AND CRITERIA FOR TAX ABATEMENT

I. PURPOSE

Pecos County, herein referred to as "the County," is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax abatement to stimulate growth and development. Any such incentive shall be provided in accordance with the procedures and criteria outlined in this document. However, nothing in these guidelines shall imply or suggest, or be construed to imply or suggest, that the County is under any obligation to provide any incentive to any applicant. All such applications for tax abatement shall be considered on an individual basis with regard to both the qualification for abatement and the amount of any abatement.

II. DEFINITIONS

The attached Glossary is a list of words with their definitions that are found in this document, and the Glossary is incorporated herein by reference.

III. GUIDELINES AND CRITERIA

Improvements eligible for abatement include the following:

- Aquaculture/agriculture facility,
- Distribution center facility,
- Manufacturing facility,
- Office building,
- Regional entertainment/ tourism facility,
- Renewable power facility and fixtures,
- Research facility,
- Historic building in a designated area, or
- Other basic industry.

Requests for abatement will be evaluated according to factors including, but not limited to, the following:

- (1) Jobs. Projected new jobs created, including the number and type of new jobs, the number and type of jobs retained, the average payroll, and the number of local persons hired.

- (2) Fiscal Impact. The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, any County financed infrastructure improvements that will be required by the facility, any infrastructure improvements proposed to be made by the facility, and the compatibility of the project with the County's master plan for development.
- (3) Community Impact. The pollution, if any, as well as other potential negative environmental impact on the health and safety of the community resulting from the proposed project; whether the project will revitalize a depressed area; potential business opportunities for local vendors; alternative development possibilities for the proposed site; the impact on other taxing entities; and/or whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Pecos County to another.

IV. ABATEMENT AUTHORIZED

- (a) Authorized Date. A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction: provided, that such facility meets the criteria for granting tax abatement in reinvestment zones created by Pecos County pursuant to these Guidelines and Criteria. Property may be exempted from taxation under these guidelines for a period not to exceed the statutory limitations.
- (b) Creation of New Value. Abatement may only be granted for the additional value of or increase in value to eligible improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee and lessor, subject to such limitations as the Tax Abatement Statute and these Guidelines and Criteria may require.
- (c) New and Existing Facilities. Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion. If the modernization project includes replacement of a facility existing at the time of application, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) Eligible Property. Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

- (e) Ineligible Property. The following types of property shall be fully taxable and ineligible for abatement:

land,
animals,
inventories,
supplies,
tools,
furnishings, and other forms of movable personal property (except as provided below),
vehicles,
vessels,
aircraft,
housing or residential property,
hotels/motels,
fauna,
flora,
retail facilities, except when housed in an historic structure, within the designated downtown district,
any improvements including those involved in the production, storage or distribution of natural gas or fluids that are not integral to the operation of the facility, and

Property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas. This provision shall not be interpreted to disallow abatement for property located in the Pecos County Industrial Park. Nor shall this provision be interpreted to disallow abatement where the eligible property to be abated may be located on or affixed to land owned by the State or a subdivision of the State, but is wholly owned by the party seeking the abatement.

Equipment constituting personal property located in the reinvestment zone shall remain eligible for abatement provided the equipment is awaiting installation to become a permanent part of a fixture located or to be constructed in the reinvestment zone that is or will be eligible for property tax abatement, including any replacement parts.

- (f) Owned/Leased Facilities. If leased property is granted abatement, the agreement shall be executed with the lessor and lessee. If the eligible property to be abated is located on or affixed to leased land, but is wholly owned by the party seeking the abatement, the agreement shall be executed only with the owner of the property to be abated.

- (g) Value and Term of Abatement. Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. The value of new eligible properties shall be abated according to the approved agreement between the applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement.

The abatement may be extended from the date of the initial agreement by modification provided the statutory requirements for modification are met.

- (h) Construction in Progress. If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the taxpayer may apply for a one-year extension of the term of abatement. Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.
- (i) Taxability. From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
 - (1) The value of ineligible property as provided in Part IV(e) shall be fully taxable.
 - (2) The base year value of existing eligible property, meaning the value of the property for the year in which the abatement agreement is executed, shall be fully taxable.
 - (3) The additional value of eligible property shall be taxable as provided for by the applicable abatement agreement between the owner and the County.

V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner of taxable property in Pecos County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County.
- (b) The application shall consist of a completed application form accompanied by:
 - (1) a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;

- (2) a descriptive list of the improvements that will be a part of the facility;
 - (3) a map and property description or a site plan;
 - (4) a time schedule for undertaking and completing the planned improvements;
 - (5) for modernized facilities, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application; and,
 - (6) Financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the County receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the County shall through public hearings as described below afford the applicant and the designated representative of any affected jurisdiction and any member of the public the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the County to be posted at least twenty (20) days prior to the hearing.
- (d) The County shall approve or deny the application for tax abatement within sixty (60) days after receipt of the application. The presiding officer of the County shall notify the applicant of the approval or disapproval promptly thereafter.
- (e) Statutory Requirements: Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners Court evaluates the application against the criteria described in these guidelines and decides by majority vote whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the county, which it may do at any regularly scheduled meeting, provided notice requirements

are met. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or to decline.

- (f) Expedited consideration of application. If the County determines that the application should receive expedited consideration, the Commissioners Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners Court, provided the County meets the procedural prerequisites for each step.
- (g) A request for a reinvestment zone for the purpose of abatement shall not be granted if the County finds that the request for the abatement was filed after commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) through (e) of Part IV may be made in written form to the County Commissioners Court. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of the request for variance requires a three-fourths (3/4) vote of the County Commissioners Court.

VI. PUBLIC HEARING

- (a) If, after a public hearing, the County Commissioners Court weighs the relevant factors listed in these guidelines and determines that granting the abatement is not in the best interests of the County, the Court shall deny the abatement.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
 - (1) There would be a substantial and unreasonable adverse affect on the provision of government services or the overall tax base of the County.
 - (2) The applicant has insufficient financial capacity.
 - (3) Planned or potential use of the property would constitute a hazard to public safety, health, or morals.

- (4) Planned or potential use of the property violates any other governmental codes or any applicable law.

VII. AGREEMENT

- (a) After approval of the tax abatement application, the County shall formally pass a resolution and execute an agreement with the owner of the facility and the lessee involved, if any, which shall include:
 - (1) Estimated value to be abated and the base year value.
 - (2) Percent of value to be abated each year.
 - (3) The commencement date and the termination date of abatement.
 - (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description, and improvements list.
 - (5) Contractual obligations in the event of default, including a provision for cancellation and recapture of delinquent taxes, provisions for administration and assignment as provided herein, and any other provision that may be required for uniformity or by state law.
 - (6) Performance criteria for continuation of the abatement.
 - (7) Amount of investment and average number of jobs involved for the period of abatement.
 - (8) A provision that the contract shall meet all of the requirements of Texas Tax Code Sec. 312, et. seq.
- (b) Such agreement shall be executed within sixty (60) days after approval of the agreement.
- (c) The County shall make its own determination of abatement which shall not bind any other affected taxing entity.

VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues production of product or service for any reason other than fire, explosion, or other casualty or accident or natural disaster for a period of more than one (1) year during the

abatement period, then the agreement shall terminate and so shall the abatement of taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

- (b) Should the County determine that the owner is in default of the agreement, the County shall notify the owner of the defect in writing at the address stated in the agreement, and if such defect is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Where cure of the proposed defect requires action undertaken over a period of time, the contract will not be considered to be in default if the performing party has undertaken efforts to cure the defect and is diligently pursuing those efforts.
- (c) In the event that the company or individual:
 - (1) allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following notice of the delinquency without instituting proper legal procedures for their protest and/or contest; or
 - (2) violates in a way any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. A failure to abide by estimated timelines for construction will not be considered to be a material breach of this agreement, provided the owner makes a reasonable effort to meet the estimated timeline.

IX. ADMINISTRATION

- (a) The Chief Appraiser of the Pecos County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving the abatement shall furnish the designee of the County with such information as may be necessary to determine continued eligibility for abatement. Once the value has been established, the Chief Appraiser shall notify the County of the amount of assessment. Additionally, the County designee shall notify the County of the number of new or retained employees associated with the facility or generated by the abatement agreement. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions of the amount of the assessment.

- (b) The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to prevent unreasonable interference with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the owner in accordance with its safety standards.
- (c) Upon completion of construction the County shall annually evaluate each facility and report possible violations of the contract and/or agreement to the County.
- (d) All proprietary information acquired by the County for purposes of monitoring compliance with the terms and conditions of an abatement agreement shall be considered confidential.

X. ASSIGNMENT

- (a) Abatement may be transferred and assigned by the owner to a new owner of the same property upon approval by resolution of the County Commissioners Court, subject to the financial capacity of the assignee and provided that the agreement is modified to substitute the assignee as a party to the agreement.
- (b) Any such modification shall not exceed the termination date of the abatement agreement with the original owner.
- (c) No assignment or transfer shall be approved if either the parties to the existing agreement or the proposed assignee is liable to the County for outstanding taxes or other obligations.
- (d) Approval shall not be unreasonably withheld. Upon a finding that the proposed assignee is capable of performing the obligations under the agreement, financially and otherwise, approval of the assignment will not be withheld.

