

FINDINGS
of the
***SUDAN INDEPENDENT
SCHOOL DISTRICT
BOARD OF TRUSTEES***

**Under Chapter 313 of the
Texas Tax Code**

**ON THE APPLICATION FOR
APPRAISED VALUE LIMITATION
ON QUALIFIED PROPERTY**

SUBMITTED BY

BLUE CLOUD WIND ENERGY, LLC

Comptroller Application Number 1149

February 13, 2017

The Texas Taxpayer Identification number for Blue Cloud Wind Energy, LLC is 32060730036. Blue Cloud Wind Energy is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee, which was reasonable and did not exceed the estimated cost to the District for processing and acting on the Application, as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

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

A copy of the Application was delivered to the County Appraisal Districts of Lamb County and Bailey County for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an Economic Impact Analysis to be conducted. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a Certificate for a Limitation on Appraised Value on November 29, 2016 that the Application be approved (the "Certificate Decision"). *See* Attachment C. The Board of Trustees has carefully considered such Evaluation and Certificate Decision. Copies of the Certificate Decision and Economic Impact Analysis are attached to these Findings as Attachments C and D, respectively.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Sudan Independent School District. A copy of a report prepared by McDowell & Brown, LLC and dated January 23, 2017 is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property applicable to the Blue Cloud Wind Energy Application in the Sudan Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, fell within a rural school district, Category 3 of §313.054 of the Texas Tax Code at the time the Certificate Decision was issued. *See* "2015 Property Value Study Report," attached hereto as Attachment G; *see also* Attachment D.

After receipt of the completed Application, the District entered into negotiations with Blue Cloud Wind Energy regarding the specific language to be included in the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes (the "Agreement") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The parties were able to agree upon language for inclusion into a draft agreement pursuant to Texas Tax Code §313.027. As required by the Comptroller's Office, the parties changed only the provisions of the template that the Comptroller permitted (2016 Form 50-826). The proposed Agreement is attached to these Findings as Attachment H, and that form of the Agreement (as defined by 34. Tex. Admin. Code §9.1015) was submitted to and approved by the Comptroller, as required by 34 Tex. Admin. Code §9.1015(e)(1). *See* copy of February 1, 2017,

Agreement Review Letter from the Comptroller, attached to these Findings as Attachment I.

After review of the Comptroller's Certificate Decision and Economic Impact Analysis, and in consideration of its own analysis of Blue Cloud Wind Energy's Application and all other related documentation attached hereto, the Board makes the following additional Findings as follows:

Board Finding Number 1.

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

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

Determination required by 313.025(h)

- Sec. 313.024(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.

* * *

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

See Attachment C. See also Attachment A (Tab 1, §6.2(5) and Tab 4) and Attachment D.

Board Finding Number 2.

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

In support of Finding Number 2, the Certificate Decision states:

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 C.

Also in support of Finding Number 2, the Comptroller’s Economic Impact Analysis states:

Attachment B - Tax Revenue over 25 Years

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$192,200	\$192,200	\$1,681,750	\$1,681,750
	2020	\$192,200	\$384,400	\$1,588,053	\$3,269,803
	2021	\$192,200	\$576,600	\$1,494,355	\$4,764,158
	2022	\$192,200	\$768,800	\$1,400,658	\$6,164,815
	2023	\$192,200	\$961,000	\$1,306,960	\$7,471,775
	2024	\$192,200	\$1,153,200	\$1,213,263	\$8,685,038
	2025	\$192,200	\$1,345,400	\$1,119,565	\$9,804,603
	2026	\$192,200	\$1,537,600	\$1,025,868	\$10,830,470
	2027	\$192,200	\$1,729,800	\$932,170	\$11,762,640
	2028	\$192,200	\$1,922,000	\$838,473	\$12,601,113
Maintain Viable Presence (5 Years)	2029	\$936,975	\$2,858,975	\$0	\$12,601,113
	2030	\$843,278	\$3,702,253	\$0	\$12,601,113
	2031	\$749,580	\$4,451,833	\$0	\$12,601,113
	2032	\$655,882	\$5,107,715	\$0	\$12,601,113
	2033	\$562,185	\$5,669,900	\$0	\$12,601,113
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$468,487	\$6,138,387	\$0	\$12,601,113
	2035	\$374,790	\$6,513,177	\$0	\$12,601,113
	2036	\$374,790	\$6,887,967	\$0	\$12,601,113
	2037	\$374,790	\$7,262,757	\$0	\$12,601,113
	2038	\$374,790	\$7,637,547	\$0	\$12,601,113
	2039	\$374,790	\$8,012,337	\$0	\$12,601,113
	2040	\$374,790	\$8,387,127	\$0	\$12,601,113
	2041	\$374,790	\$8,761,917	\$0	\$12,601,113
	2042	\$374,790	\$9,136,707	\$0	\$12,601,113
	2043	\$374,790	\$9,511,497	\$0	\$12,601,113

\$9,511,497 is less than \$12,601,113

Analysis Summary	
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?	No

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

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	0	0	0	\$0	\$0	\$0	0	0	\$0
2017	0	0	0	\$0	\$0	\$0	0	0	\$0
2018	150	143	293	\$7,854,600	\$11,432,510	\$19,287,110	992000	-534000	\$1,526,000
2019	4	14	18	\$160,400	\$2,158,940	\$2,319,340	168000	206000	-\$38,000
2020	4	10	14	\$160,400	\$2,036,870	\$2,197,270	130000	206000	-\$76,000
2021	4	8	12	\$160,400	\$1,426,510	\$1,586,910	130000	183000	-\$53,000
2022	4	6	10	\$160,400	\$1,060,300	\$1,220,700	84000	168000	-\$84,000
2023	4	4	8	\$160,400	\$1,060,300	\$1,220,700	99000	153000	-\$54,000
2024	4	4	8	\$160,400	\$816,160	\$976,560	114000	130000	-\$16,000
2025	4	10	14	\$160,400	\$938,230	\$1,098,630	99000	114000	-\$15,000
2026	4	6	10	\$160,400	\$694,090	\$854,490	107000	107000	\$0
2027	4	10	14	\$160,400	\$1,060,300	\$1,220,700	137000	76000	\$61,000
2028	4	8	12	\$160,400	\$1,060,300	\$1,220,700	153000	53000	\$100,000
2029	4	6	10	\$160,400	\$816,160	\$976,560	130000	53000	\$77,000
2030	4	6	10	\$160,400	\$572,020	\$732,420	84000	15000	\$69,000
2031	4	2	6	\$160,400	\$327,880	\$488,280	99000	8000	\$91,000
2032	4	8	12	\$160,400	\$327,880	\$488,280	99000	-23000	\$122,000
2033	4	2	6	\$160,400	\$572,020	\$732,420	69000	-61000	\$130,000
2034	4	2	6	\$160,400	\$83,740	\$244,140	15000	-69000	\$84,000
2035	4	(0)	4	\$160,400	-\$160,400	\$0	15000	-92000	\$107,000
2036	4	(0)	4	\$160,400	\$83,740	\$244,140	-8000	-153000	\$145,000
2037	4	(2)	2	\$160,400	-\$404,540	-\$244,140	-15000	-168000	\$153,000
2038	4	(2)	2	\$160,400	-\$404,540	-\$244,140	-15000	-198000	\$183,000
2039	4	(2)	2	\$160,400	\$83,740	\$244,140	-15000	-198000	\$183,000
2040	4	(2)	2	\$160,400	-\$648,680	-\$488,280	-46000	-244000	\$198,000
2041	4	(0)	4	\$160,400	-\$648,680	-\$488,280	-76000	-290000	\$214,000
2042	4	(4)	0	\$160,400	-\$892,820	-\$732,420	-61000	-275000	\$214,000
2043	4	(8)	-4	\$160,400	-\$1,136,960	-\$976,560	-92000	-320000	\$228,000
Total							\$2,396,000	-\$1,153,000	\$3,549,000
							\$13,060,497	is greater than	\$12,601,113
Analysis Summary									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?									Yes

Source: CPA, Blue Cloud Wind Energy, LLC

See Attachment D.

Board Finding Number 3.

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

In support of this Finding, Applicant submitted information as Tab 12 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Tab 12 provides that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. Applicant reports that wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences. The industry standard for employment is typically one full-

time employee for approximately every 15-20 turbines. Applicant further reports that this number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. Applicant reports that its project will install between 44 and 75 turbines, with a rated capacity of 2.0 to 3.5 MW. Applicant has committed to create four (4) total jobs for this project, which is in line with industry standards. A copy of Tab 12 submitted with the Application is attached hereto as Attachment J.

See also Attachments A (Tab 7), and D.

Board Finding Number 4.

The Applicant will create four (4) new qualifying jobs, which Applicant affirms will meet all of the requirements set out in Texas Tax Code §313.021(3), including: (1) at least 1,600 hours of work per year; (2) provision of group health benefit plan with at least 80% of the premium paid by Applicant; (3) pay an annual wage of \$40,100 (\$771 per week), an amount equal to at least 110% of the County average weekly wage for manufacturing jobs as defined under §313.021(5)(B); (4) are not created to replace a previous employee; and (5) are not transferred from another area of Texas to the project described the Application.

See Attachments A, D and J.

Board Finding Number 5.

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

In its application, Applicant indicates that it does not intend to create any non-qualifying jobs. But, for any non-qualifying job which the Applicant may create, the Applicant will be required to pay at least \$763 per week, the county average wage for all jobs in the County, in accordance with the provisions of Texas Tax Code §313.024(d). *See* Attachments A and D.

Board Finding Number 6.

The ability of the Applicant to locate the proposed renewable energy facility in another state or another region of this state is significant because of the highly competitive marketplace for electricity and economic development. Therefore, the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in Texas and Sudan ISD.

See Attachment C.

In support of Finding Number 6, the Comptroller's Certificate states, "[t]he Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construction the project in this state." See Attachment C. The Economic Impact Analysis states:

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

- Blue Cloud Wind Energy, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. "Blue Cloud Wind Energy, LLC was formed in 2016. Since its formation Blue Cloud Wind Energy, LLC and its associate parties have not entered into any agreements for offtake or project finance. Blue Cloud and its affiliates have, however, entered into the following representative agreements and material contracts for the development of a project phase within Sudan ISO. Grants of leases and easements covering approximately 22,000 acres with SO landowners, GIA (Generator Interconnection Agreement) with Southwestern Public Service (SPS) and the Southwest Power Pool (SPP), Wind data measurement contract with Wireless Innovations for data transmission for 4 Met Towers, Contract with V-Bar for data storage and verification of wind data, D&O Insurance Policy & Public Liability insurance contract with MHBT Marsh & McLennan Agency LLC, Environmental and habitat studies with SWCA, Wind and site analysis studies with AWS Truepower LLC, Geotechnical surveys with BARR Engineering, Contract for transformer engineering, procurement, and supply with SMIT Transformatoren, B.V, Consulting agreement with Energy Renewal Partners, LLC."
 - B. "The business activities defined within the agreements and contracts listed above will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project within Sudan ISD. These contracts and initial investments are preliminary in nature as Blue Cloud Wind Energy, LLC has determined that a value limitation agreement with Sudan ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project."
 - C. "The CIP and Tri Global management teams have experience in multiple international and domestic markets. Based on this experience, the management teams evaluate all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities across the globe. The Blue Cloud project is currently in such a period of assessment to determine whether the identified site in Sudan ISD represents the best location or whether redeployment of its development resources

and capital to other power markets in the United States is more advisable."

- D. "A 313 limitation of appraised value agreement is a key tax incentive agreement necessary to ensure the project is on a level playing field with other wind projects with similar incentives and with alternative types of generation that receive their own forms of economic support
- E. "Without the requested limitation, the project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$225M necessary to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility."
- F. "The Blue Cloud project was selected as a candidate due to the robust wind speed and proximity to SPP transmission within the Sudan ISD area. However, due to historically low power prices and increasing levels of competition in the Texas electric market, without a favorable tax incentive the project will be unable to provide the returns necessary for investors and financiers at current electricity prices. Without the 313 value limitation, the applicant will be forced to redeploy its capital into another region or state with a higher expected return."

See Attachment D.

Board Finding Number 7.

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

The Comptroller's Minimum School District Limitation Values Report, updated in October 2016, using School and Appraisal District Property Value Study 2015 Final Findings, provides that the District is a Subchapter C, Category 3 District, with a minimum limitation of \$20,000,000. See Attachments A and D.

Board Finding Number 8.

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

In support of this Finding, McDowell & Brown, LLC estimate in the District's Financial Impact Report, based on Blue Cloud Wind Energy's Application, that the project would add \$195,000,000

to the tax base at the peak investment level for tax year 2019. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. See Table I of Attachment E. See also Schedule B of Attachment A, and Table 4 of Attachment D. In addition, the potential revenue gains from Supplemental Payments provided for in the proposed Agreement are estimated to be \$750,000. See Attachment H at Section 6.2.A and Table VI of Attachment E.

Board Finding Number 9.

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

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

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new four positions equates to 2 new student.

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

See Table VII of Attachment E. See also TEA's Facilities Impact Review Letter at Attachment F.

Board Finding Number 10.

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

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2017-2018	0.9610	0.000	0	0	0	0
2018-2019	0.9610	0.000	0	0	0	0
2019-2020	0.9610	0.000	1,873,950	1,681,750	(1,419,911)	261,839
2020-2021	0.9610	0.000	1,780,253	1,588,053	0	1,588,053
2021-2022	0.9610	0.000	1,686,555	1,494,355	0	1,494,355
2022-2023	0.9610	0.000	1,592,858	1,400,658	0	1,400,658
2023-2024	0.9610	0.000	1,499,160	1,306,960	0	1,306,960
2024-2025	0.9610	0.000	1,405,463	1,213,263	0	1,213,263
2025-2026	0.9610	0.000	1,311,765	1,119,565	0	1,119,565
2026-2027	0.9610	0.000	1,218,068	1,025,868	0	1,025,868
2027-2028	0.9610	0.000	1,124,370	932,170	0	932,170
2028-2029	0.9610	0.000	1,030,673	838,473	0	838,473
2029-2030	0.9410	0.000	917,475	0	0	0
2030-2031	0.9610	0.000	843,278	0	0	0
2031-2032	0.9610	0.000	749,580	0	0	0
2032-2033	0.9610	0.000	655,883	0	0	0
2033-2034	0.9610	0.000	562,185	0	0	0
Totals			18,251,513	12,601,113	(1,419,911)	11,181,201

See also Table 3 of Attachment D.

Board Finding Number 11.

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

[see table on next page]

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2017-2018	0.9610	0.000	0	0	0	0
2018-2019	0.9610	0.000	0	0	0	0
2019-2020	0.9610	0.000	1,873,950	1,681,750	(1,419,911)	261,839
2020-2021	0.9610	0.000	1,780,253	1,588,053	0	1,588,053
2021-2022	0.9610	0.000	1,686,555	1,494,355	0	1,494,355
2022-2023	0.9610	0.000	1,592,858	1,400,658	0	1,400,658
2023-2024	0.9610	0.000	1,499,160	1,306,960	0	1,306,960
2024-2025	0.9610	0.000	1,405,463	1,213,263	0	1,213,263
2025-2026	0.9610	0.000	1,311,765	1,119,565	0	1,119,565
2026-2027	0.9610	0.000	1,218,068	1,025,868	0	1,025,868
2027-2028	0.9610	0.000	1,124,370	932,170	0	932,170
2028-2029	0.9610	0.000	1,030,673	838,473	0	838,473
2029-2030	0.9410	0.000	917,475	0	0	0
2030-2031	0.9610	0.000	843,278	0	0	0
2031-2032	0.9610	0.000	749,580	0	0	0
2032-2033	0.9610	0.000	655,883	0	0	0
2033-2034	0.9610	0.000	562,185	0	0	0
Totals			18,251,513	12,601,113	(1,419,911)	11,181,201

See also Table 4 of Attachment D.

Board Finding Number 12.

Based upon the Applicant's certification that the Application is true and correct, the Comptroller's Economic Impact Analysis, the Comptroller's Certificate Decision, and the consultants' review of these and other documents, the Board has determined that the information provided by the Applicant in its Application is true and correct as submitted.

Upon acceptance of the Application, the District requested the Comptroller to undertake an economic impact evaluation and retained certain consultants to help the Board determine: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning the economic incentives available are a determining factor; and, (5) the proposed project meets eligibility requirements for an Agreement under Tax Code Chapter 313.

As a part of its review process, the Board notes that the Application was submitted by Applicant under oath. Chapter 313 applications are governmental records under Tex. Penal Code §37.01(2)(A), and all representations contained therein are statements of fact within the meaning of Tex. Penal Code §37.01(3). Since Board action upon the adoption of these Findings and the approval of the Agreement (Attachment H) is an "official proceeding," a false statement in the Application would constitute perjury under Tex. Penal Code §37.03.

The Board finds that sworn statements are routinely relied upon by fact finders in official governmental proceedings. The Board further finds that reliance upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified, is reasonable and within the intent of Chapter 313, Texas Tax Code. See Attachments A, B, C and D.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32060730036) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

See Attachments A, B and C.

Board Finding Number 14.

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

See Attachment A (Tabs 11 and 16).

Board Finding Number 15.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, meets all the requirements set out in Texas Tax Code §313.027, including adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided and verified by Applicant in its Application, the District’s Financial Impact Analysis demonstrates that the District will incur a revenue loss during tax years 2019. However, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District as set out in the Agreement. See Table II in Attachment E, and proposed Agreement, Article IV, at Attachment H.

Board Finding Number 16.

The Board finds that there are no conflicts of interest at the time of its consideration of the Agreement.

In support of this Finding, the Board finds that it has taken appropriate action to ensure that all District Trustees and the Superintendent have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code.

The Board further finds that it has taken appropriate action to ensure that all District employees and/or consultants have disclosed any potential conflicts of interest, and that disclosures will be made if any conflict of interest is discovered or arises in the future, in compliance with the requirements of Texas Local Government Code.

The Board further finds that it is unaware that a conflict of interest exists as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 17.

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

Board Finding Number 18.

The Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment H, is in the form of the template Texas Economic Development Act Agreement adopted by the Comptroller, as of January 24, 2016, and the Comptroller has verified that the Agreement complies with the provisions of Chapter 313 of the Texas Tax Code and 34 T.A.C. Chapter 9, Subchapter F.

See Attachment I.

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

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

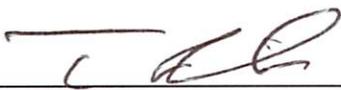
IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

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

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

Dated this 13th day of February, 2017.

Sudan Independent School District

By 
Signature

Tim Ricky, Board President
Printed Name and Title

Attest:

By 
Signature

Joe My Shultz, Vice President
Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certificate of Account Status
C	Comptroller's Certificate Letter
D	Comptroller Economic Impact Analysis
E	District's Financial Impact Analysis
F	TEA's Facilities Impact Letter
G	Comptroller's 2015 Property Value Study Report
H	Proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes
I	Comptroller's February 1, 2017 Agreement Review Letter
J	Job Waiver Request



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 14, 2016

Scott Harrell
Superintendent
Sudan Independent School District
P.O. Box 249
Sudan, Texas 79371

Re: Application for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Sudan Independent School District and Blue Cloud Wind Energy, LLC, Application # 1149

Dear Superintendent Harrell:

On August 25, 2016, the Comptroller's office received from Sudan Independent School District (Sudan ISD) an application from Blue Cloud Wind Energy, LLC for a limitation on appraised value (App #1149).

The purpose of this letter is to inform you that the Comptroller's office has reviewed the submitted application and determined that it includes the information necessary to be determined as complete on October 14, 2016.

Texas Tax Code §313.025(d) directs the Comptroller's office to issue a certificate for a limitation on the appraised value of the property, or provide the governing body of the school district with a written explanation of the Comptroller's decision to not issue a certificate no later than the 90th day after receiving the completed application. The requirements to determine eligibility and to issue a certificate for a limitation do not begin until an application is complete as determined by this agency. The Comptroller's office will move forward with our economic impact evaluation and will send a letter of determination to the ISD and the applicant.

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

Should you have any questions, please contact Annet Nalukwago with our office. She can be reached by email at annet.nalukwago@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 5-5656, or directly at 512-475-5656.

Sincerely,


Will Counihan
Director

Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
John Hall, Blue Cloud
Stephen Johns, Tri-Global Energy, LLC

Blue Cloud Wind Energy, LLC
313 Abatement Application
Sudan Independent School District

Submitted: August 8, 2016

Deemed Complete: August 24, 2016



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 not later than the 150th 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 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

08/08/16

Date Application Received by District

Scott

First Name

Harrell

Last Name

Superintendent

Title

Sudan ISD

School District Name

P.O. Box 249 (Highway 303)

Street Address

Same

Mailing Address

Sudan

City

Texas

State

79371

ZIP

806-227-2431

Phone Number

Fax Number

scottharrell@sudanisd.net

Email Address

Mobile Number (optional)

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

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

<p>Fred First Name</p> <p>Attorney Title</p> <p>Underwood Law Firm, P.C. Firm Name</p> <p>806-379-0306 Phone Number</p> <p>Mobile Number (optional)</p>	<p>Stormer Last Name</p> <p>Fax Number</p> <p>Fred.Stormer@UWLAW.com Email Address</p>
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4. On what date did the district determine this application complete? August 24, 2016
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)

<p>John First Name</p> <p>President Title</p> <p>17300 North Dallas Parkway, Suite 2020 Street Address</p> <p>Same Mailing Address</p> <p>Dallas City</p> <p>972-290-0825 Phone Number</p> <p>Mobile Number (optional)</p>	<p>Hall Last Name</p> <p>Blue Cloud Organization</p> <p>Texas State</p> <p>75248 ZIP</p> <p>Fax Number</p> <p>hallbros@fivearea.com Business Email Address</p>
--	--

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.

<p>Stephen First Name</p> <p>Chief Legal Counsel Title</p> <p>17300 North Dallas Parkway, Suite 2020 Street Address</p> <p>Same Mailing Address</p> <p>Dallas City</p> <p>972-290-0825 Phone Number</p> <p>Mobile Number (optional)</p>	<p>Johns Last Name</p> <p>Tri Global Energy, LLC Organization</p> <p>Texas State</p> <p>75248 ZIP</p> <p>Fax Number</p> <p>sjohns@triglobalenergy.com Business Email Address</p>
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3. Does the applicant authorize the consultant to provide and obtain information related to this application? Yes No

Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

First Name _____ Last Name _____

Title _____

Firm Name _____

Phone Number _____ Fax Number _____

Business Email Address _____

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? Yes No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

2. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code §313.027(i)? Yes No N/A

3. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Blue Cloud Wind Energy, LLC

2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32060730036

3. List the NAICS code 221115

4. Is the applicant a party to any other pending or active Chapter 313 agreements? Yes No

4a. If yes, please list application number, name of school district and year of agreement
N/A

SECTION 5: Applicant Business Structure

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

2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? Yes No

2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.

3. Is the applicant current on all tax payments due to the State of Texas? Yes No

4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? Yes No N/A

5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

N/A

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:
 - Land has no existing improvements
 - Land has existing improvements (*complete Section 13*)
 - Expansion of existing operation on the land (*complete Section 13*)
 - Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

- 1. Application approval by school board January 2017
- 2. Commencement of construction April 2017
- 3. Beginning of qualifying time period January 2017
- 4. First year of limitation 2019
- 5. Begin hiring new employees January 2018
- 6. Commencement of commercial operations June 2018
- 7. 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.
- 8. When do you anticipate the new buildings or improvements will be placed in service? June 2018

SECTION 10: The Property

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

County: <u>Bailey, .89950, 80%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>None</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>None</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>H P Water District, .0081, 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Lamb County, .7943, 20%</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>Sudan I.S.D., 1.1095, 100%</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? 10,000,000.00
- 2. What is the amount of appraised value limitation for which you are applying? 20,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
- 3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? Yes No
- 4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021 (**Tab 7**);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, 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

Application for Appraised Value Limitation on Qualified Property

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 2016
(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? 4

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 763.00

b. 110% of the average weekly wage for manufacturing jobs in the county is 763.13

c. 110% of the average weekly wage for manufacturing jobs in the region is 770.17

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? 40,048.84

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 40,100.00

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 §313.021(3)(F)? Yes No

12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).

13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? Yes No

13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (not required)

3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

APPLICATION 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 tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size <p>Note: Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* <p>* To be submitted with application or before date of final application approval by school board</p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

Tab 2

Proof of Payment of Application Fee

Proof of payment attached.

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

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

Attachment 3***Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable).***

As tax reports are neither due nor able to be supplied for Applicant due to its recent formation in Delaware and registration in Texas (and, accordingly, no such reports from the Franchise Tax Division can be provided), please note the following statements with respect to Applicant's response to Section 5 of this Application:

1 On May 27, 2016, Applicant, a limited liability company, was formed in Delaware. Upon formation, Applicant was briefly 100% owned by Bearkat Renewable Energy Project, LLC, a Texas limited liability company ("Owner"). Owner's Texas filing number is 801376560 and its taxpayer number is 32043522831.

2 On June 9, 2016, Applicant registered to do business in Texas via Form 304 as a foreign LLC. Applicant's Texas filing number is 802481860 and its taxpayer number is 32060820621.

3 On July 7, 2016, Owner sold all of Applicant's membership interests to CI-II Blue Cloud Holding LLC ("Buyer"). Accordingly, Buyer is the current 100% owner of Applicant.

4 For purposes of completing this Application, and solely as of the date of this Application, Applicant declares itself as part of a "combined group" (as defined in Texas Tax Code Section 171.0001(7)) by virtue of its current 100% ownership by Buyer.

5 However, please note that: (a) Buyer, by not directly doing business in Texas, does not have a filing number or taxpayer number in Texas; and (b) by the time a filing by Applicant is first required with the Franchise Tax Division, (i) Buyer may or may not be the owner of Applicant and (ii) Applicant may or may not be a part of a combined group.