XI. SUNSET PROVISION

- (a) These guidelines are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its agreements will be reviewed by the County to determine whether the goals of these guidelines

and the Tax Abatement Statute have been achieved. Based on that review, these guidelines may be modified, renewed or eliminated. Such actions shall not affect existing contracts.

- (b) Prior to the date for review, as defined above, these Guidelines may be modified by a two-thirds (2/3) vote of the County Commissioners Court, as provided for by the laws of the State of Texas.

XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph, or any part of these guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the guidelines.
- (b) Property that is in a reinvestment zone and that is owned or leased by a member of the County Commissioners Court is excluded from property tax abatement.
- (c) If this Guideline Statement has omitted any mandatory requirement of the applicable tax abatement laws of the State of Texas, then such requirement is hereby incorporated as a part of these guidelines.

XIII. These Guidelines and Criteria do not affect the County's right to enter into abatement agreements for property located within the City of Fort Stockton pursuant to the existing agreement between the County and the City, regardless of whether such abatement agreements meet the criteria announced by these Guidelines.

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 → KEVIN ALLEN Superintendent
Print Name (Authorized School District Representative) Title

sign here → [Signature] 2/19/2015
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 → Oscar Dalton Regional Director, US Project Development
Print Name (Authorized Company Representative (Applicant)) Title

sign here → [Signature] 2/4/15
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

4th day of February, 2015
Kara Rachel Mullins
 Notary Public in and for the State of Texas Arizona
 My Commission expires: 7-17-17

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.

Attachment B

Franchise Tax Account Status



Franchise Tax Account Status

As of: 10/29/2015 01:05:12 PM

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

EAST PECOS SOLAR, LLC	
Texas Taxpayer Number	32055319258
Mailing Address	350 W WASHINGTON ST STE 600 TEMPE, AZ 85281-1496
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	10/02/2014
Texas SOS File Number	0802075716
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201

Attachment C

State Comptroller's Certification



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

September 11, 2015

Kevin Allen
Superintendent
Iraan-Sheffield Independent School District
PO Box 486
Iraan, Texas 79744-0486

Dear Superintendent Allen:

On June 19, 2015, the Comptroller issued written notice that East Pecos Solar, LLC (the applicant) submitted a completed application (Application #1059) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on February 9, 2015, to the Iraan-Sheffield Independent 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 requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application #1059.

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.

¹ All statutory references are to the Texas Tax Code, unless otherwise noted.

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.

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).

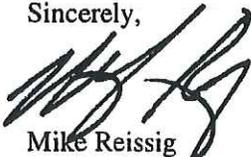
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-286) executed 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 September 11, 2015, 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 Korry Castillo, Director, Data Analysis & Transparency, by email at korry.castillo@cpa.texas.gov or by phone at 1-800-531-5441, ext. 3-3806, or direct in Austin at 512-463-3806.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Korry Castillo

Attachment A – Economic Impact Analysis

This following tables summarizes the Comptroller’s economic impact analysis of East Pecos Solar, LLC (the project) applying to Iraan-Sheffield 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 East Pecos Solar, LLC.

Applicant	East Pecos Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Iraan-Sheffield ISD
2011-12 Enrollment in School District	543
County	Pecos
Proposed Total Investment in District	\$170,000,000
Proposed Qualified Investment	\$170,000,000
Limitation Amount	\$30,000,000
Number of new qualifying jobs committed to by applicant	2*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$731
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$713
Minimum annual wage committed to by applicant for qualified jobs	\$38,000
Minimum weekly wage required for non-qualifying jobs	\$894
Minimum annual wage required for non-qualifying jobs	\$46,488
Investment per Qualifying Job	\$85,000,000
Estimated M&O levy without any limit (15 years)	\$11,450,215
Estimated M&O levy with Limitation (15 years)	\$4,982,000
Estimated gross M&O tax benefit (15 years)	\$6,468,215
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Pecos 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 Pecos County, Midland College, Iraan General Hospital District and Middle Pecos Groundwater District.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Iraan-Sheffield ISD I&S Tax Levy	Iraan-Sheffield ISD M&O Tax Levy	Iraan-Sheffield ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Midland College Tax Levy	Iraan General Hospital District Tax Levy	Middle Pecos Groundwater District Tax Levy	Estimated Total Property Taxes	
			0.1100	1.0600			0.6999	0.0255	0.1896	0.0250		
2017	\$ 170,000,000	\$30,000,000		\$187,000	\$318,000	\$505,000	\$583,017	\$43,350	\$157,937	\$20,825	\$1,310,129	
2018	\$ 144,500,000	\$30,000,000		\$158,950	\$318,000	\$476,950	\$495,564	\$36,848	\$134,246	\$17,701	\$1,161,309	
2019	\$ 122,825,000	\$30,000,000		\$135,108	\$318,000	\$453,108	\$421,230	\$31,320	\$114,109	\$15,046	\$1,034,813	
2020	\$ 104,401,250	\$30,000,000		\$114,841	\$318,000	\$432,841	\$358,045	\$26,622	\$96,993	\$12,789	\$927,291	
2021	\$ 88,741,063	\$30,000,000		\$97,615	\$318,000	\$415,615	\$304,338	\$22,629	\$82,444	\$10,871	\$835,897	
2022	\$ 75,429,903	\$30,000,000		\$82,973	\$318,000	\$400,973	\$258,688	\$19,235	\$70,077	\$9,240	\$758,213	
2023	\$ 64,115,418	\$30,000,000		\$70,527	\$318,000	\$388,527	\$219,884	\$16,349	\$59,566	\$7,854	\$692,181	
2024	\$ 54,498,105	\$30,000,000		\$59,948	\$318,000	\$377,948	\$186,902	\$13,897	\$50,631	\$6,676	\$636,054	
2025	\$ 46,323,389	\$30,000,000		\$50,956	\$318,000	\$368,956	\$158,867	\$11,812	\$43,036	\$5,675	\$588,346	
2026	\$ 39,374,881	\$30,000,000		\$43,312	\$318,000	\$361,312	\$275,585	\$10,041	\$74,655	\$9,844	\$731,436	
2027	\$ 34,000,000	\$34,000,000		\$37,400	\$360,400	\$397,800	\$237,966	\$8,670	\$64,464	\$8,500	\$717,400	
2028	\$ 34,000,000	\$34,000,000		\$37,400	\$360,400	\$397,800	\$237,966	\$8,670	\$64,464	\$8,500	\$717,400	
2029	\$ 34,000,000	\$34,000,000		\$37,400	\$360,400	\$397,800	\$237,966	\$8,670	\$64,464	\$8,500	\$717,400	
2030	\$ 34,000,000	\$34,000,000		\$37,400	\$360,400	\$397,800	\$237,966	\$8,670	\$64,464	\$8,500	\$717,400	
2031	\$ 34,000,000	\$34,000,000		\$37,400	\$360,400	\$397,800	\$237,966	\$8,670	\$64,464	\$8,500	\$717,400	
						Total	\$6,170,230	\$4,451,949	\$275,453	\$1,206,015	\$159,021	\$12,262,668
						Diff	\$6,468,215	\$3,108,434	\$0	\$842,062	\$111,031	\$10,529,742

Source: CPA, East Pecos Solar, 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 East Pecos Solar, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2014	\$0	\$0	\$0	\$0
	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2017	\$318,000	\$318,000	\$1,484,000	\$1,484,000
	2018	\$318,000	\$636,000	\$1,213,700	\$2,697,700
	2019	\$318,000	\$954,000	\$983,945	\$3,681,645
	2020	\$318,000	\$1,272,000	\$788,653	\$4,470,298
	2021	\$318,000	\$1,590,000	\$622,655	\$5,092,954
	2022	\$318,000	\$1,908,000	\$481,557	\$5,574,510
	2023	\$318,000	\$2,226,000	\$361,623	\$5,936,134
	2024	\$318,000	\$2,544,000	\$259,680	\$6,195,814
	2025	\$318,000	\$2,862,000	\$173,028	\$6,368,842
	2026	\$318,000	\$3,180,000	\$99,374	\$6,468,215
Maintain Viable Presence (5 Years)	2027	\$360,400	\$3,540,400	\$0	\$6,468,215
	2028	\$360,400	\$3,900,800	\$0	\$6,468,215
	2029	\$360,400	\$4,261,200	\$0	\$6,468,215
	2030	\$360,400	\$4,621,600	\$0	\$6,468,215
	2031	\$360,400	\$4,982,000	\$0	\$6,468,215
Additional Years as Required by 313.026(c)(1) (10 Years)	2032	\$360,400	\$5,342,400	\$0	\$6,468,215
	2033	\$360,400	\$5,702,800	\$0	\$6,468,215
	2034	\$360,400	\$6,063,200	\$0	\$6,468,215
	2035	\$360,400	\$6,423,600	\$0	\$6,468,215
	2036	\$360,400	\$6,784,000	\$0	\$6,468,215
	2037	\$360,400	\$7,144,400	\$0	\$6,468,215
	2038	\$360,400	\$7,504,800	\$0	\$6,468,215
	2039	\$360,400	\$7,865,200	\$0	\$6,468,215
	2040	\$360,400	\$8,225,600	\$0	\$6,468,215
	2041	\$360,400	\$8,586,000	\$0	\$6,468,215

\$8,586,000 is greater than \$6,468,215

Analysis Summary	
Is the project reasonably likely to generate school M & O tax revenue in an amount sufficient to offset the school M&O levy loss as a result of the limitation agreement within a 25 year period?	Yes

Source: CPA, East Pecos Solar, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the East Pecos Solar, LLC 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, the parent company for the project is a national solar developer with the ability to locate projects of this type in other countries and states in the US with strong solar characteristics.
- The applicant is actively developing and constructing other projects throughout the United States and internationally.
- Per the applicant, the property tax liabilities without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today’s contracted power rates under a power purchase agreement.
- The applicant requires this appraised value limitation in order to move forward with constructing this project in Texas.
- October 30, 2014 issue of the Fort Stockton Pioneer mobile news reports the Commissioners Court approved the Tuna Creek reinvestment zone and accepted an application for tax abatement from First Solar who plans to build their second Pecos County solar electric generating station.