Attachment 4

Detailed description of the project.

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

Blue Cloud Wind Energy, LLC (“Blue Cloud” or the “Project”) is a special purpose entity formed to facilitate the development and commercialization of a utility-scale wind energy project. Blue Cloud is wholly owned by Copenhagen Infrastructure Partners (“CIP”), and is under development by Tri Global Energy, LLC (“Tri Global”). CIP is in the business of financing, owning, and operating large infrastructure projects, in particular utility scale wind energy projects. Tri Global Energy is in the business of initiating, developing, constructing and operating plants generating electricity from renewable energy projects.

Blue Cloud Wind Energy, LLC is requesting an appraised value limitation from Sudan ISD for a proposed wind energy project using wind turbines, operational structures, and a transmission line located in Bailey and Lamb Counties. The wind farm and its associated infrastructure will be constructed within a Reinvestment Zone established by Bailey County and Lamb County, Texas. A map showing the location of the wind farm is included as Attachment 11a. The wind farm will have an estimated capacity of 150 megawatts (“MW”). To construct the wind farm, Blue Cloud Wind Energy, LLC intends to install between 44 and 75 wind turbines all within Sudan ISD that will have a rated capacity of 2.0 to 3.5 MW. In addition to the wind turbines, roads will be constructed and improved as necessary along with transmission lines. A collection substation and associated infrastructure will be installed to permit the interconnection and transmission of electricity generated by the wind turbines and an operations and maintenance building will be erected.

Construction of the wind farm is proposed to begin in April of 2017 and is expected to take approximately 9-12 months to complete, with an estimated commercial operations date by June 30th, 2018, contingent upon favorable economics for the project. The project expects to have an operational life exceeding 25 years.

While the wind regime for Blue Cloud Wind Energy, LLC is very good, there are currently many favorable locations for wind projects that could be developed across the US. Blue Cloud Wind Energy, LLC has modeled its economics with an expectation that it will have a Limitation of Appraised Value Agreement with Sudan ISD. Project investors are looking for wind projects across the US and can locate projects in a wide variety of locations should Blue Cloud Wind Energy, LLC be unable to develop a competitive project in Texas that is able to generate returns sufficient to attract investment capital.

Wind farms are operating and under development in many states throughout the country. According to the American Wind Energy Association (“AWEA”) there are now 73,992 MW of installed wind capacity in the United States and over 48,500 wind turbines. At the beginning of 2016 there have been more US wind power MW’s under construction than ever before. 9,400 MW’s are currently being built across the country. When completed, these projects will generate enough electricity annually to power millions of households.

A graphic provided by AWEA in its market report demonstrates the national geographic diversity of successfully completed projects. Clearly wind projects are abundant, and the applicant has the ability to select from a wide variety of locations across the United States should it be unable to develop a competitive project in Texas capable of generating sufficient returns to its investors.



CIP is a Copenhagen-based fund management company that was founded in 2012. The five founding partners have a collective total of over 80 years and \$33.4B worth of energy industry transaction experience. With over \$20B in assets, they have invested into an energy portfolio consisting of 1,339 MW of wind, 123 MW of biomass, and a 900 MW transmission infrastructure system. CIP prefers to invest with a long-term buy and hold strategy.

Tri Global team member accomplishments include leadership roles in the development, construction, and operations of over 5,000 MWs of wind energy capacity and over 2,500 MWs of fossil generation, as well as securing over \$2 billion in corporate and project finance. Tri Global’s President, Tom Carbone, is the former North American president of Vestas, one of the world’s leading turbine manufacturers. He led the company's sales, project installation, and service business areas, tripling their annual order-intake from \$300 million to over \$1 billion.

redeployed to other renewable energy development projects in other power markets in the United States. Blue Cloud Wind Energy, LLC, however, was formed for the express purpose of developing a community sponsored wind farm that would help bring economic development to the area. Tri Global identified Texas, and in particular Sudan ISD, for its strong wind resource, access to available transmission capacity within the SPP market, and favorable property tax incentives under the Tax Code for Chapter 312 tax abatement and Chapter 313 Appraised Value Limitation.

CIP and Tri Global prefer to develop and build the proposed Blue Cloud as described throughout this Application. This Project is still under development. As of July 15th, 2016, Blue Cloud Wind Energy LLC'S physical assets are valued at approximately \$100,000. Most of this capital is comprised of non-qualified property, specifically four (4) temporary meteorological towers erected on the project site.

Should the appraised value limitation be granted, Blue Cloud Wind Energy, LLC has created a development and investment plan that it is capitalized to implement. Without such a limitation for the Project, competing against other Texas projects that have qualified, CIP would likely be forced to redeploy its assets and capital to other counties and states competing for similar wind projects.

Attachment 5

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

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

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

Blue Cloud Wind Energy, LLC was formed in 2016.

Since its formation Blue Cloud Wind Energy, LLC and its associate parties have not entered into any agreements for offtake or project finance. Blue Cloud and its affiliates have, however, entered into the following representative agreements and material contracts for the development of a project phase within Sudan ISD:

- Grants of leases and easements covering approximately 22,000 acres with 50 landowners.
- GIA (Generator Interconnection Agreement) with Southwestern Public Service (SPS) and the Southwest Power Pool (SPP)
- Wind data measurement contract with Wireless Innovations for data transmission for 4 Met Towers
- Contract with V-Bar for data storage and verification of wind data
- D&O Insurance Policy & Public Liability insurance contract with MHBT Marsh & McLennan Agency LLC
- Environmental and habitat studies with SWCA
- Wind and site analysis studies with AWS Truepower LLC
- Geotechnical surveys with BARR Engineering
- Contract for transformer engineering, procurement, and supply with SMIT Transformatoren, B.V.
- Consulting agreement with Energy Renewal Partners, LLC.

Does the applicant have current business activities at the location where the proposed project will occur?

The business activities defined within the agreements and contracts listed above will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project within Sudan ISD.

These contracts and initial investments are preliminary in nature as Blue Cloud Wind Energy, LLC has determined that a value limitation agreement with Sudan ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.

Is the applicant evaluating other locations not in Texas for the proposed project?

The CIP and Tri Global management teams have experience in multiple international and domestic markets. Based on this experience, the management teams evaluate all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities across the globe.

The Blue Cloud Project is currently in such a period of assessment to determine whether the identified site in Sudan ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.

A 313 Limitation of Appraised Value Agreement is a key tax incentive agreement necessary to ensure the Project is on a level playing field with other wind projects with similar incentives and with alternative types of generation that receive their own forms of economic support. Without the requested limitation, the Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$225M necessary to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.

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

The Blue Cloud Project was selected as a candidate due to the robust wind speed and proximity to SPP transmission within the Sudan ISD area. However, due to historically low power prices and increasing levels of competition in the Texas electric market, without a favorable tax incentive the Project will be unable to provide the returns necessary for investors and financiers at current electricity prices. Without the 313 Value Limitation, the applicant will be forced to redeploy its capital into another region or state with a higher expected return.

The information provided in this Attachment and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the feasibility of Blue Cloud Wind Energy, LLC.

ATTACHMENT 6

Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable).

5a. if no, attach in Tab 6 additional information on the project scope and size to assist in the economic analysis.

All of the planned Qualified Property for the Project is located solely in Sudan ISD.

Sudan ISD	100%
-----------	------

Attachment 7

Description of Qualified Investment

- 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).*

Blue Cloud Wind Energy, LLC plans to construct an estimated 150MW wind farm, located entirely within Sudan ISD in Bailey and Lamb Counties, Texas. All of the Qualified Investment for this Project will be located entirely within Sudan ISD.

The intended qualified investment includes wind turbines, foundations, collection systems, transmission lines and interconnection infrastructure, additional meteorological towers, roads, operations and maintenance building, spare parts, and control systems necessary for commercial generation of electricity.

For purposes of this application, the Project anticipates using 2.0 to 3.5 MW turbines. Although final turbine selection and location of the infrastructure may change, all equipment outlined above is expected to be located within Sudan ISD. Current plans are to install between 44 and 75 turbines in one phase.

The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins. Blue Cloud intends to connect to the proposed Needmore Substation via a 230kV transmission line. All of the infrastructure will remain within the project boundary and within the Reinvestment Zone. The map in Attachment 11b shows the proposed project area with the anticipated improvement locations.

Attachment 8

Description of Qualified Property

Blue Cloud Wind Energy, LLC plans to construct an estimated 150MW wind farm, located entirely within Sudan ISD in Bailey and Lamb Counties, Texas. All of the Qualified Investment for this Project will be located entirely within Sudan ISD.

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Attachment 9

Description of Land

PORTION OF PROPERTY LOCATED IN LAMB COUNTY, TEXAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE NORTHEAST PART (NE/PART) OF LEAGUE 210, ABSTRACT 410, DEAF SMITH CSL SURVEY, LAMB COUNTY, TEXAS;

THE NORTH PART (N/PART) OF LEAGUE 215, ABSTRACT 411, CROCKETT CSL SURVEY, LAMB COUNTY, TEXAS;

ALL OF LEAGUE 216, ABSTRACT 101, CROCKETT CSL SURVEY, LAMB COUNTY, TEXAS;

THE WEST PART (W/PART) OF LEAGUE 224, ABSTRACT 102, COLLINGSWORTH CSL SURVEY, LAMB COUNTY, TEXAS;

THE NORTHWEST PART (NW/PART) OF LEAGUE 225, ABSTRACT 412, COLLINGSWORTH CSL SURVEY, LAMB COUNTY, TEXAS;

ALL OF LEAGUE 237, ABSTRACT 100, DEAF SMITH CSL SURVEY, LAMB COUNTY, TEXAS;

PORTION OF PROPERTY LOCATED IN BAILEY COUNTY, TEXAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL OF LEAGUE 193, ABSTRACT 216, FOARD CSL SURVEY, BAILEY COUNTY, TEXAS;

THE NORTH AND EAST PART (N&E/PART) OF LEAGUE 194, ABSTRACT 334, FOARD CSL SURVEY, BAILEY COUNTY, TEXAS;

ALL OF LEAGUE 200, ABSTRACT 335, ROBERTS CSL SURVEY, BAILEY COUNTY, TEXAS; SAVE AND EXCEPT AN AREA OUT OF THE WEST HALF (W/2);

ALL OF LEAGUE 201, ABSTRACT 218, ROBERTS CSL SURVEY, BAILEY COUNTY, TEXAS;

THE EAST THIRD (E/3) OF LEAGUE 202, ABSTRACT 214, ROBERTS CSL SURVEY, BAILEY COUNTY, TEXAS;

THE WEST TWO THIRDS (W/ 2/3) OF LEAGUE 208, ABSTRACT 213, OCHILTREE CSL SURVEY, BAILEY COUNTY, TEXAS;

ALL OF LEAGUE 209, ABSTRACT 217, DEAF SMITH CSL SURVEY, BAILEY COUNTY, TEXAS;

THE WEST TWO THIRDS (W/ 2/3) OF LEAGUE 210, ABSTRACT 336, DEAF SMITH CSL SURVEY, BAILEY COUNTY, TEXAS

Attachment 10

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

The Project has four (4) **existing** temporary meteorological towers located on the site:

Site No. 4211 – 60m NRG Tower – Serial No. 428001665 – GPS Coordinates: 34° 1' 47.70" N
102° 41' 59.76" W