Supporting Information

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

Attachment D

Summary of Financial Impact

**CHAPTER 313 PROPERTY VALUE LIMITATION
FINANCIAL IMPACT OF THE PROPOSED EAST PECOS
SOLAR LLC PROJECT IN THE IRAAN-SHEFFIELD
INDEPENDENT SCHOOL DISTRICT
(PROJECT # 1059)**

PREPARED BY



MAY 5, 2015

Executive Summary

East Pecos Solar LLC (Company) has requested that the Iraan-Sheffield Independent School District (I-SISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to I-SISD on February 9, 2015 the Company plans to invest \$170 million to construct a renewable electric energy production facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, I-SISD may offer a minimum value limitation of \$30 million. This value limitation, under the proposed application, will begin in the 2017-18 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

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

Total Revenue Loss Payment owed to I-SISD	\$470,118
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	\$5,998,098

Application Process

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

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

is received, the district has until the 150th day from the receipt of the Completeness Letter or until December 31st, whichever is earlier, to adopt an agreement.

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

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

How the 313 Agreement Interacts with Texas School Finance

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

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

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

Additional State Aid for Tax Reduction (ASATR) guarantees a school district a set amount of state and local M&O funds per student in weighted average daily attendance to compensate for the mandatory reduction in, or compression of, the local M&O tax rate that was adopted in 2005 or 2006. For more detailed information on the school finance funding system, please review the Texas Education Agency's [School Finance 101: Funding of Texas Public Schools](#). For the 2014-15 school year it is estimated that 230 school districts will receive ASATR hold-harmless funding (\$335 million in state funding). ASATR funding is expected to be eliminated by the 2017-18 school year under current law, which is why it is not reflected in the estimates presented below.

For a school district that approves a Chapter 313 value limitation, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be

reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. This is because the general school finance formula system calculates state aid entitlements using the property value for the preceding year as certified by the Comptroller.

In most instances smaller revenue losses would be anticipated in years 2-10 of the limitation when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

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

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

Underlying School District Data Assumptions

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

Student enrollment counts are held constant at 507 students in average daily attendance (ADA) in analyzing the effects of the project on the finances of I-SISD. The District's local tax base reached \$1.99 billion for the 2014 tax year (the most recent year available) and is maintained for the forecast period in order to isolate the effects of the property value limitation. The impact of previously-approved Chapter 313 agreements is factored into the base of both models presented below to neutralize their impact on the estimates for the East Pecos Solar project. An M&O tax rate of \$1.06 per \$100 is used throughout this analysis. I-SISD has estimated 2014-15 state property wealth per weighted ADA or WADA of approximately \$2.0 million. As a result, I-SISD is considered a Chapter 41 or recapture district under the school finance system. Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

The M&O tax rate is maintained at \$1.06 per \$100 for the purposes of these estimates. Although the impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes could result in a lower M&O tax rate, that analysis is beyond the scope of this revenue report.

The general approach used here to analyze the future revenue stream of the school district under a value limitation is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system.

Table 1 – Base District Information with East Pecos Solar Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2015-16	507.30	984.89	\$1.0600	\$0.1100	\$1,993,900,870	\$1,993,900,870	\$1,995,817,443	\$1,995,817,443	\$2,026,431	\$2,026,431
QTP1	2016-17	507.30	984.89	\$1.0600	\$0.1100	\$2,043,900,870	\$2,043,900,870	\$1,995,817,443	\$1,995,817,443	\$2,026,431	\$2,026,431
QTP2/VL1	2017-18	507.30	984.89	\$1.0600	\$0.1100	\$2,213,900,870	\$2,073,900,870	\$2,045,817,443	\$2,045,817,443	\$2,077,198	\$2,077,198
VL2	2018-19	507.30	984.89	\$1.0600	\$0.1100	\$2,273,397,104	\$2,158,897,104	\$2,215,817,443	\$2,075,817,443	\$2,249,805	\$2,107,658
VL3	2019-20	507.30	984.89	\$1.0600	\$0.1100	\$2,246,472,292	\$2,153,647,292	\$2,275,313,677	\$2,160,813,677	\$2,310,214	\$2,193,958
VL4	2020-21	507.30	984.89	\$1.0600	\$0.1100	\$2,223,061,221	\$2,148,659,971	\$2,248,388,865	\$2,155,563,865	\$2,282,876	\$2,188,627
VL5	2021-22	507.30	984.89	\$1.0600	\$0.1100	\$2,202,663,079	\$2,143,922,016	\$2,224,977,794	\$2,150,576,544	\$2,259,106	\$2,183,564
VL6	2022-23	507.30	984.89	\$1.0600	\$0.1100	\$2,184,850,862	\$2,139,420,959	\$2,204,579,652	\$2,145,838,589	\$2,238,395	\$2,178,753
VL7	2023-24	507.30	984.89	\$1.0600	\$0.1100	\$2,169,260,372	\$2,135,144,954	\$2,186,767,435	\$2,141,337,532	\$2,220,310	\$2,174,183
VL8	2024-25	507.30	984.89	\$1.0600	\$0.1100	\$2,155,580,855	\$2,131,082,750	\$2,171,176,945	\$2,137,061,527	\$2,204,480	\$2,169,841
VL9	2025-26	507.30	984.89	\$1.0600	\$0.1100	\$2,143,547,045	\$2,127,223,656	\$2,157,497,428	\$2,132,999,323	\$2,190,591	\$2,165,717
VL10	2026-27	507.30	984.89	\$1.0600	\$0.1100	\$2,203,943,227	\$2,194,568,346	\$2,145,463,618	\$2,129,140,229	\$2,178,372	\$2,161,799
VP1	2027-28	507.30	984.89	\$1.0600	\$0.1100	\$2,186,074,684	\$2,186,074,684	\$2,205,859,800	\$2,196,484,919	\$2,239,695	\$2,230,176
VP2	2028-29	507.30	984.89	\$1.0600	\$0.1100	\$2,182,765,993	\$2,182,765,993	\$2,187,991,257	\$2,187,991,257	\$2,221,552	\$2,221,552
VP3	2029-30	507.30	984.89	\$1.0600	\$0.1100	\$2,179,622,737	\$2,179,622,737	\$2,184,682,566	\$2,184,682,566	\$2,218,193	\$2,218,193
VP4	2030-31	507.30	984.89	\$1.0600	\$0.1100	\$2,176,636,644	\$2,176,636,644	\$2,181,539,310	\$2,181,539,310	\$2,215,001	\$2,215,001
VP5	2031-32	507.30	984.89	\$1.0600	\$0.1100	\$2,173,799,855	\$2,173,799,855	\$2,178,553,217	\$2,178,553,217	\$2,211,969	\$2,211,969

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

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

M&O Impact of the East Pecos Solar project on I-SISD

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

Additionally, a separate model is established to make a calculation of the “Value Limitation Revenue Model” by adding the project’s limited value of 2017-18 \$30 million to the model. These results are shown in Table 3.