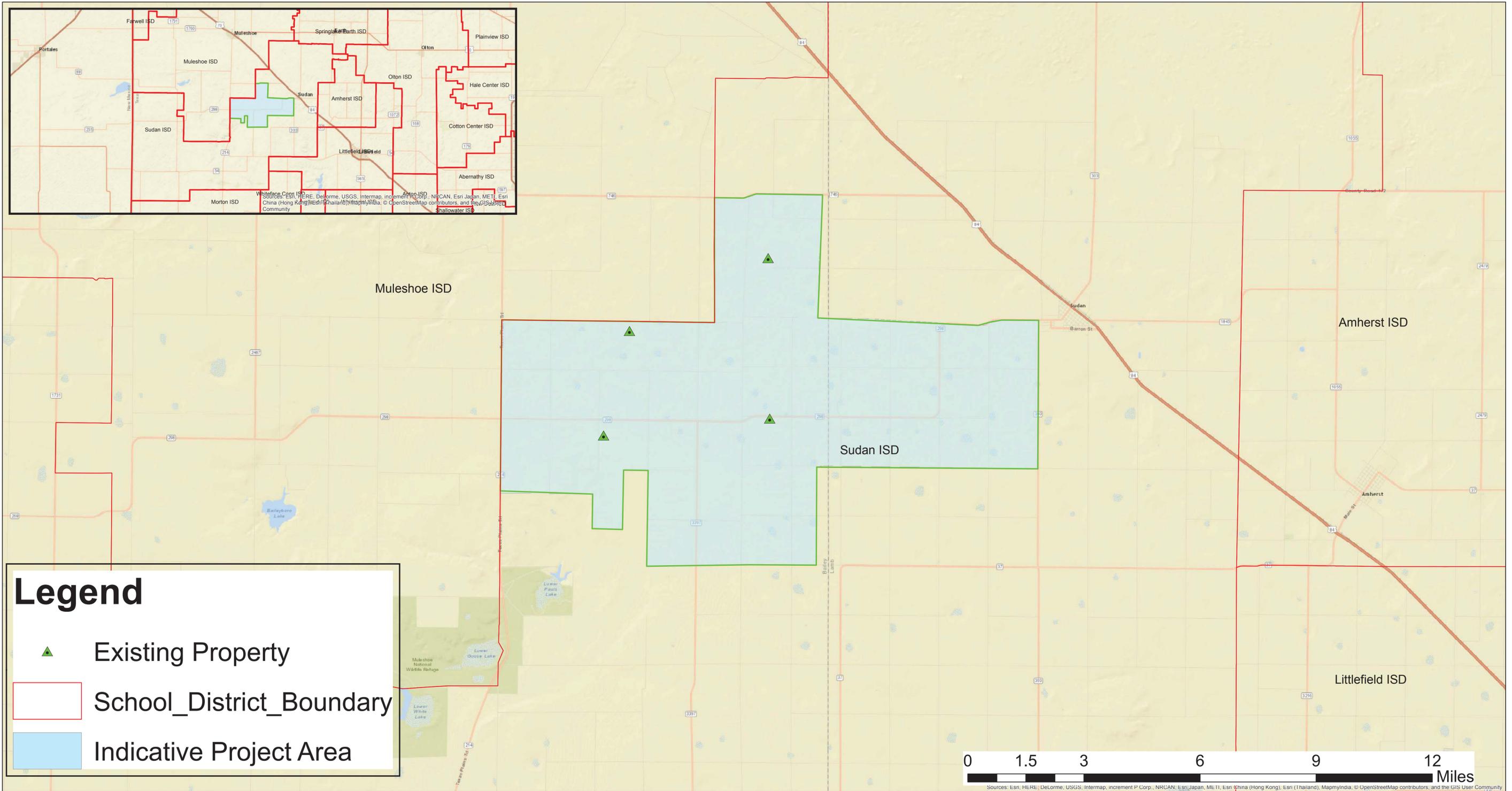
Site No. 4212 – 80m NRG Tower – Serial No. 494102283 – GPS Coordinates: 34° 3' 37.09" N
102° 41' 22.54" W

Site No. 4213 – 60m NRG Tower – Serial No. 494107125- GPS Coordinates: 34° 1' 59.70" N
102° 38' 13.98" W

Site No. 4214 – 60m NRG Tower – Serial No. 494107093 – GPS Coordinates: 34° 4' 57.85" N
102° 38' 16.06" W

A map reflecting their placement is provided below and in Attachment 11d (Existing Property).

Please see the attached map below.



Blue Cloud Wind Energy, LLC
Existing/Non-Eligible Property

313 Application to Sudan ISD



Blue Cloud Wind Energy, LLC

Sudan ISD

Sheet No.

August 2016

1

Attachment 11

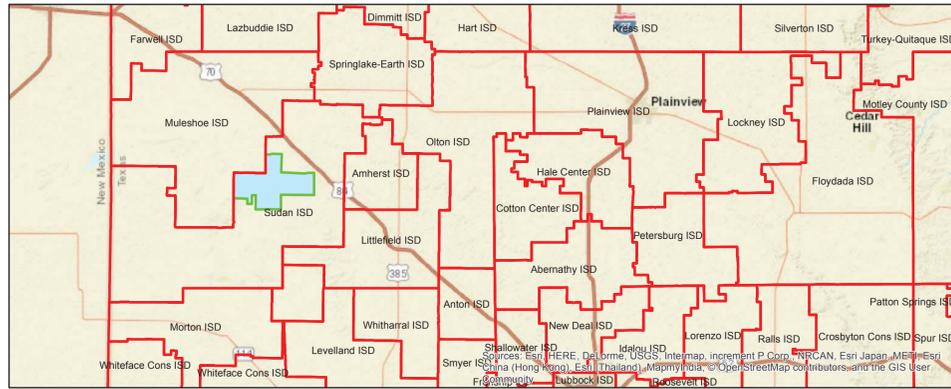
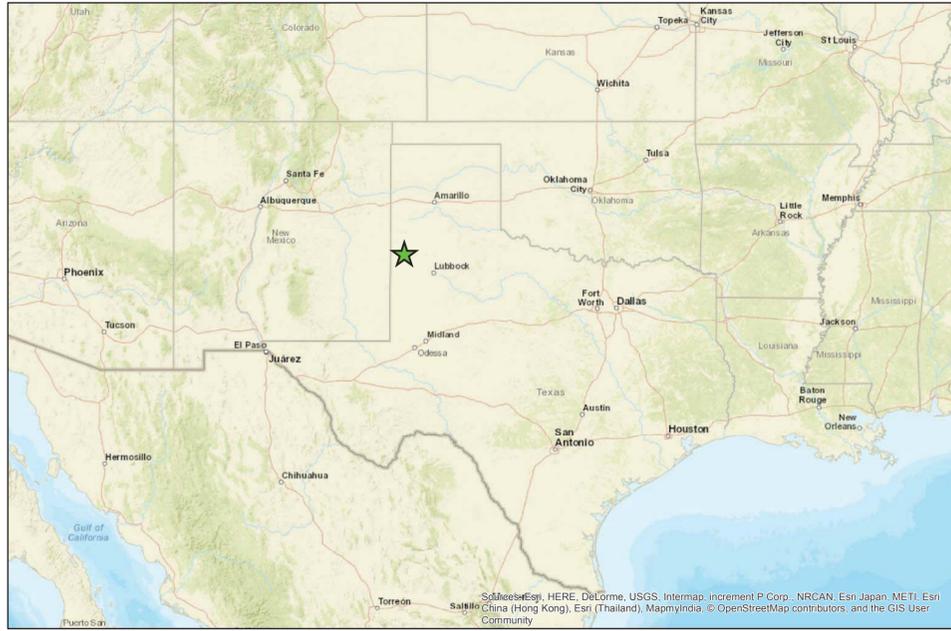
Maps that clearly show:

- a) Project vicinity*
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period*
- 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*

Attachment 11a

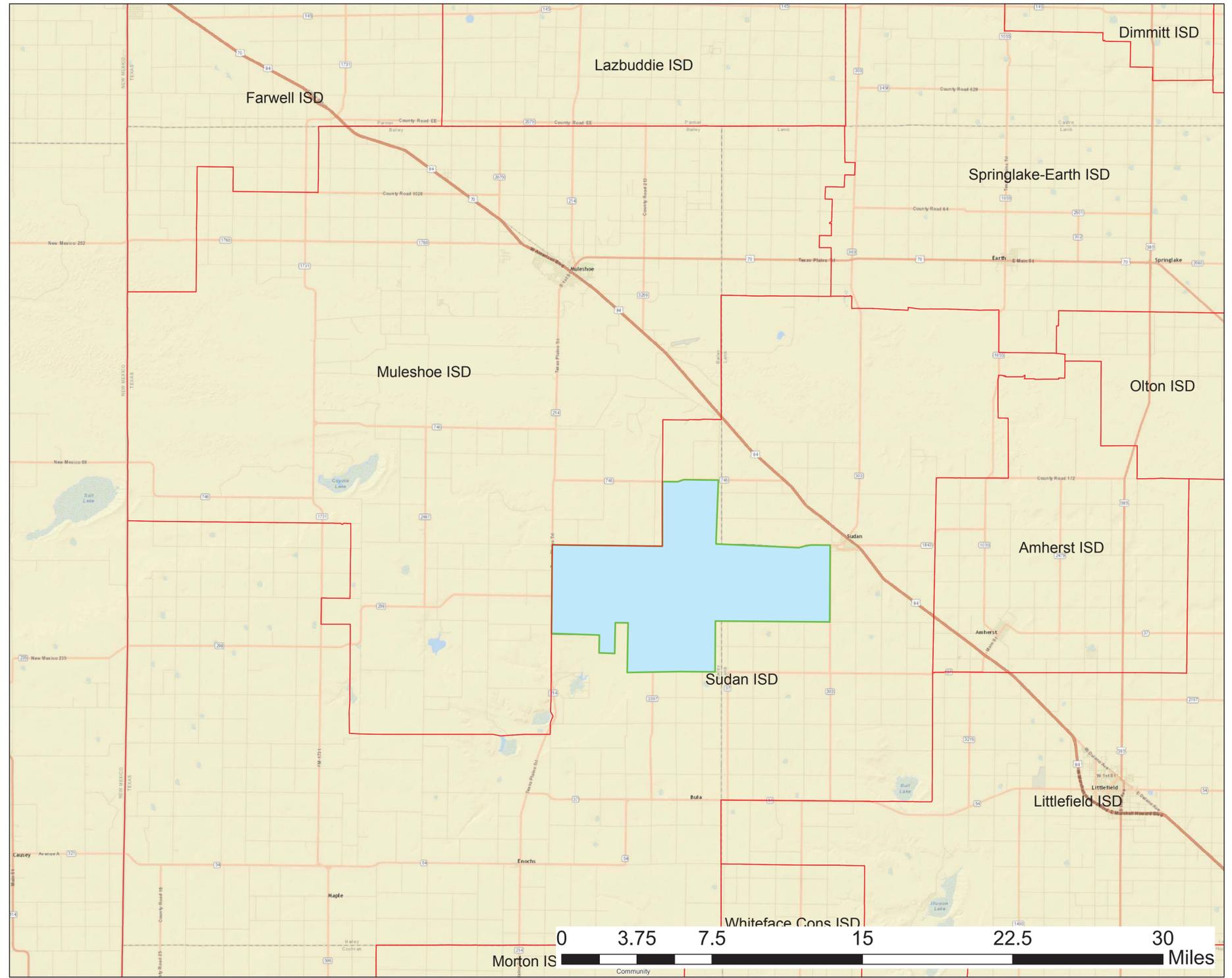
a) Project vicinity

Please see the attached map.



Legend

- School_District_Boundary
- ★ Blue Cloud
- Reinvestment Zone



Blue Cloud Wind Energy, LLC
 Property Within Vicinity

313 Application to Sudan ISD



Blue Cloud Wind Energy, LLC

Sudan ISD

Sheet No.
1

August 2016

Attachment 11b

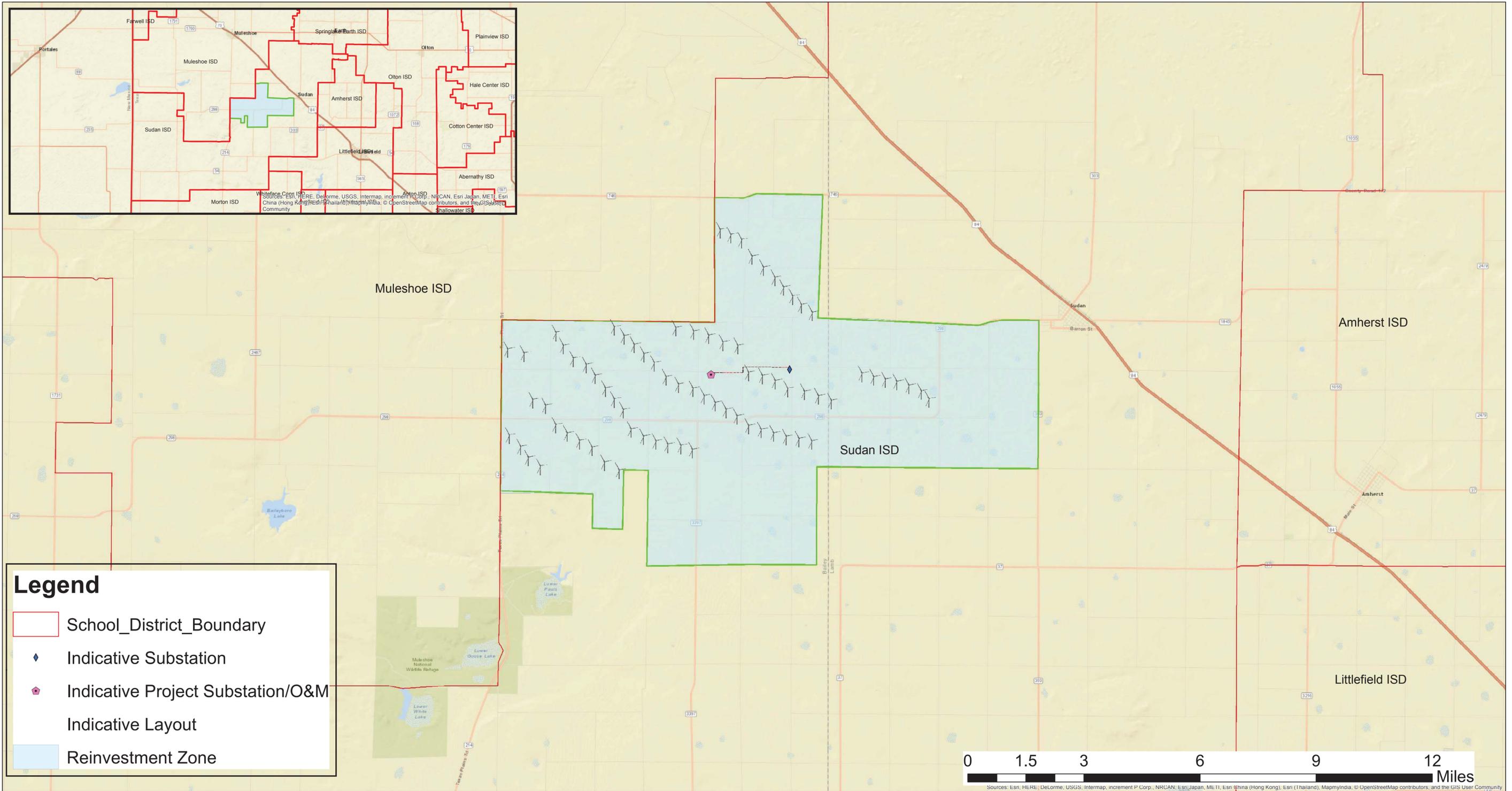
- b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period***

Please see the attached map.