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

Year of Agreement	School Year	M&O Taxes @		Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2015-16	\$19,598,439	\$191,730	\$1,180,320	-\$14,178,398	\$1,175,906	\$0	\$0	\$17,584	\$7,985,581
QTP1	2016-17	\$20,088,439	\$191,730	\$1,047,271	-\$14,535,349	\$1,205,306	\$0	\$0	\$17,584	\$8,014,981
QTP2/VL1	2017-18	\$21,782,439	\$191,730	\$0	-\$15,913,931	\$1,306,946	\$0	\$0	\$17,584	\$7,384,768
VL2	2018-19	\$22,360,402	\$191,730	\$0	-\$16,793,223	\$1,341,624	\$0	\$0	\$17,584	\$7,118,116
VL3	2019-20	\$22,092,204	\$191,730	\$0	-\$16,731,902	\$1,325,532	\$0	\$0	\$17,584	\$6,895,147
VL4	2020-21	\$21,859,091	\$191,730	\$0	-\$16,491,964	\$1,311,545	\$0	\$0	\$17,584	\$6,887,985
VL5	2021-22	\$21,656,057	\$191,730	\$0	-\$16,282,946	\$1,299,363	\$0	\$0	\$17,584	\$6,881,787
VL6	2022-23	\$21,478,835	\$191,730	\$0	-\$16,100,484	\$1,288,730	\$0	\$0	\$17,584	\$6,876,394
VL7	2023-24	\$21,323,786	\$191,730	\$0	-\$15,940,852	\$1,279,427	\$0	\$0	\$17,584	\$6,871,674
VL8	2024-25	\$21,187,803	\$191,730	\$0	-\$15,800,865	\$1,271,268	\$0	\$0	\$17,584	\$6,867,520
VL9	2025-26	\$21,068,237	\$191,730	\$0	-\$15,677,800	\$1,264,094	\$0	\$0	\$17,584	\$6,863,844
VL10	2026-27	\$21,658,729	\$191,730	\$0	-\$16,089,457	\$1,299,524	\$0	\$0	\$17,584	\$7,078,109
VP1	2027-28	\$21,481,743	\$191,730	\$0	-\$16,105,742	\$1,288,905	\$0	\$0	\$17,584	\$6,874,220
VP2	2028-29	\$21,449,318	\$191,730	\$0	-\$16,038,248	\$1,286,959	\$0	\$0	\$17,584	\$6,907,342
VP3	2029-30	\$21,418,514	\$191,730	\$0	-\$16,007,039	\$1,285,111	\$0	\$0	\$17,584	\$6,905,899
VP4	2030-31	\$21,389,250	\$191,730	\$0	-\$15,977,390	\$1,283,355	\$0	\$0	\$17,584	\$6,904,528
VP5	2031-32	\$21,361,449	\$191,730	\$0	-\$15,949,221	\$1,281,687	\$0	\$0	\$17,584	\$6,903,228

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

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

Year of Agreement	School Year	M&O Taxes @		Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2015-16	\$19,598,439	\$191,730	\$1,180,320	-\$14,178,398	\$1,175,906	\$0	\$0	\$17,584	\$7,985,581
QTP1	2016-17	\$20,088,439	\$191,730	\$1,047,271	-\$14,535,349	\$1,205,306	\$0	\$0	\$17,584	\$8,014,981
QTP2/VL1	2017-18	\$20,382,439	\$191,730	\$0	-\$14,884,781	\$1,222,946	\$0	\$0	\$17,584	\$6,929,917
VL2	2018-19	\$21,215,402	\$191,730	\$0	-\$15,578,316	\$1,272,924	\$0	\$0	\$17,584	\$7,119,323
VL3	2019-20	\$21,163,954	\$191,730	\$0	-\$15,757,633	\$1,269,837	\$0	\$0	\$17,584	\$6,885,471
VL4	2020-21	\$21,115,079	\$191,730	\$0	-\$15,708,119	\$1,266,905	\$0	\$0	\$17,584	\$6,883,178
VL5	2021-22	\$21,068,647	\$191,730	\$0	-\$15,661,077	\$1,264,119	\$0	\$0	\$17,584	\$6,881,003
VL6	2022-23	\$21,024,536	\$191,730	\$0	-\$15,616,383	\$1,261,472	\$0	\$0	\$17,584	\$6,878,938
VL7	2023-24	\$20,982,631	\$191,730	\$0	-\$15,573,923	\$1,258,958	\$0	\$0	\$17,584	\$6,876,980
VL8	2024-25	\$20,942,822	\$191,730	\$0	-\$15,533,583	\$1,256,569	\$0	\$0	\$17,584	\$6,875,121
VL9	2025-26	\$20,905,003	\$191,730	\$0	-\$15,495,259	\$1,254,300	\$0	\$0	\$17,584	\$6,873,357
VL10	2026-27	\$21,564,981	\$191,730	\$0	-\$15,977,628	\$1,293,899	\$0	\$0	\$17,584	\$7,090,565
VP1	2027-28	\$21,481,743	\$191,730	\$0	-\$16,083,217	\$1,288,905	\$0	\$0	\$17,584	\$6,896,745
VP2	2028-29	\$21,449,318	\$191,730	\$0	-\$16,038,248	\$1,286,959	\$0	\$0	\$17,584	\$6,907,342
VP3	2029-30	\$21,418,514	\$191,730	\$0	-\$16,007,039	\$1,285,111	\$0	\$0	\$17,584	\$6,905,899
VP4	2030-31	\$21,389,250	\$191,730	\$0	-\$15,977,390	\$1,283,355	\$0	\$0	\$17,584	\$6,904,528
VP5	2031-32	\$21,361,449	\$191,730	\$0	-\$15,949,221	\$1,281,687	\$0	\$0	\$17,584	\$6,903,228

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

Table 4 displays the results of the comparison between the Baseline Revenue Model and the Value Limitation Revenue Model (Tables 2 and 3). The difference between the two models indicates there will be a total revenue loss of \$470,118 over the course of the Agreement.

Nearly all of the reduction in M&O taxes under the limitation agreement is offset through a reduction in recapture costs owed to the state under current law.

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Other State Aid	Total General Fund
QTP0	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP1	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
QTP2/VL1	2017-18	-\$1,400,000	\$0	\$0	\$1,029,150	-\$84,000	\$0	\$0	\$0	-\$454,850
VL2	2018-19	-\$1,145,000	\$0	\$0	\$1,214,907	-\$68,700	\$0	\$0	\$0	\$1,207
VL3	2019-20	-\$928,250	\$0	\$0	\$974,269	-\$55,695	\$0	\$0	\$0	-\$9,676
VL4	2020-21	-\$744,012	\$0	\$0	\$783,846	-\$44,640	\$0	\$0	\$0	-\$4,806
VL5	2021-22	-\$587,410	\$0	\$0	\$621,869	-\$35,244	\$0	\$0	\$0	-\$785
VL6	2022-23	-\$454,299	\$0	\$0	\$484,101	-\$27,258	\$0	\$0	\$0	\$2,544
VL7	2023-24	-\$341,155	\$0	\$0	\$366,930	-\$20,469	\$0	\$0	\$0	\$5,306
VL8	2024-25	-\$244,981	\$0	\$0	\$267,281	-\$14,699	\$0	\$0	\$0	\$7,601
VL9	2025-26	-\$163,234	\$0	\$0	\$182,541	-\$9,794	\$0	\$0	\$0	\$9,513
VL10	2026-27	-\$93,748	\$0	\$0	\$111,829	-\$5,625	\$0	\$0	\$0	\$12,456
VP1	2027-28	\$0	\$0	\$0	\$22,525	\$0	\$0	\$0	\$0	\$22,525
VP2	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP3	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP4	2030-31	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
VP5	2031-32	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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

M&O Impact on the Taxpayer

Table 5 summarizes the impact of the property value limitation in terms of the potential tax savings to the taxpayer under the property value limitation agreement. The focus of this table is on the M&O tax rate only. A \$1.06 per \$100 M&O tax rate is assumed in 2014-15 (the most recent year available) and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$6.5 million over the life of the agreement. The I-SISD revenue losses are expected to total approximately \$470,118 over the course of the agreement. In total, the potential net tax benefits (after hold-harmless payments are made) are estimated to total \$6.0 million.

Table 5 - Estimated Financial Impact of the East Pecos Solar Project Property Value Limitation Request Submitted to I-SISD at \$1.06 per \$100 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits	
QTP0	2015-16	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	
QTP1	2016-17	\$0	\$0	\$0	\$1.060	\$0	\$0	\$0	\$0	\$0	
QTP2/VL1	2017-18	\$170,000,000	\$30,000,000	\$140,000,000	\$1.060	\$1,802,000	\$318,000	\$1,484,000	-\$454,850	\$1,029,150	
VL2	2018-19	\$144,500,000	\$30,000,000	\$114,500,000	\$1.060	\$1,531,700	\$318,000	\$1,213,700	\$0	\$1,213,700	
VL3	2019-20	\$122,825,000	\$30,000,000	\$92,825,000	\$1.060	\$1,301,945	\$318,000	\$983,945	-\$9,676	\$974,269	
VL4	2020-21	\$104,401,250	\$30,000,000	\$74,401,250	\$1.060	\$1,106,653	\$318,000	\$788,653	-\$4,806	\$783,847	
VL5	2021-22	\$88,741,063	\$30,000,000	\$58,741,063	\$1.060	\$940,655	\$318,000	\$622,655	-\$785	\$621,871	
VL6	2022-23	\$75,429,903	\$30,000,000	\$45,429,903	\$1.060	\$799,557	\$318,000	\$481,557	\$0	\$481,557	
VL7	2023-24	\$64,115,418	\$30,000,000	\$34,115,418	\$1.060	\$679,623	\$318,000	\$361,623	\$0	\$361,623	
VL8	2024-25	\$54,498,105	\$30,000,000	\$24,498,105	\$1.060	\$577,680	\$318,000	\$259,680	\$0	\$259,680	
VL9	2025-26	\$46,323,389	\$30,000,000	\$16,323,389	\$1.060	\$491,028	\$318,000	\$173,028	\$0	\$173,028	
VL10	2026-27	\$39,374,881	\$30,000,000	\$9,374,881	\$1.060	\$417,374	\$318,000	\$99,374	\$0	\$99,374	
VP1	2027-28	\$34,000,000	\$34,000,000	\$0	\$1.060	\$360,400	\$360,400	\$0	\$0	\$0	
VP2	2028-29	\$34,000,000	\$34,000,000	\$0	\$1.060	\$360,400	\$360,400	\$0	\$0	\$0	
VP3	2029-30	\$34,000,000	\$34,000,000	\$0	\$1.060	\$360,400	\$360,400	\$0	\$0	\$0	
VP4	2030-31	\$34,000,000	\$34,000,000	\$0	\$1.060	\$360,400	\$360,400	\$0	\$0	\$0	
VP5	2031-32	\$34,000,000	\$34,000,000	\$0	\$1.060	\$360,400	\$360,400	\$0	\$0	\$0	
							\$11,450,215	\$4,982,000	\$6,468,215	-\$470,118	\$5,998,098

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

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with I-SISD currently levying a \$0.11 per \$100 I&S rate. While the value of the East Pecos Solar project is expected to depreciate over the life of the agreement and beyond, full access to the additional value in the initial years of the project is expected to benefit the District’s taxpayers.

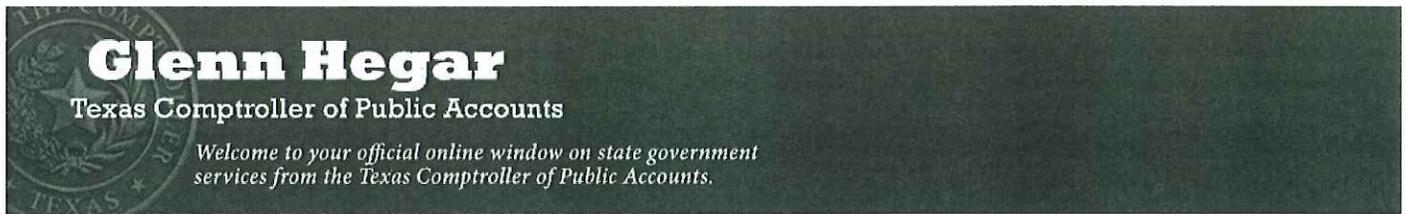
The project is not expected to affect I-SISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

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

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

Attachment E

Taxable Value of Property



2014 ISD Summary Worksheet

186/Pecos

186-903/Iraan-Sheffield ISD

Category	Local Tax Roll Value	2014 WTD Mean Ratio	2014 PTAD Value Estimate	2014 Value Assigned
A. Single-Family Residences	26,108,200	N/A	26,108,200	26,108,200
B. Multi-Family Residences	48,190	N/A	48,190	48,190
C1. Vacant Lots	361,170	N/A	361,170	361,170
C2. Colonia Lots	54,540	N/A	54,540	54,540
D1. Rural Real(Taxable)	3,775,640	N/A	3,775,640	3,775,640
D2. Real Prop Farm & Ranch	1,431,580	N/A	1,431,580	1,431,580
E. Real Prop NonQual Acres	5,915,310	N/A	5,915,310	5,915,310
F1. Commercial Real	5,095,110	N/A	5,095,110	5,095,110
F2. Industrial Real	71,078,830	N/A	71,078,830	71,078,830
G. Oil, Gas, Minerals	1,748,010,810	N/A	1,748,010,810	1,748,010,810
J. Utilities	68,035,140	N/A	68,035,140	68,035,140
L1. Commercial Personal	1,951,920	N/A	1,951,920	1,951,920
L2. Industrial Personal	197,432,660	N/A	197,432,660	197,432,660
M. Other Personal	2,344,350	N/A	2,344,350	2,344,350
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	2,131,643,450		2,131,643,450	2,131,643,450
Less Total Deductions	135,826,007		135,826,007	135,826,007
Total Taxable Value	1,995,817,443		1,995,817,443	1,995,817,443 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
1,999,289,173	1,995,817,443	1,997,378,408	1,993,906,678	1,995,817,443	1,993,906,678
	Loss To the Additional \$10,000 Homestead Exemption			50% of the loss to the Local Optional Percentage Homestead Exemption	
3,471,730			1,910,765		

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
2,126,965,543	2,123,493,813	2,125,054,778	2,121,583,048	2,123,493,813	2,121,583,048

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

In 2015, the Texas Legislature passed House Bill 855, which requires state agencies to publish a list of the three most commonly used Web browsers on their websites. The Texas Comptroller's most commonly used Web browsers are Microsoft Internet Explorer, Google Chrome and Apple Safari.

x

Attachment F

TEA's Facilities Value



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Michael Williams
Commissioner

June 19, 2015

Margaret Holmes, President
Board of Trustees
Iraan-Sheffield Independent School District
PO Box 535
Iraan, TX 79744-0535

Dear Ms. Holmes:

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

Please feel free to contact me by phone at (512) 463-9186 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", is written over a horizontal line.

Al McKenzie, Manager
Foundation School Program Support

AM/rk
Cc: Kevin Allen

Attachment G

Participation Agreement

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

by and between

IRAAN SHEFFIELD INDEPENDENT SCHOOL DISTRICT

and

EAST PECOS SOLAR, LLC

(Texas Taxpayer ID # 32055319258)

TEXAS COMPTROLLER APPLICATION NUMBER 1059

Dated

November 9, 2015

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

STATE OF TEXAS §

COUNTY OF PECOS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **IRAAN SHEFFIELD 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 **EAST PECOS SOLAR, LLC**, Texas Taxpayer Identification Number 32055319258 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 February 9, 2015, the Superintendent of Schools of the Iraan Sheffield 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 June 19, 2015 is the Application Review Start Date as that terms is defined by 34 TEX. ADMIN. CODE 9.1051;

WHEREAS, pursuant to 34 TEX. ADMIN. CODE §9.1054, the Application was delivered for review to the Pecos County Appraisal District established in Pecos County, Texas (the "Pecos 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 September 11, 2015 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 November 9, 2015, 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 November 9, 2015, 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 November 9, 2015, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on November 9, 2015, 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 November 9, 2015, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS.

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

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

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

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

“Applicant” means East Pecos Solar, LLC, (Texas Taxpayer ID # 32055319258), 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 February 9, 2015. 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 Pecos County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Iraan Sheffield 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 Pecos County, Texas.

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

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

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

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

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

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

"Maintenance and Operations Revenue" or "M&O Revenue" means (i) those revenues which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE and Article VII § 3 of the TEXAS CONSTITUTION, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the TEXAS EDUCATION CODE or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEXAS EDUCATION CODE.

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

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

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

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

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

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

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

"State" means the State of Texas.

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

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

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

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

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

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

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

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY.

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

Section 2.2. PURPOSE.

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

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is June 19, 2015 which will determine Applicant's Qualified Property and applicable wage standard.

B. The Application Approval Date for this Agreement is November 9, 2015, which will determine the qualifying time period.

C. The Qualifying Time Period for this agreement:

1. Starts on November 9, 2015, Application Approval Date; and
2. Ends on December 31, 2017; being the second complete tax year after the effective date of this agreement

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017
2. Ends on December 31, 2026.

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

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Subsection B. This Agreement, and the obligation and responsibilities created by this Agreement, terminate on the

Final Termination Date identified in Subsection E, unless extended by the express terms of this Agreement.

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. Thirty Million Dollars (\$30,000,000.00)

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.

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 Thirty Million Dollars (\$30,000,000.00) 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.

2.6. TAX LIMITATION OBLIGATIONS.

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

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as more fully specified in Article V;
- C. provide such supplemental payments as more fully specified in Article VI; and

D. create and Maintain Viable Presence on and/or with the qualified property and perform additional obligations as more fully specified in Article VII of this Agreement.

ARTICLE III QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE.

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

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT.

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

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY.

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

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY.

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

Section 3.5. QUALIFYING USE.

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

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES.

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

A. The calculation of the amount of any Revenue Protection Amount required to be paid by Applicant under this Article IV shall be made for the first time for the first complete tax year following the start of Commercial Operations.

B. For purposes of this Article IV, and of Section 2.3(d)(1), above, the term "Commercial Operations" means the date on which Project described in **EXHIBIT 3**, below becomes commercially operational and placed into service, such that all of the following events have occurred and remain simultaneously true and accurate:

(i) fully capable of producing electrical power through solar energy.

C. Within 60 days from the date commercial operations begin, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a verified written report, giving a specific and detailed description of the land, tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such qualified property within the boundaries of the land which is subject to the agreement, if such final description is different than the description provided in the application or any supplemental application information, or if no substantial changes have been made, a verification of the fact that no substantial changes have been made.

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

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

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

Where:

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

In making the calculations required by this Section 4.2:

- 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 and/or the Applicant's Qualified Investment 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 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years 2015 through 2026 of this Agreement under Section 4.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.

- v. All calculations made under this Section 4.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or on account of or otherwise arising out of any other factors not contained in this Agreement.

Section 4.3. CUMULATIVE PAYMENT LIMITATION.

In no event shall the Cumulative Payments made by Applicant to the District exceed an amount equal to One Hundred Percent (100%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the Commencement Date through Tax Year 2029. For each year of this Agreement, amounts due and owing by Applicant to the District which, by virtue of the application of payment limitation set forth in this Section are not payable to the District for a given year, shall be carried forward to future years, but shall be subject, in each subsequent year to the limit set forth in this Section.