Attachment 11c

c) *Qualified property including location of new buildings or new improvements*

Please see the attached map below.



Legend

- School_District_Boundary
- ◆ Indicative Substation
- ◆ Indicative Project Substation/O&M
- Indicative Layout
- Reinvestment Zone

Blue Cloud Wind Energy, LLC
Qualified Property

313 Application to Sudan ISD
Note: Location of Qualified Investment/Qualified Property is subject to change, but will remain within ISD boundary.



Blue Cloud Wind Energy, LLC

Sudan ISD

Sheet No.

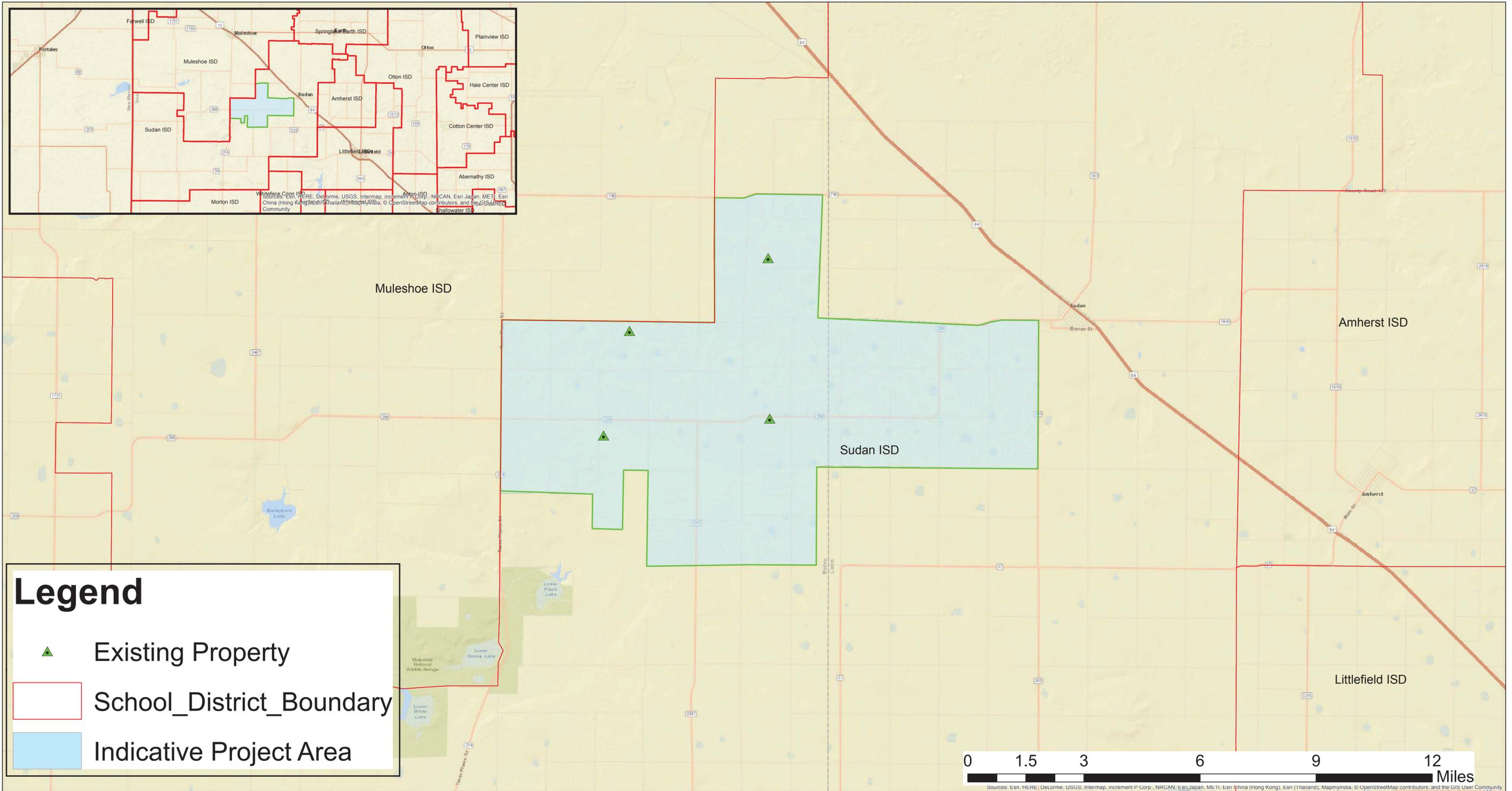
August 2016

1

Attachment 11d

d) Existing property

Please see the attached map below.



Legend

-  Existing Property
-  School_District_Boundary
-  Indicative Project Area



Blue Cloud Wind Energy, LLC
Existing/Non-Eligible Property

313 Application to Sudan ISD



Blue Cloud Wind Energy, LLC

Sudan ISD

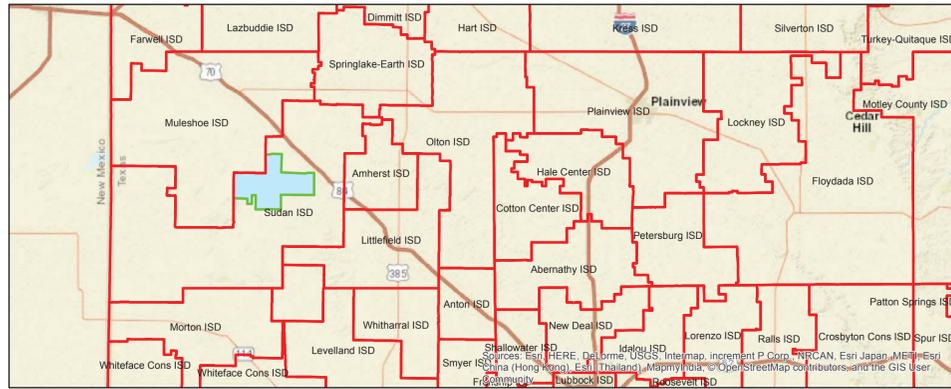
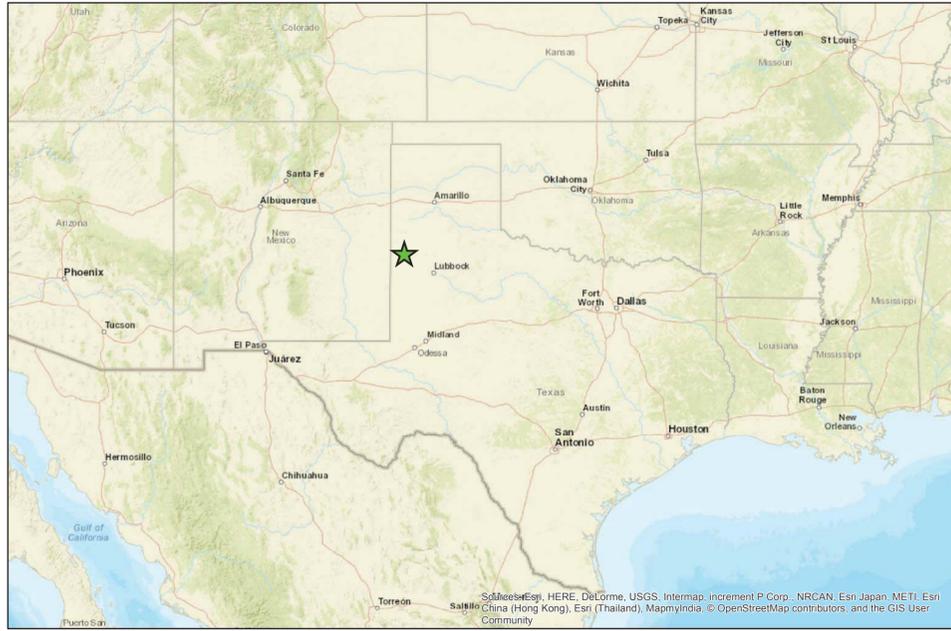
Sheet No.
1

August 2016

Attachment 11e

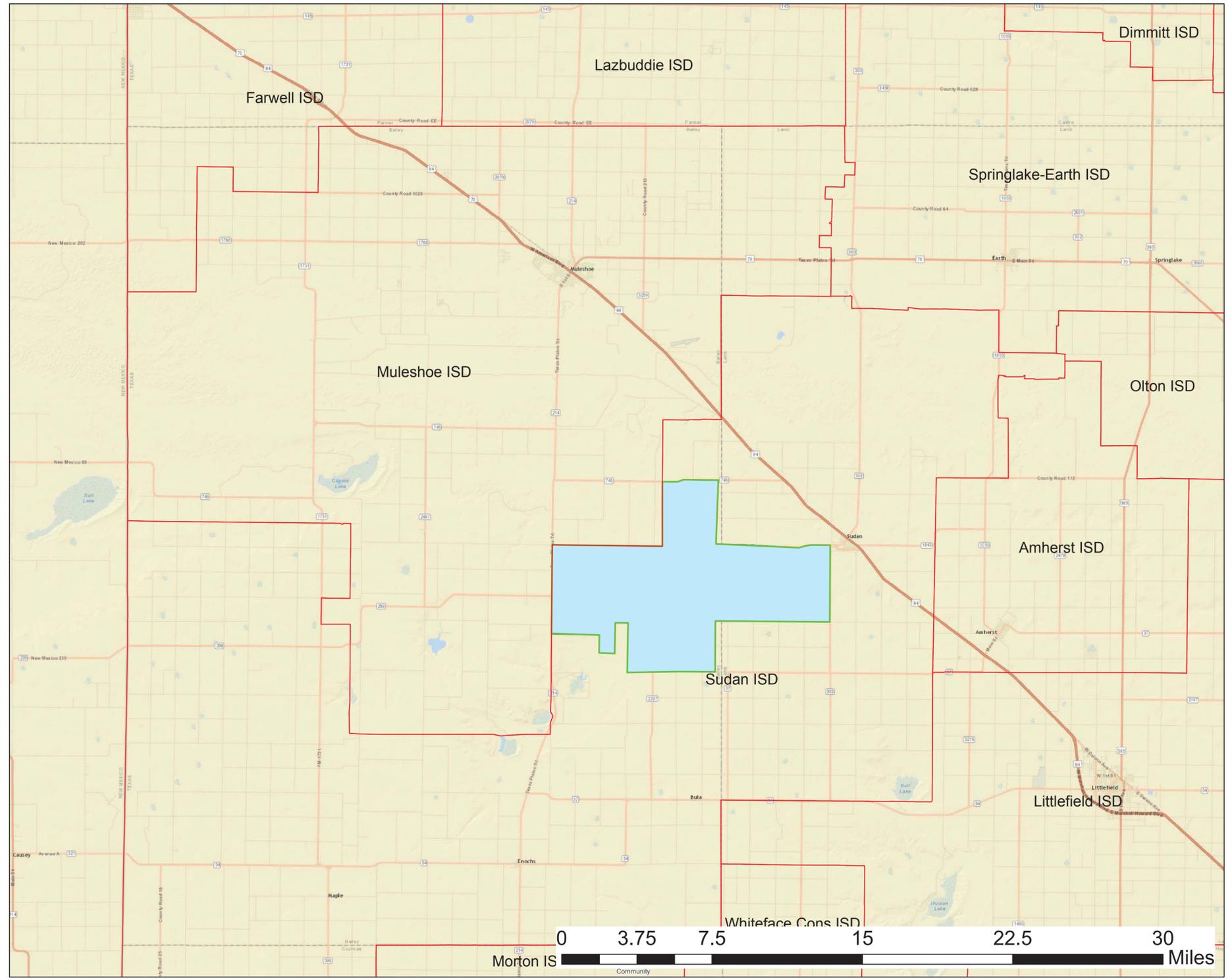
e) Land location within vicinity map

Please see the attached map.