Section 4.4. CALCULATIONS TO BE MADE BY THIRD PARTY.

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

Section 4.5. DATA USED FOR CALCULATIONS.

The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.6. DELIVERY OF CALCULATIONS.

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.4 of this Agreement shall forward to the Parties the calculations required under Section 4.2 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any

fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of four (4) years after the Final Termination date of this Agreement. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 4.6, if such fee is timely paid.

Section 4.7. PAYMENT BY APPLICANT.

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, reports required by any state agency, disclosures, other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 4.6, above, in excess of Fifteen Thousand Dollars (\$15,000.00).

Section 4.8. RESOLUTION OF DISPUTES.

Should the Applicant disagree with the Third Party calculations made pursuant to Section 4.6 of this Agreement, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the calculation. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the calculations.

Section 4.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

In the event that, at the time the Third Party selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

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

Section 4.10. EFFECT OF STATUTORY CHANGES.

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

Section 4.11. OPTION TO CANCEL AGREEMENT

In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment and so long as the Appraised Value Limitation described in Section 2.4 has not been applied to Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes for such tax year, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 4.12, this Agreement shall terminate and be of no further force or effect; provided, however, that 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 the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES.

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

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

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

ARTICLE VI
SUPPLEMENTAL PAYMENTS

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

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

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article IV, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under Article VI of this agreement are separate and independent of the obligation of the Applicant to pay the amounts described in Article IV; provided, however, that all payments under Articles IV and VI are subject to such limitations as are contained in Section 7.1, and that all payments under Article VI are subject to the separate limitations contained in Section 6.4.

B. Adherence to Statutory Limits on Supplemental Payments. It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article V, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

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

i. "Cumulative Payments" means for each year of this Agreement the total of all payments, calculated under each of Article IV, Article V and Article VI of this Agreement for the current Tax Year which are paid by or owed by Applicant to the District, plus payments paid by Applicant for all previous Tax Years under Article IV and Article VI of this Agreement.

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

iii. "Net Tax Benefit" means (a) the amount of maintenance and operations ad valorem taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (b) adding to the amount determined under clause, and (c) subtracting from the sum of the amounts determined under clauses (a) and (b) the sum of (d) 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 Tax Years of this Agreement, plus (e) any payments due to the District under Article IV under this Agreement as well as the Annual Limit.

iv. "Unadjusted Tax Benefit" means for each year of this Agreement the total of all gross tax savings calculated for each year of the Agreement by multiplying the Applicant's taxable value for debt service taxes for each applicable Tax Year, minus the Tax Limitation Amount defined in Section 2.4 above, as Thirty Million Dollars (\$30,000,000.00), multiplied by the District's Maintenance & Operations tax rate for the applicable Tax Year.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

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

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

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

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

C. For purposes of this Agreement, the amount of the Annual Limit shall be \$50,700, based upon the District's 2014-2015 Average Daily Attendance of 507.30, rounded to the whole number.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO SUPPLEMENTAL PAYMENT LIMITATION.

A. During the entire term of this Agreement, District shall, subject to the limitations set forth in Subsection 6.3(B) and Section 7.1, below, be entitled to receive supplemental payments equal to the Annual Limit, as defined in Section 6.2(C), above.

B. Beginning with the first year of the Tax Limitation Period, as defined in Section 2.3(D)(1), above, and continuing thereafter until December 31 of the third year following the end of the Tax Limitation Period, Applicant's Supplemental Payment Obligation, set forth in Subsection 6.3(A) shall be further limited to an amount not to exceed Forty Percent (40%) of Applicant's Net Tax Benefit, as the term is defined in Section 6.1(C)(iii), above.

Section 6.4. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT.

The Parties agree that for each Tax Year of this Agreement, beginning with Tax Year 2015, the first year of the qualifying time period specified in Section 2.3(c)(1) of this Agreement, the Stipulated Supplemental Payment amount, described in Section 6.2, above will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Minus,

Any amounts previously paid to the District under Article IV for such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 6.2 and 6.3, above, with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party selected pursuant to Section 4.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 6.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

A. All calculations required by this Article shall be calculated by the Third Party selected pursuant to Section 4.4, above.

B. The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6, above.

C. The payment of all amounts due under this Article shall be made by December 31 of the tax year for which the payment is due.

Section 6.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.

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

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

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 7.1 ANNUAL LIMITATION.

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

Section 7.2. OPTION TO TERMINATE AGREEMENT.

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

Section 7.3. EFFECT OF OPTIONAL TERMINATION.

Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which

such notification is delivered to District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

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

ARTICLE VIII **ADDITIONAL OBLIGATIONS OF APPLICANT**

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE.

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

Section 8.2. REPORTS.

In order to receive and maintain the limitation authorized by 2.4 in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

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 313.010(a) of the TEXAS TAX CODE, and the following requirements:

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

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

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

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

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

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS.

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

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

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is

subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 Tex. Admin. Code § 9.1053(f)(2)(L).

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT.

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

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

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

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

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

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

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

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

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

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

J. Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller determine whether Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

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

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

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

N. Applicant fails either to:

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

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

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

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

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

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

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

Section 9.3. LIMITED STATUTORY CURE OF MATERIAL BREACH.

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

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

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

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

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

Section 9.5. 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:

Kevin Allen, Superintendent
Iraan Sheffield Independent School District
PO Box 486
Iraan, TX 79744
Fax: (432)639-2501
Email: kevin.allen@isisd.net

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

Oscar Dalton
Regional Director – Project Development
First Solar Inc
11757 Katy Freeway Suite 990
Houston, TX 77079
Fax: (602)414-9400
Email: Oscar.Dalton@firstsolar.com

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

Section 10.2. AMENDMENTS TO AGREEMENT; WAIVERS.

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

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

- i. Applicant shall submit to District and Comptroller:
 - a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller;
 - c. and any additional information requested by District or Comptroller necessary to evaluate the amendment or modification; and
- ii. Comptroller shall review the request and any additional information and provide a revised Comptroller certificate for a limitation within 90 days of receiving the revised Application and, if the request to amend the Application has not been approved by Comptroller by the end of the 90 day period, the request is denied;

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

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

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the Texas Tax Code;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and
- iii. define minimum eligibility requirements for the recipient of limited value.

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

Section 10.4. 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 10.3 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, 2015.

EAST PECOS SOLAR, LLC

By:

Ben Dalton *med*
Authorized Representative

Name: Oscar Dalton

Title: Regional Director, US
Project Development

IRAAN SHEFFIELD INDEPENDENT
SCHOOL DISTRICT

By:

Margaret G. Holmes
MARGARET G. HOLMES
President
Board of Trustees

Attest:

By:

Basilio Ramirez
BASILIO RAMIREZ
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Tunas Creek Reinvestment Zone was created on October 24, 2014, by action of the Pecos County Commissioners Court. The Tunas Creek Reinvestment Zone was created on August 24, 2015, by action of the Pecos County Commissioners Court. Both reinvestment zone are in effect at the time of the signing of this Agreement.

As a result of the action of the Pecos County Commissioners Court, all of the following real property within the boundaries of the *Tunas Creek Reinvestment Zone* and the *East Pecos Reinvestment Zone*. Maps of the reinvestment zones are attached as the last pages of this **EXHIBIT 1** following the legal description of the zones.

VOL. 51 PG. 755

**EXHIBIT A
LEGAL DESCRIPTION OF "TUNAS CREEK"
REINVESTMENT ZONE**

TRACT I

A 1001.94 acre tract of land out of Sections 6 and 7, Block 12, H & T.N. RR Co., Pecos, County, Texas, and being more fully described in field notes by RPLS Steven L. Prewitt, dated April 18, 2001, attached hereto as Exhibit "A" and made a part hereof for all purposes.

TRACT II

That tract of land in Pecos County, Texas described as Section 43, Block 12, H & GN Ry Co. Survey, containing 608 acres.

TRACT III

The westernmost 320 acres of land in Pecos County, Texas described as Section 44, Block 12, H. & G.N. RR. Co. Survey, Abstract No. 5981, Certificate No. 8/1633.