Legend

- School_District_Boundary
- ★ Blue Cloud
- Reinvestment Zone



Blue Cloud Wind Energy, LLC
Property Within Vicinity

313 Application to Sudan ISD



Blue Cloud Wind Energy, LLC

Sudan ISD

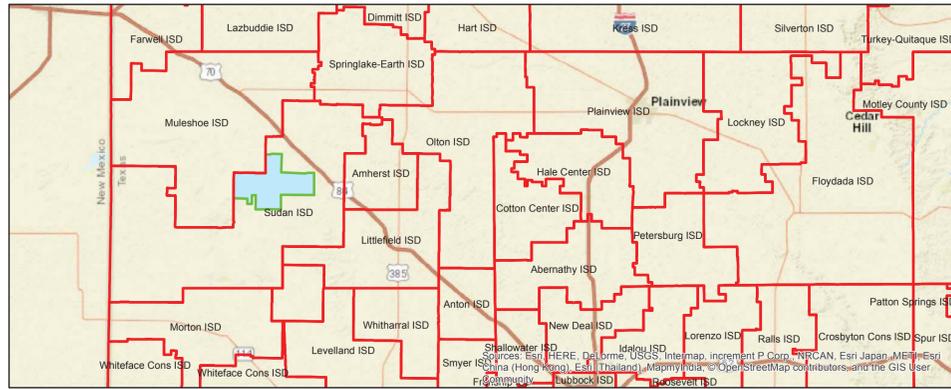
Sheet No.
1

August 2016

Attachment 11f

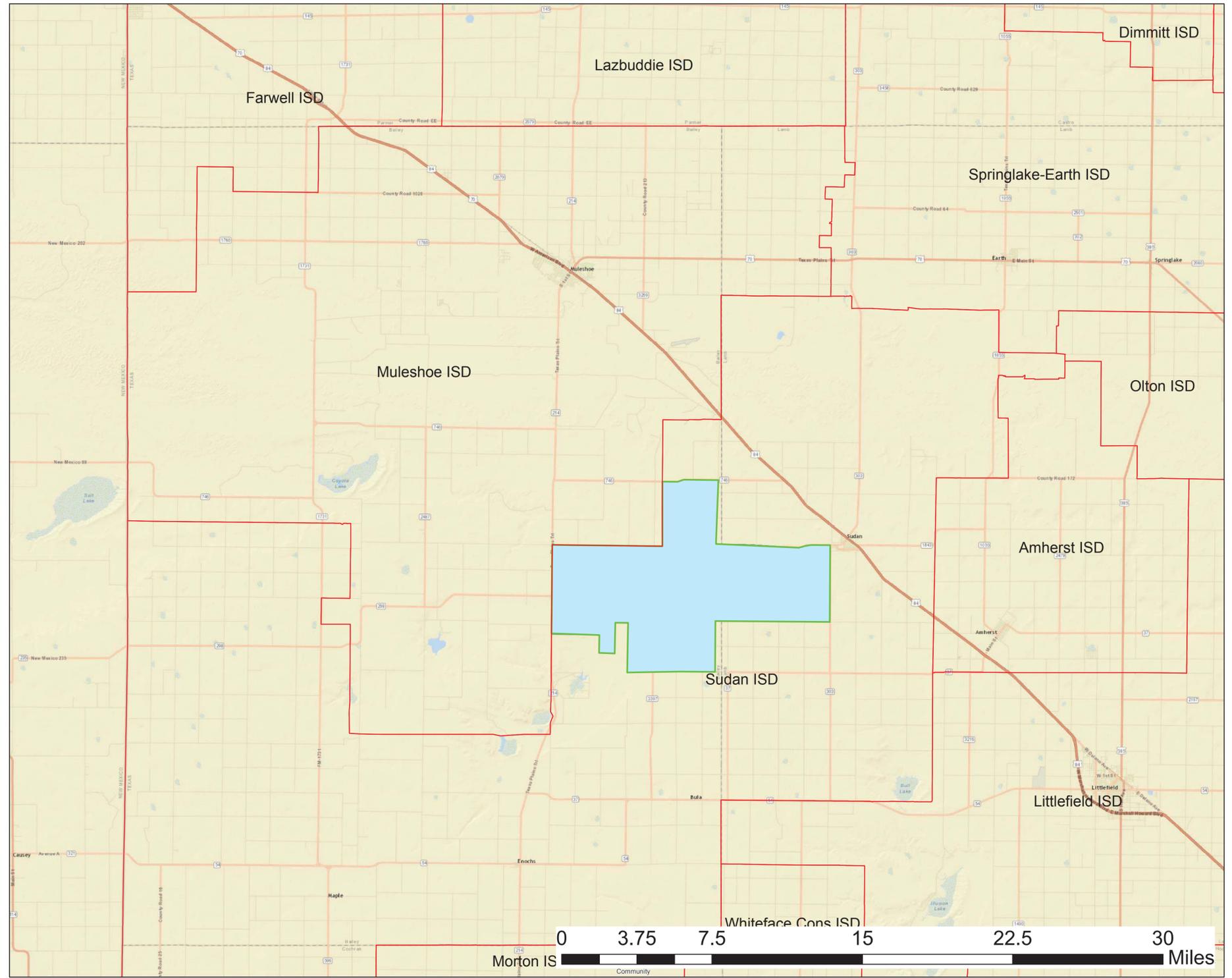
- f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size***

Please see attached map.



Legend

- School_District_Boundary
- ★ Blue Cloud
- Reinvestment Zone



Blue Cloud Wind Energy, LLC
 Property Within Vicinity

313 Application to Sudan ISD



Blue Cloud Wind Energy, LLC

Sudan ISD

Sheet No.

August 2016

1

Attachment 12

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

See attached waiver request below.

Blue Cloud Wind Energy, LLC

August 8th, 2016

Scott Harrell
Sudan Independent School District
107 FM 303, Sudan, Texas 79371

Re: Chapter 313 Job Waiver Request for Blue Cloud Wind Energy, LLC

Dear Mr. Harrell,

Blue Cloud Wind Energy, LLC requests that the Sudan Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.02S (f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Blue Cloud Wind Energy, LLC requests that the Sudan Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Blue Cloud Wind Energy, LLC has committed to create 4 total jobs for the project, all of which will be in Sudan I.S.D.

Wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 - 20 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,



John Hall
Blue Cloud Wind Energy, LLC

Attachment 13

a. Average weekly wage for all jobs (all industries) in the county

Year	Period	Area	Ownership	Level	Ind Code	Industry	Avg Weekly Wages
2015	2nd Qtr	Bailey County	Private	0	10	Total, All Industries	\$735
2015	3rd Qtr	Bailey County	Private	0	10	Total, All Industries	\$740
2015	4th Qtr	Bailey County	Private	0	10	Total, All Industries	\$845
2016	1st Qtr	Bailey County	Private	0	10	Total, All Industries	\$732
Average							\$763.00

Source Data: Texas Workforce Commission:

Quarterly Employment and Wages (QCEW)

Restart Back Print Download

[Help with Download](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	2nd Qtr	Bailey County	Private	00	0	10	Total, All Industries	\$735
2015	3rd Qtr	Bailey County	Private	00	0	10	Total, All Industries	\$740
2015	4th Qtr	Bailey County	Private	00	0	10	Total, All Industries	\$845
2016	1st Qtr	Bailey County	Private	00	0	10	Total, All Industries	\$732

b. 110% of the average weekly wage for manufacturing jobs in the area

Year	Period	Area	Ownership	Level	Ind Code	Industry	Avg Weekly Wages
2015	2nd Qtr	Bailey County	Private	0	31-33	Manufacturing	\$654
2015	3rd Qtr	Bailey County	Private	0	31-33	Manufacturing	\$697
2015	4th Qtr	Bailey County	Private	0	31-33	Manufacturing	\$763
2016	1 st Qtr	Bailey County	Private	0	31-33	Manufacturing	\$661
Average							\$693.75

Source Data: Texas Workforce Commission:

110% of the average weekly wage for manufacturing jobs in the county: $\$693.75 \times 1.1 = \763.13

Quarterly Employment and Wages (QCEW)

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[Help with Download](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	2nd Qtr	Bailey County	Total All	31	2	31-33	Manufacturing	\$654
2015	3rd Qtr	Bailey County	Total All	31	2	31-33	Manufacturing	\$697
2015	4th Qtr	Bailey County	Total All	31	2	31-33	Manufacturing	\$763
2016	1st Qtr	Bailey County	Total All	31	2	31-33	Manufacturing	\$661

c. 110% of the average weekly wage for all jobs in the region

$$\text{\$40,048.80/52} = \text{\$770.17 per week}$$

The annual salary for the **South Plains Association of Governments** as published by the Texas Occupational Employment and Wages in July 2016:

$$\text{\$36,408} \times 1.1 = \text{\$40,048.80}$$

**2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$24.41	\$50,778
1. Panhandle Regional Planning Commission	\$20.64	\$42,941
2. South Plains Association of Governments	\$17.50	\$36,408
3. NORTEX Regional Planning Commission	\$23.28	\$48,413
4. North Central Texas Council of Governments	\$25.03	\$52,068
5. Ark-Tex Council of Governments	\$18.46	\$38,398
6. East Texas Council of Governments	\$19.84	\$41,270
7. West Central Texas Council of Governments	\$19.84	\$41,257
8. Rio Grande Council of Governments	\$18.32	\$38,109
9. Permian Basin Regional Planning Commission	\$25.18	\$52,382
10. Concho Valley Council of Governments	\$18.80	\$39,106
11. Heart of Texas Council of Governments	\$21.41	\$44,526
12. Capital Area Council of Governments	\$29.98	\$62,363
13. Brazos Valley Council of Governments	\$18.78	\$39,057
14. Deep East Texas Council of Governments	\$17.30	\$35,993
15. South East Texas Regional Planning Commission	\$30.41	\$63,247
16. Houston-Galveston Area Council	\$26.44	\$54,985
17. Golden Crescent Regional Planning Commission	\$23.73	\$49,361
18. Alamo Area Council of Governments	\$19.96	\$41,516
19. South Texas Development Council	\$15.87	\$33,016
20. Coastal Bend Council of Governments	\$25.97	\$54,008
21. Lower Rio Grande Valley Development Council	\$16.17	\$33,634
22. Texoma Council of Governments	\$19.04	\$39,595
23. Central Texas Council of Governments	\$18.04	\$37,533
24. Middle Rio Grande Development Council	\$22.24	\$46,263

Source: Texas Occupational Employment and Wages

Data published: July 2016

Data published annually, next update will be July 31, 2017

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.

Attachment 14

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

Applicant Name Blue Cloud Wind Energy, LLC
 ISD Name Sudan ISD

Form 50-296A
 Revised Feb 2014

PROPERTY INVESTMENT AMOUNTS									
(Estimated Investment in each year. Do not put cumulative totals.)									
				Column A	Column B	Column C	Column D	Column E	
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other new investment made during this year that will become Qualified Property [SEE NOTE]	Other new investment made during this year that may become Qualified Property [SEE NOTE]	Total Investment (Sum of Columns A+B+C+D)	
Investment made before filing complete application with district	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017-2018	2017	Not eligible to become Qualified Property		\$ 96,500.00	[The only other investment made before filing complete application with district that may become Qualified Property is land.]		
Investment made after filing complete application with district, but before final board approval of application									
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$ -	\$ -	\$ -	\$ -	\$ -	
Complete tax years of qualifying time period	QTP1	2018-2019	2018	\$ 195,000,000.00	\$ -	\$ -	\$ -	\$ 195,000,000.00	
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				\$ 195,000,000.00	\$ -	\$ -	\$ -	\$ 195,000,000.00	
				Enter amounts from TOTAL row above in Schedule A2					
Total Qualified Investment (sum of green cells)				\$ 195,000,000.00					

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

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

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

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

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

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

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

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

Applicant Name Blue Cloud Wind Energy, LLC
 ISD Name Sudan 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) intangible 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*	--	TOTALS FROM SCHEDULE A1			\$195,000,000	\$ -	\$ -	\$ 195,000,000.00
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2016-2017	2016				\$ -	\$ -
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2017-2018	2017				\$ -	\$ -
Each year prior to start of value limitation period** <i>Insert as many rows as necessary</i>	0	2018-2019	2018	\$195,000,000	\$ -			\$ 195,000,000.00
Value limitation period***	1	2019-2020	2019					
	2	2020-2021	2020					
	3	2021-2022	2021					
	4	2022-2023	2022					
	5	2023-2024	2023					
	6	2024-2025	2024					
	7	2025-2026	2025					
	8	2026-2027	2026					
	9	2027-2028	2027					
		2028-2029	2028					
Total Investment made through limitation				\$ 195,000,000.00	\$ -	\$ -	\$ -	\$ 195,000,000.00
Continue to maintain viable presence	11	2029-2030	2029					
	12	2030-2031	2030					
	13	2031-2032	2031					
	14	2032-2033	2032					
	15	2033-2034	2033					
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034					
	17	2035-2036	2035					
	18	2036-2037	2036					
	19	2037-2038	2037					
	20	2038-2039	2038					
	21	2039-2040	2039					
	22	2040-2041	2040					
	23	2041-2042	2041					
	24	2042-2043	2042					
	25	2043-2044	2043					

* All investments made through the qualifying time period are captured and totaled on Schedule A1 [blue box] and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of qualifying time period but before the start of the Value Limitation Period) should be included in the "year prior to start of value limitation period" row(s). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.

*** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the overlap. Only include investments/years that were not captured on Schedule A1.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.

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

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

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

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

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

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

Date **7/20/2016**
 Applicant Name **Blue Cloud Wind Energy, LLC**
 ISD Name **Sudan ISD**

Form 50-296A
 Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value		
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2018-2019	2018						
Value Limitation Period	1	2019-2020	2019	\$ -	\$ -	\$ 195,000,000.00	\$ 195,000,000.00	\$ 195,000,000.00	\$ 20,000,000.00
	2	2020-2021	2020	\$ -	\$ -	\$ 185,250,000.00	\$ 185,250,000.00	\$ 185,250,000.00	\$ 20,000,000.00
	3	2021-2022	2021	\$ -	\$ -	\$ 175,500,000.00	\$ 175,500,000.00	\$ 175,500,000.00	\$ 20,000,000.00
	4	2022-2023	2022	\$ -	\$ -	\$ 165,750,000.00	\$ 165,750,000.00	\$ 165,750,000.00	\$ 20,000,000.00
	5	2023-2024	2023	\$ -	\$ -	\$ 156,000,000.00	\$ 156,000,000.00	\$ 156,000,000.00	\$ 20,000,000.00
	6	2024-2025	2024	\$ -	\$ -	\$ 146,250,000.00	\$ 146,250,000.00	\$ 146,250,000.00	\$ 20,000,000.00
	7	2025-2026	2025	\$ -	\$ -	\$ 136,500,000.00	\$ 136,500,000.00	\$ 136,500,000.00	\$ 20,000,000.00
	8	2026-2027	2026	\$ -	\$ -	\$ 126,750,000.00	\$ 126,750,000.00	\$ 126,750,000.00	\$ 20,000,000.00
	9	2027-2028	2027	\$ -	\$ -	\$ 117,000,000.00	\$ 117,000,000.00	\$ 117,000,000.00	\$ 20,000,000.00
	10	2028-2029	2028	\$ -	\$ -	\$ 107,250,000.00	\$ 107,250,000.00	\$ 107,250,000.00	\$ 20,000,000.00
Continue to maintain viable presence	11	2029-2030	2029	\$ -	\$ -	\$ 97,500,000.00	\$ 97,500,000.00	\$ 97,500,000.00	\$ 97,500,000.00
	12	2030-2031	2030	\$ -	\$ -	\$ 87,750,000.00	\$ 87,750,000.00	\$ 87,750,000.00	\$ 87,750,000.00
	13	2031-2032	2031	\$ -	\$ -	\$ 78,000,000.00	\$ 78,000,000.00	\$ 78,000,000.00	\$ 78,000,000.00
	14	2032-2033	2032	\$ -	\$ -	\$ 68,250,000.00	\$ 68,250,000.00	\$ 68,250,000.00	\$ 68,250,000.00
	15	2033-2034	2033	\$ -	\$ -	\$ 58,500,000.00	\$ 58,500,000.00	\$ 58,500,000.00	\$ 58,500,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2034-2035	2034	\$ -	\$ -	\$ 48,750,000.00	\$ 48,750,000.00	\$ 48,750,000.00	\$ 48,750,000.00
	17	2035-2036	2035	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	18	2036-2037	2036	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	19	2037-2038	2037	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	20	2038-2039	2038	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	21	2039-2040	2039	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	22	2040-2041	2040	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	23	2041-2042	2041	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	24	2042-2043	2042	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00
	25	2043-2044	2043	\$ -	\$ -	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00	\$ 39,000,000.00

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 Blue Cloud Wind Energy, LLC
 ISD Name Sudan ISD

Form 50-296A

Revised Feb 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A Number of Construction FTE's or man-hours (specify)	Column B Average annual wage rates for construction workers	Column C Number of non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2016-2017	2016	0	\$ -	N/A	0	N/A
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2017-2018	2017	0	\$ -	N/A	0	N/A
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2018-2019	2018	150 FTE	\$ 52,364.00	N/A	0	N/A
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	1	2019-2020	2019			0	4	\$ 40,100.00
	2	2020-2021	2020			0	4	\$ 40,100.00
	3	2021-2022	2021			0	4	\$ 40,100.00
	4	2022-2023	2022			0	4	\$ 40,100.00
	5	2023-2024	2023			0	4	\$ 40,100.00
	6	2024-2025	2024			0	4	\$ 40,100.00
	7	2025-2026	2025			0	4	\$ 40,100.00
	8	2026-2027	2026			0	4	\$ 40,100.00
	9	2027-2028	2027			0	4	\$ 40,100.00
	10	2028-2029	2028			0	4	\$ 40,100.00
Years Following Value Limitation Period	11 through 26	2028-2044	2028-2044			0	4	\$ 40,100.00

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 qualifying 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 Blue Cloud Wind Energy, LLC
 ISD Name Sudan ISD

Form 50-296A
 Revised Feb 2014

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	Bailey County (Revising)	2019	2029	\$584,491	100% abatement years 1-10, \$2,000/MW at COD - PILOT payment	\$240,000
	Lamb County (Revising)	2019	2029	\$146,215	100% abatement years 1-10, \$2,000/MW at COD - PILOT payment	\$60,000
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freeport 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				\$ 730,705.56		\$ 300,000.00

Additional information on incentives for this project:

Attachment 15

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

Pending, not attached.

Attachment 16

Description of Reinvestment or Enterprise Zone, including:

- a) Evidence that the area qualifies as an 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**

**RESOLUTION OF THE COMMISSIONERS COURT
OF BAILEY COUNTY, TEXAS
DESIGNATING REINVESTMENT ZONE NUMBER 2014-01**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN BAILEY COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

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

WHEREAS, on October 3, 2014, a hearing before the Commissioners Court of Bailey County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Bailey County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

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

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

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

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

- (a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and

- (b) That the boundaries of the proposed reinvestment zone should be the area described in the description attached hereto as Exhibit "A" and depicted in the map attached hereto as Exhibit "B", such Exhibits being incorporated herein by reference for all purposes; and,
- (c) That creation of the reinvestment zone will result in benefits to Bailey County, Texas and to land included in the reinvestment zone and that the improvements sought are feasible and practical; and
- (d) The reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Bailey County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Bailey County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, the Bailey County Commissioners Court hereby creates Bailey County Reinvestment Zone Number 2014-01; a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit "A" and depicted in Exhibit "B", and such reinvestment zone is hereby designated and shall hereafter be referred to as Bailey County Reinvestment Zone Number 2014-01.

SECTION 4. That Bailey County Reinvestment Zone Number 2014-01 shall take effect on October 3, 2014 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held 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 6. That it is hereby found, determined and declared that sufficient notice of the date, hour, place and subject, of the meeting of the Bailey 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 the official newspaper of general circulation within the County, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED AND ADOPTED on this the ^{3rd}~~22nd~~ day of October, 2014.

Floyd J. (Butch) Vandiver
Floyd J. (Butch) Vandiver
Commissioner, Precinct 1

Absent
C. E. Grant
Commissioner, Precinct 2

Absent
Joey Kindle
Commissioner, Precinct 3

Juan Chavez
Juan Chavez
Commissioner, Precinct 4

Sherrri Harrison
Sherrri Harrison
County Judge

ATTEST:

Tracy TORRES, Deputy
Paula Benton, COUNTY CLERK
Robin Dickerson



FILED FOR RECORD
3rd DAY OF Oct. YR 2014
AT 10 HR 30 MIN. A. M.
ROBIN DICKERSON, COUNTY CLERK
BAILEY COUNTY, TEXAS

EXHIBIT A
DESCRIPTION OF
BAILEY COUNTY
REINVESTMENT ZONE 2014-01

All of Leagues 193 and 208, Abstract 216 and 213, Ochiltree CSL Survey, Bailey County, Texas

All of Leagues 209 and 210, Abstract 217 and 336, Deaf Smith CSL Survey, Bailey County, Texas

All of League 201, Abstract 218, Roberts CSL Survey, Bailey County, Texas

All of the North two-thirds (N/ 2/3) of League 194, Abstract 334, Foard CSL Survey, Bailey County, Texas, Save and Except an area out of the South half (S/2) of the North two-thirds (N/ 2/3), containing 913 acres, more or less

All of League 200, Abstract 335, Roberts CSL Survey, Bailey County, Texas, Save and Except an area out of the West half (W/2), containing 674 acres, more or less

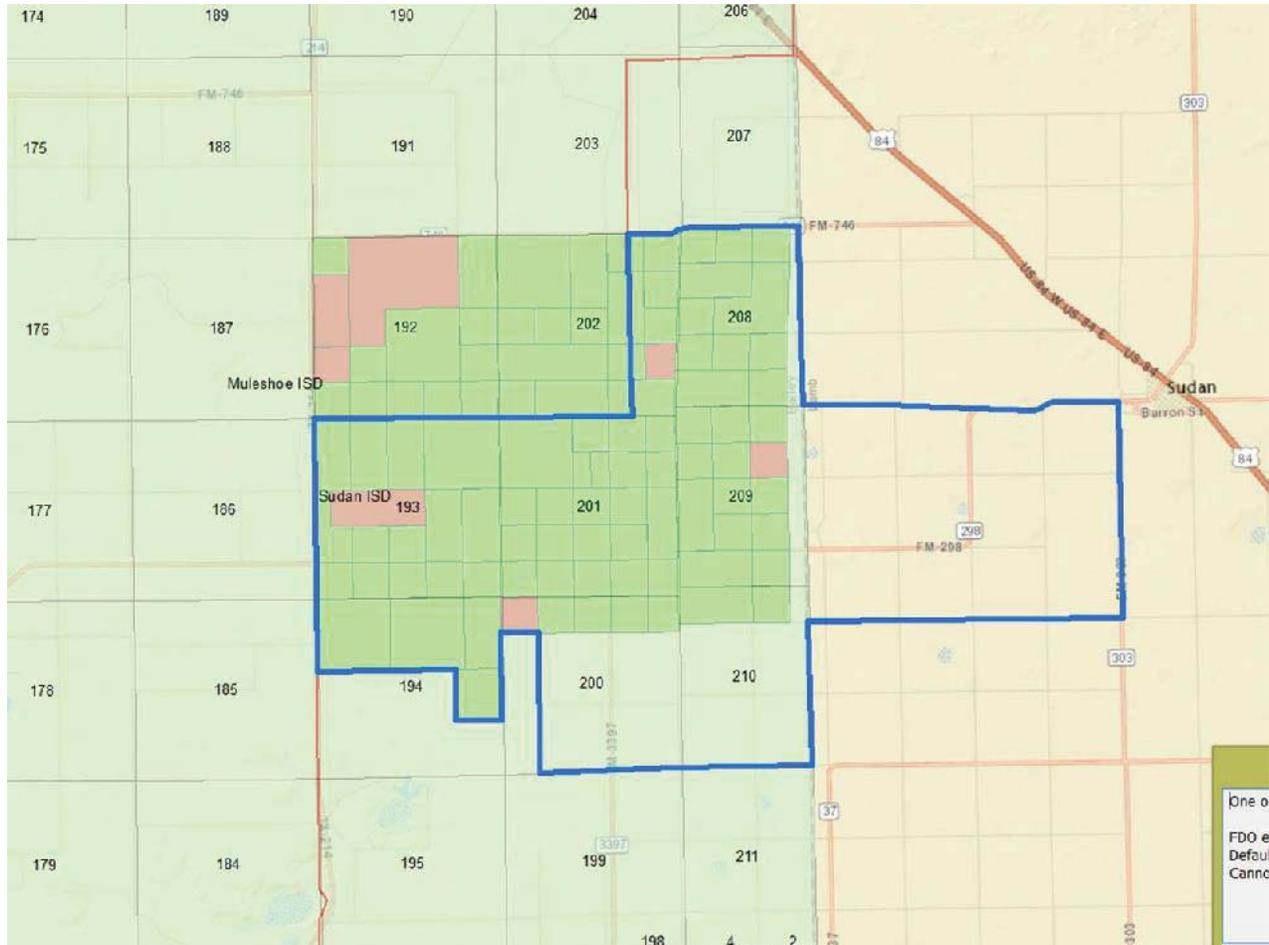
The East third (E/3) of League 202, Abstract 214, Roberts CSL Survey, Bailey County, Texas

EXHIBIT B

MAP OF

BAILEY COUNTY

REINVESTMENT ZONE 2014-01



STATE OF TEXAS

BAILEY COUNTY

TAX ABATEMENT GUIDELINES AND CRITERIA

Bailey County (the "County") is committed to the promotion of quality development in all parts of Bailey County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider providing Tax Abatements (as defined below) to stimulate economic development. It is the policy of the County that such an incentive will be provided in accord with the guidelines and criteria outlined in this document. All applicants for Tax Abatements shall be considered on an individual basis.