VOL. 51 PG. 756

Exhibit "A"

TELEPHONE (915) 624-4728
FAX (915) 624-1411

VOL. 313 PAGE 7
VOL. 761 PAGE 207
LUCHINI & MERTZ
Land Surveying Co.
P. O. BOX 7162
MCKINNEY, TEXAS 75069

STEVEN L. PERBIT
PROFESSIONAL SURVEYOR
LAND SURVEYING NO. 2144

April 18, 2001

METES AND BOUNDS DESCRIPTION of
a 1001.94 Acre Tract out of
Sections 6 & 7, Block 12,
H. & G. N. RR. Co.,
Pecos County, Texas

Beginning at a 1 1/4 Inch iron pipe found on the east line of Section 7, Block 12, H. & G. N. RR. Co. from which the northeast corner of said Section 7 and the northeast corner of this tract bears N 11°49'43" W 46.65 feet;

Thence S 11°49'43" W, with the east line of said Section 7, 9135.73 feet past the calculated southwest corner of Section 8, Block 12, H. & G. N. RR. Co., a total distance of 10630.38 feet to a MLS iron rod marked "RPS 4144" for the southeast corner of said Section 7 and the southeast corner of this tract;

Thence N 78°06'38" W, with the south line of said Section 7, 2640.18 feet to a MLS iron rod marked "RPS 4144" for the southwest corner of said Section 7 and an ell corner of this tract;

Thence S 11°49'43" W, with the east line of Section 6, Block 12, H. & G. N. RR. Co., 674.84 feet to a MLS iron rod marked "RPS 4144" for the southeast corner of said Section 6 and an ell corner of this tract;

Thence N 78°06'38" W, with the south line of said Section 6, 2640.18 feet to a MLS iron rod marked "RPS 4144" for the southwest corner of said Section 6 and the southwest corner of this tract;

Thence N 11°49'43" E, with the west line of said Section 6, 4739.30 feet to an 8 inch spike set for the most westerly northwest corner of this tract;

Thence S 78°10'17" E 1003.97 feet to an 8 inch spike set for an ell corner of this tract;

Thence N 26°57'43" E 1071.95 feet to an 8 inch spike set for an ell corner of this tract;

Thence N 11°00'43" E 810.90 feet to an 8 inch spike set for an ell corner of this tract;

Thence N 71°26'43" E 1585.70 feet to an 8 inch spike set in the west line of said Section 7 for an ell corner of this tract;

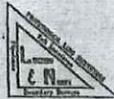


EXHIBIT "A"
page 1 of 4
VOL. 761 PAGE 207 VOL. 313 PAGE 7

Deed Record 761 Pg 207

VOL. 51 PG. 757

VOL. 761 PAGE 208
VOL. 313 PAGE 8

TELEPHONE (618) 684-4723
FAX (618) 684-1642

Steven L. Palmer
Professional Land Surveyor
Louisiana License No. 5184

LUCHINI & MERTZ
Land Surveying Co.
P. O. BOX 2112
BRIARCLIFF, LOUISIANA 70012

Thence N 11°49'44" E, with the west line of said Section 7, 3636.18 feet to a point for the most northerly northwest corner of this tract;

Thence S 79°55'02" E, with the high bank of the river, 88.76 feet to a point;

Thence S 59°13'00" E, with the high bank of the river, 84.82 feet to a point;

Thence S 54°04'03" E, with the high bank of the river, 183.11 feet to a point;

Thence S 86°04'33" E, with the high bank of the river, 123.34 feet to a point;

Thence N 36°35'51" E, with the high bank of the river, 296.01 feet to a point;

Thence N 32°01'40" E, with the high bank of the river, 241.00 feet to a point;

Thence N 69°29'43" E, with the high bank of the river, 98.69 feet to a point;

Thence S 65°38'31" E, with the high bank of the river, 145.30 feet to a point;

Thence S 86°38'19" E, with the high bank of the river, 168.50 feet to a point;

Thence N 57°46'59" E, with the high bank of the river, 199.89 feet to a point;

Thence N 23°32'49" E, with the high bank of the river, 131.80 feet to a point;

Thence N 86°05'02" E, with the high bank of the river, 161.22 feet to a point;

Thence S 75°47'44" E, with the high bank of the river, 187.83 feet to a point;

Thence S 50°26'35" E, with the high bank of the river, 104.05 feet to a point;

Thence S 22°56'01" E, with the high bank of the river, 287.42 feet to a point;

Thence S 33°47'28" E, with the high bank of the river, 189.53 feet to a point;

Exhibit "A"
Page 2 of 4

VOL. 761 PAGE 208

VOL. 313 PAGE 8

Deed Record 761 Pg 208

VOL. 51 PG. 758

TELEPHONE (915) 494-4728
FAX (915) 494-1445

VOL. 313 PAGE 9
VOL. 761 PAGE 209

LUCHINI & MERTZ
Land Surveying Co.
P. O. Box 1160
DALLAS, TEXAS 75201

STEVEN L. PREWITT
REGISTERED PROFESSIONAL
LAND SURVEYOR No. 5104

Thence S 68°11'48" E, with the high bank of the river, 108.63 feet to a point;
Thence S 77°31'22" E, with the high bank of the river, 244.15 feet to a point;
Thence N 89°36'54" E, with the high bank of the river, 75.31 feet to a point;
Thence S 49°22'49" E, with the high bank of the river, 176.88 feet to a point;
Thence S 80°05'17" E, with the high bank of the river, 148.03 feet to a point for the northeast corner
of said Section 7 and the northeast corner of this tract;
Thence S 11°49'43" W, with the east line of said Section 7, 45.04 feet to the place of beginning.

Note: All bearings and distances are based on the Lambert Grid System NAD '83 Datum Texas Central Zone.
Combined Grid Factor: (0.999743)
Note: Please see Plat to accompany this Description.



Steven L. Prewitt

Exhibit "A"
Page 3 of 4

VOL. 761 PAGE 209

VOL. 313 PAGE 9

Deed Record 761 Pg 209

**EXHIBIT A
LEGAL DESCRIPTION OF "EAST PECOS"
REINVESTMENT ZONE**

TRACT I

Section 4, MK&WT Railroad Company Survey, Abstract 7611, Pecos County, Texas

TRACT II

Section 6, Block 12, of the H&GN RR CO Survey, Abstract 5615-9341, Pecos County Records, Texas

TRACT III

Section 7, Block 12, of the H&GN RR CO Survey, Abstract 292, Pecos County Records, Texas

TRACT IV

Section 40, Block 12, of the H&GN Railroad Company Survey, Abstract 5351, Pecos County, Texas Records

TRACT V

Section 40 1/2, Block 12, of the Charles Graef Survey, Abstract 8300, Pecos County, Texas Records

TRACT VI

Section 41, Block 12, of the H&GN Railroad Company Survey, Abstract 309, Pecos County, Texas Records

TRACT VII

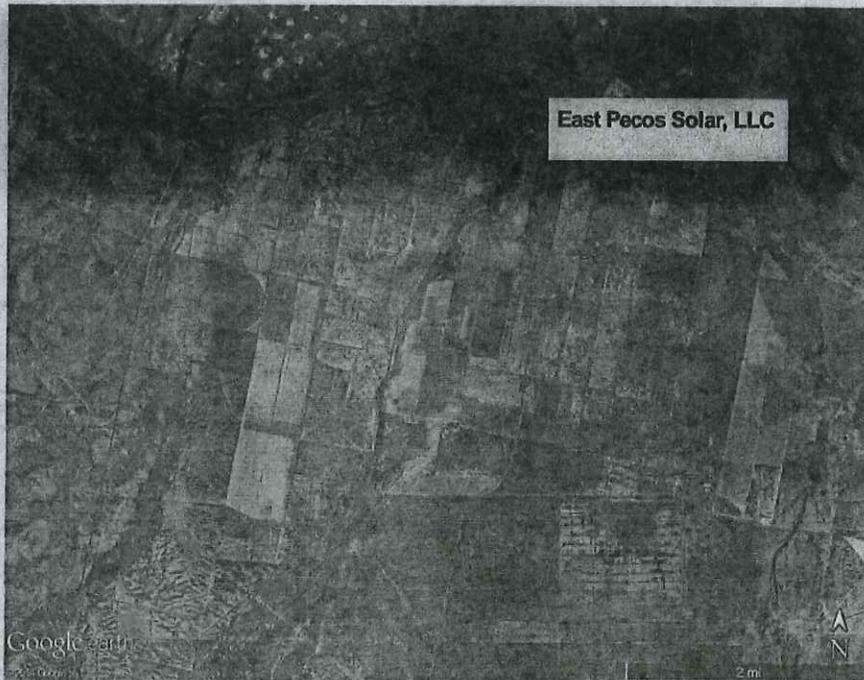
Section 43, Block 12, of the H&GN Railroad Company Survey, Abstract 310, Pecos County, Texas Records

TRACT VIII

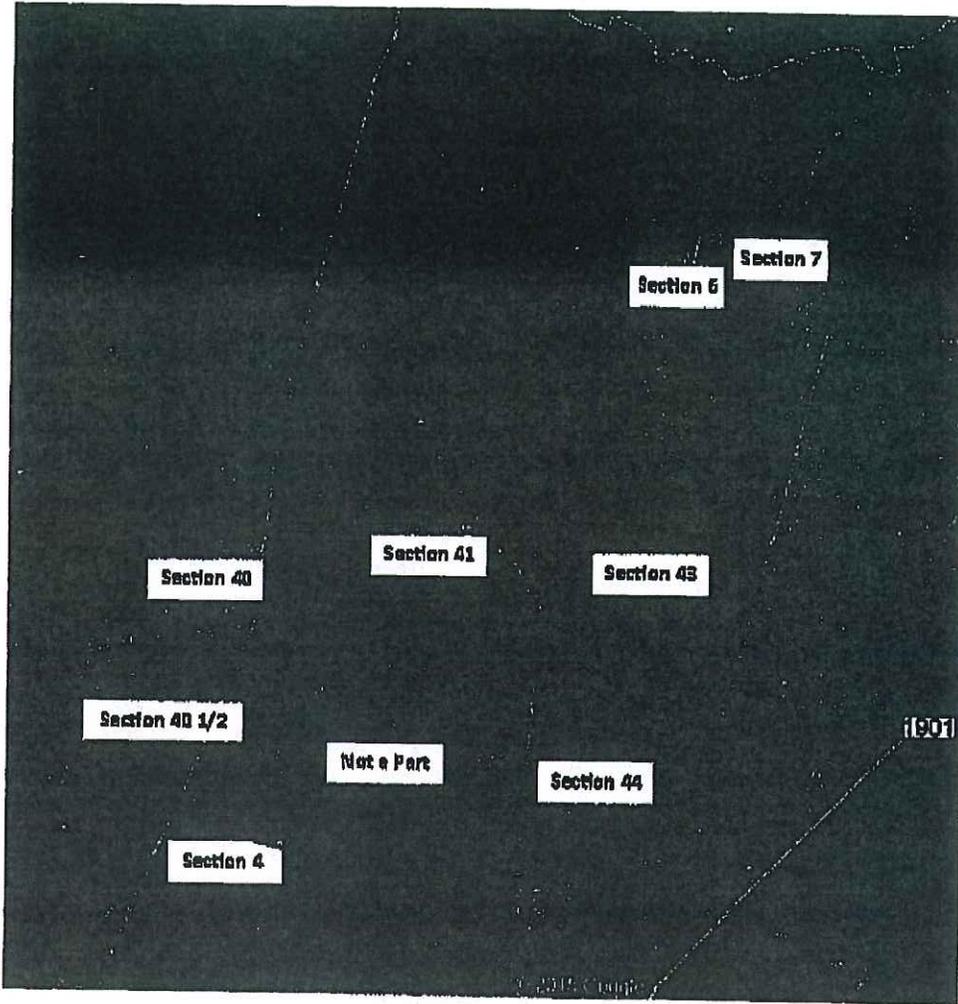
The West 1/2 of Section 44, Block 12, of the H&GN Railroad Company Survey, Abstract 5981, Pecos County, Texas Records

VOL. 51 PG. 760

**EXHIBIT B
MAP OF "TUNAS CREEK"
REINVESTMENT ZONE**



EAST PECOS REINVESTMENT ZONE BOUNDARY



Section 4, MK&WT Railroad Company Survey, Abstract 7611, Pecos County, Texas
Section 6, Block 12, of the H&GN RR CO Survey, Abstract 5615-P341, Pecos County Records, Texas
Section 7, Block 12, of the H&GN RR CO Survey, Abstract 292, Pecos County Records, Texas
Section 40, Block 12, of the H&GN Railroad Company Survey, Abstract 5351, Pecos County, Texas Records
Section 40 1/2, Block 12, of the Charles Graef Survey, Abstract 8300, Pecos County, Texas Records
Section 41, Block 12, of the H&GN Railroad Company Survey, Abstract 309, Pecos County, Texas Records
Section 43, Block 12, of the H&GN Railroad Company Survey, Abstract 310, Pecos County, Texas Records
The West 1/2 of Section 44, Block 12, of the H&GN Railroad Company Survey, Abstract 5961, Pecos County, Texas Records

EXHIBIT 2

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

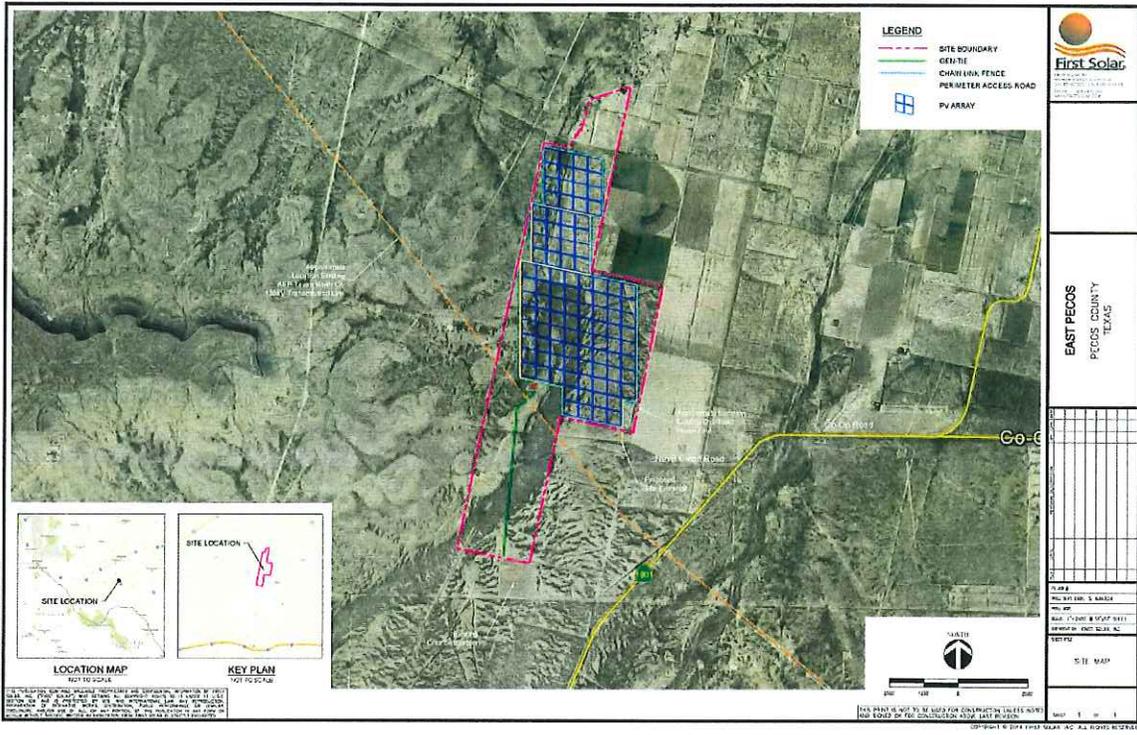
All Qualified Investment owned or leased by the Applicant, as more fully described in Tab 7 of the Application, located within the boundaries of both the Iraan Sheffield Independent School District and the reinvestment zone first placed in service after June 19, 2015 will be included in and subject to this Agreement, including all Qualified Investment of the Applicant located in the sections of land identified in **EXHIBIT 1** and within the proposed boundaries indicated on the map attached as the last page of **EXHIBIT 3**.

EXHIBIT 3

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within Iraan Sheffield ISD necessary for the commercial operations of the utility-scale, grid-connected solar photovoltaic energy (PV) plant described in Tab 4 of the Application, including all Qualified Property located within the proposed boundaries indicated on the map attached on the last page of this **EXHIBIT 3**.

- First Solar PV modules;
- DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Fixed-tilt racking system or tracking mounting system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, among other things;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Operations and maintenance (O&M) building including telecommunications and computing equipment, among other things;
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.



- LEGEND**
- SITE BOUNDARY
 - CENTERLINE FENCE
 - PERIMETER ACCESS ROAD
 - PV ARRAY



EAST PECOS
PECOS COUNTY
TEXAS



THIS PLAN IS NOT TO BE USED FOR CONSTRUCTION UNLESS REFERRED TO BY THE PERMITS AND ENGINEER'S SEAL AND SIGNATURE. THIS PLAN IS NOT TO BE USED FOR CONSTRUCTION UNLESS REFERRED TO BY THE PERMITS AND ENGINEER'S SEAL AND SIGNATURE.

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Attachment H

Consultant Verification Letter



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

November 9, 2015

President and Members
Board of Trustees
Iraan-Sheffield Independent School District
100 S. Farr St.
P.O. Box 486
Iraan, Texas 79744

Re: Recommendations and Findings of the firm Concerning Application of East Pecos Solar LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

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

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE

AUSTIN, TEXAS 78701

TELEPHONE: (512) 494-9949

FACSIMILE: (512) 494-9919

KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

LESLIE McCOLLOM

CERTIFIED, CIVIL APPELLATE

CERTIFIED, LABOR AND EMPLOYMENT

TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

November 9, 2015

President and Members
Of the Board of Trustees
Iraan-Sheffield Independent School District
100 S. Farr St.
P.O. Box 486
Iraan, Texas 79744

Re: Recommendations and Findings of the Firm Concerning Application of East Pecos Solar LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Iraan-Sheffield Independent School District, with respect to the pending Application of East Pecos Solar LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and East Pecos Solar LLC. Based upon our review we have drawn the following conclusions:

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

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

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

Sincerely,

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

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 3, 2015

Kevin Allen
Superintendent
Iraan-Sheffield Independent School District
PO Box 486
Iraan, Texas 79744-0486

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Iraan-Sheffield Independent School District and East Pecos Solar, LLC

Dear Superintendent Allen:

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 Iraan-Sheffield Independent School District and East Pecos Solar, 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 Stephanie Jones, Economic Development & Local Government Section, at (512) 463-4594

Sincerely,

A handwritten signature in black ink, reading "Korry Castillo", is written over a horizontal line.

Korry Castillo
Director
Data Analysis & Transparency Division

cc: Daniel T. Casey, Moak, Casey & Associates LLP
Oscar Dalton, First Solar Inc.
John Lichtenberger, First Solar Inc.
Clay Butler, The Butler Firm, PLLC

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:
The person owns at least:
 - a. Ten percent of the voting stock or shares of the business entity, or
 - b. Either ten percent or \$15,000 of the fair market value of the business entity; or
 - c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.