In order to be eligible for designation as a Reinvestment Zone and receive Tax Abatement, and unless otherwise approved by the County, the planned improvement:

1. must be an Eligible Facility (as defined below);
2. must add at least Five Hundred Thousand Dollars (\$500,000.00) to the tax roll of eligible property;
3. must be reasonably expected to have an increase in positive net economic benefit to Bailey County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement; and
4. must not be expected to solely or primarily have the effect of transferring employment from one part of Bailey County to another.

In addition to the criteria set forth above, the County reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property that is a direct result of the development, redevelopment, and improvement specified in the Agreement will be eligible for Abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.

All Tax Abatement Agreements will remain in effect no longer than allowed by law.

It is the goal of the County to grant Tax Abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the County to consider, adopt, modify, or decline any Tax Abatement request.

This policy is effective as of the 3rd day of October, 2014, and shall at all times be kept current with regard to the needs of Bailey County and reflective of the official views of the County, and shall be reviewed every two (2) years.

The adoption of these guidelines and criteria by the Commissioners does not:

1. limit the discretion of the governing body to decide whether to enter into a specific Tax Abatement Agreement;
2. limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for Tax Abatement; or
3. create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for Tax Abatement.

SECTION I. DEFINITIONS

A. **"Abatement" or "Tax Abatement"** means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated for economic development purposes.

B. **"Agreement" or "Abatement Agreement"** means a contractual Agreement between a property owner and/or lessee and the County.

C. **"Base Year Value"** means the assessed value on the eligible property as of January 1 preceding the execution of the Agreement.

D. **"Deferred Maintenance"** means improvements necessary for continued operation which do not improve productivity or alter the process technology.

E. **"Eligible Facilities"** means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting the Abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Bailey County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Bailey County such as, but not limited to, restaurants and retail sales establishments. Eligible facilities may include, but shall not be limited to a(n):

- aquaculture/agriculture facility;
- distribution center facility;
- manufacturing facility;
- office building;
- regional entertainment/tourism facility;
- research service facility;
- regional service facility;
- historic building in a designated area;

wind energy facility; or
other basic industrial facility.

F. **"Expansion"** means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

G. **"Facility"** means property improvement(s) completed or in the process of construction which together comprise an interregional whole.

H. **"Modernization"** means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment.

I. **"New Facility"** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

J. **"Productive Life"** means the number of years property improvement(s) is/are expected to be in service in a facility.

SECTION II. ABATEMENT AUTHORIZED

A. **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for Tax Abatement as hereinafter provided.

B. **Creation of New Values.** Abatement may only be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

C. **New and Existing Facilities.** Abatement may be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

D. **Eligible Property.** Abatement may be extended to the value of new, expanded, or modernized buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility, and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code.

E. **Ineligible Property.** The following types of property shall be fully taxable and ineligible for Tax Abatement: land; animals; inventories, supplies; tools; furnishings; vehicles; vessels; aircraft; deferred maintenance investments; housing and property to be rented or leased, except as provided in Section II(F); property owned or used by the State of Texas.

F. **Owned/Leased Facilities.** If a leased facility is granted Abatement, the

Agreement shall be executed with the lessor and the lessee. If the land is leased, but the facility constructed or installed thereon is owned by the lessee, the lessee shall execute the Agreement.

G. **Economic Qualifications.** In order to be eligible for designation as a reinvestment zone and receive Tax Abatement, the planned improvement:

- (1) must be an Eligible Facility;
- (2) must add at least Five Hundred Thousand Dollars (\$500,000.00) to the tax roll of eligible property;
- (3) must be reasonably expected to have an increase in positive net economic benefit to Bailey County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not be limited to) new sustaining payroll and/or capital improvement. The creation of new jobs will also factor into the decision to grant an Abatement; and
- (4) must not be expected to solely or primarily have the effect of transferring employment from one part of Bailey County to another.

H. **Standards for Tax Abatement.** The following factors, among others, will be considered in determining whether to grant Tax Abatement:

- (1) value of existing improvements, if any;
- (2) type and value of proposed improvements;
- (3) productive life of proposed improvements;
- (4) number of existing jobs to be retained by proposed improvements;
- (5) number and type of new jobs to be created by proposed improvements;
- (6) amount of local payroll to be created;
- (7) whether the new jobs to be created will be filled by persons residing or projected to reside within the affected taxing jurisdiction;
- (8) amount by which property tax base valuation will be increased during the term of Abatement and after Abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than Five Hundred Thousand Dollars (\$500,000.00);
- (9) expenses to be incurred in providing facilities directly resulting from the new improvements;

(10) the amount of ad valorem taxes to be paid to the County during the Abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;

(11) the population growth of Bailey County that occurs directly as a result of new improvements;

(12) the types and values of public improvements, if any, to be made by applicant seeking Abatement;

(13) whether the proposed improvements compete with existing businesses to the detriment of the local economy;

(14) the impact on the business opportunities of existing business;

(15) the attraction of other new businesses to the area;

(16) the overall compatibility with the zoning ordinances and comprehensive plan for the area; and

(17) whether the project obtains all necessary permits from the applicable environmental agencies.

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided above. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. **Denial of Abatement.** An Abatement Agreement shall not be authorized if it is determined that:

(1) there would be substantial adverse effect on the provision of government services or tax base;

(2) the applicant has insufficient financial capacity;

(3) applicant activities would violate applicable codes or laws; or

(4) any other reason deemed appropriate by the County.

J. **Taxability.** From the execution of the Abatement to the end of the Agreement period, taxes shall be payable as follows:

(1) the value of ineligible property as provided in Section II(E) shall be fully taxable;

(2) the base year value of existing eligible property as determined each year shall be fully taxable; and

(3) the additional value of new eligible property shall be fully taxable at the end of the Abatement period.

SECTION III. APPLICATION

A. Any present or potential owner of taxable property in the County may request Tax Abatement by filing a written application with the Commissioners.

B. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an Abatement is requested; a list of the kind, number and location of all proposed improvements of a property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The Commissioners may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant to be attached to the application. The completed application must be accompanied by the payment of a nonrefundable application fee for administrative costs and legal fees associated with the processing of the Tax Abatement request. All checks in payment of the administrative fee shall be made payable to the County. The fee for Abatement requests shall be One Thousand and No/100 Dollars (\$1,000.00).

C. The County shall give notice as provided by the Property Tax Code, including written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the Agreement is located, not later than seven (7) days before acting upon the application.

D. The application process described in this Section III shall be followed regardless of whether a particular reinvestment zone is created by Bailey County or a taxing entity within Bailey County. No other notice or hearing shall be required except compliance with the open meetings act, unless the Commissioners deem them necessary in a particular case.

SECTION IV. AGREEMENT

A. After approval, the Commissioners shall formally pass a resolution and execute an Agreement with the owner of the facility and lessee, as required, which shall:

(1) include a list of the kind, number and location of all proposed improvements to the property;

(2) provide access to and authorize inspection of the property by the taxing unit to insure compliance with the Agreement;

(3) limit the use of the property consistent with the taxing unit's development

goals;

(4) provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the Agreement;

(5) include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the Agreement to each taxing unit; and

(6) allow the taxing unit to cancel or modify the Agreement at any time if the property owner fails to comply with the terms of the Agreement.

SECTION V. RECAPTURE

A. In the event that the applicant or its assignee (1) allows its ad valorem taxes owed to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or content; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the cure period, the Agreement may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and paid within thirty (30) days of the termination.

B. Should the County determine that the applicant or its assignee is in default according to the terms and conditions of its Agreement, the County shall notify the applicant in writing at the address stated in the Agreement, and if such is not cured within the time set forth in such notice (the "Cure Period"), then the Agreement may be terminated.

SECTION VI. ADMINISTRATION

A. The Chief Appraiser of the Bailey County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving Abatement shall furnish the appraiser with such information as may be necessary for the Abatement. Once value has been established, the Chief Appraiser will notify the Commissioners of the amount of the assessment.

B. The County may execute a contract with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the Abatement Agreement are being met. The Abatement 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 giving twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the applicant present and in accordance with its safety standards.

C. Upon completion of construction, a designated representative of the County shall

annually evaluate each facility receiving Abatement to insure compliance with the Agreement and shall formally report such evaluations to the Commissioners.

SECTION VII. ASSIGNMENT

The Abatement Agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility either upon the approval by resolution of the Commissioners or in accordance with the terms of an existing Tax Abatement Agreement. No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner, or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld. Notice shall be given to the Commissioners at least twenty (20) days in advance of any transfer or assignment.

SECTION VIII. SUNSET PROVISION

These Guidelines and Criteria are effective upon the date of their adoption, and shall supersede and replace any and all prior guidelines and criteria for Tax Abatement in the County. These Guidelines and Criteria shall remain in force for two (2) years, unless amended by a three-quarters (3/4) vote of the Commissioners, at which time all reinvestment zones and Tax Abatement Agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on such review, the Guidelines and Criteria will be modified, renewed or eliminated; provided, however, no modification or elimination of the Guidelines and Criteria shall affect Tax Abatement Agreements that have been previously approved until the parties thereto shall agree to amend such Agreements.

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PASSED, APPROVED AND ADOPTED on this the 3rd day of October, 2014.

Floyd J. (Butch) Vandiver
Floyd J. (Butch) Vandiver
Commissioner, Precinct 1

Absent
C. E. Grant
Commissioner, Precinct 2

Absent
Joey Kindle Commissioner, Precinct 3

Juan Chavez
Juan Chavez Commissioner, Precinct 4

Sherri Harrison
Sherri Harrison
County Judge



Tracy Torres
Deputy Paula Benton, COUNTY CLERK
Robin Dickerson

FILED FOR RECORD
3rd DAY OF Oct YR 2014
AT 10 HR 20 MIN. AM M.
ROBIN DICKERSON, COUNTY CLERK
BAILEY COUNTY, TEXAS

Designation of Lamb
County Blue Cloud Renewable
Energy Project
Reinvestment Zone

§
§
§
§

The Commissioners' Court
of
Lamb County, Texas

ORDER

**Approving Motion for Designation
of Lamb County Blue Cloud Renewable Energy Project Reinvestment Zone**

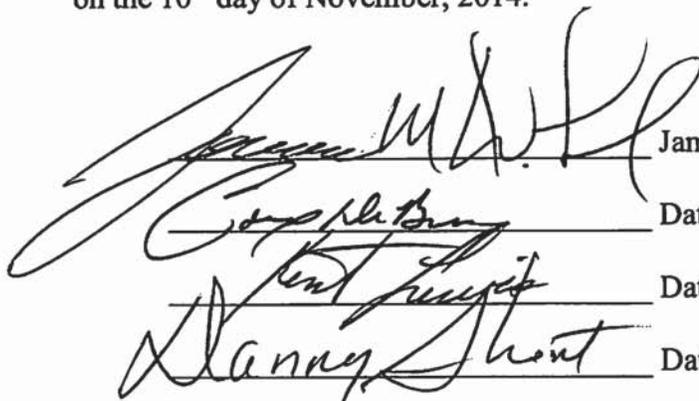
The Commissioners' Court of Lamb County, Texas, meeting in regular session on the 10th day of November, 2014, considered the following resolution:

BE IT ORDERED BY THE COMMISSIONERS' COURT OF LAMB COUNTY, TEXAS AS FOLLOWS

Motion by Commissioner Young, seconded by Lewis, that the following action be taken by the court:

1. THAT the County designate the property located in Lamb County, having the boundary description in Exhibit A and shown on the map in Exhibit B, both attached to this **Order**, as a Reinvestment Zone under the Lamb County Guidelines and Criteria for Granting Tax Abatements, having determined that the designation will contribute to the retention or expansion of primary employment and will attract major investment in the zone that will benefit the zone and will contribute to the economic development of the County, and
2. THAT the County declare eligible for property tax abatement all eligible property for commercial-industrial development, now or thereafter located in that Reinvestment Zone as authorized by the Lamb County Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones and Chapter 312 of the Texas Tax Code.
3. THAT the zone shall be called the "Blue Cloud Renewable Energy Project Reinvestment Zone."

This ORDER shall become effective as of November 10, 2014. PASSED AND APPROVED at this public hearing of the Lamb County Commissioners Court, at which a quorum was present, on the 10th day of November, 2014.



James M. DeLoach, Lamb County Judge

Date: 11/10/14, Commissioner Precinct 1

Date: 11/10/14, Commissioner Precinct 2

Date: _____, Commissioner Precinct 3

Jeremy Young Date: 11-10-14, Commissioner Precinct 4

ATTESTED: Chelise [Signature] Date: 11-10-2014, County Clerk



Exhibit A

THE FOLLOWING REAL PROPERTY LOCATED IN LAMB COUNTY, TX:

All of Leagues 193 and 208, Abstract 216 and 213, Ochiltree CSL Survey, Lamb County, Texas

All of Leagues 209 and 210, Abstract 217 and 336, Deaf Smith CSL Survey, Lamb County, Texas

All of League 201, Abstract 218, Roberts CSL Survey, Lamb County, Texas

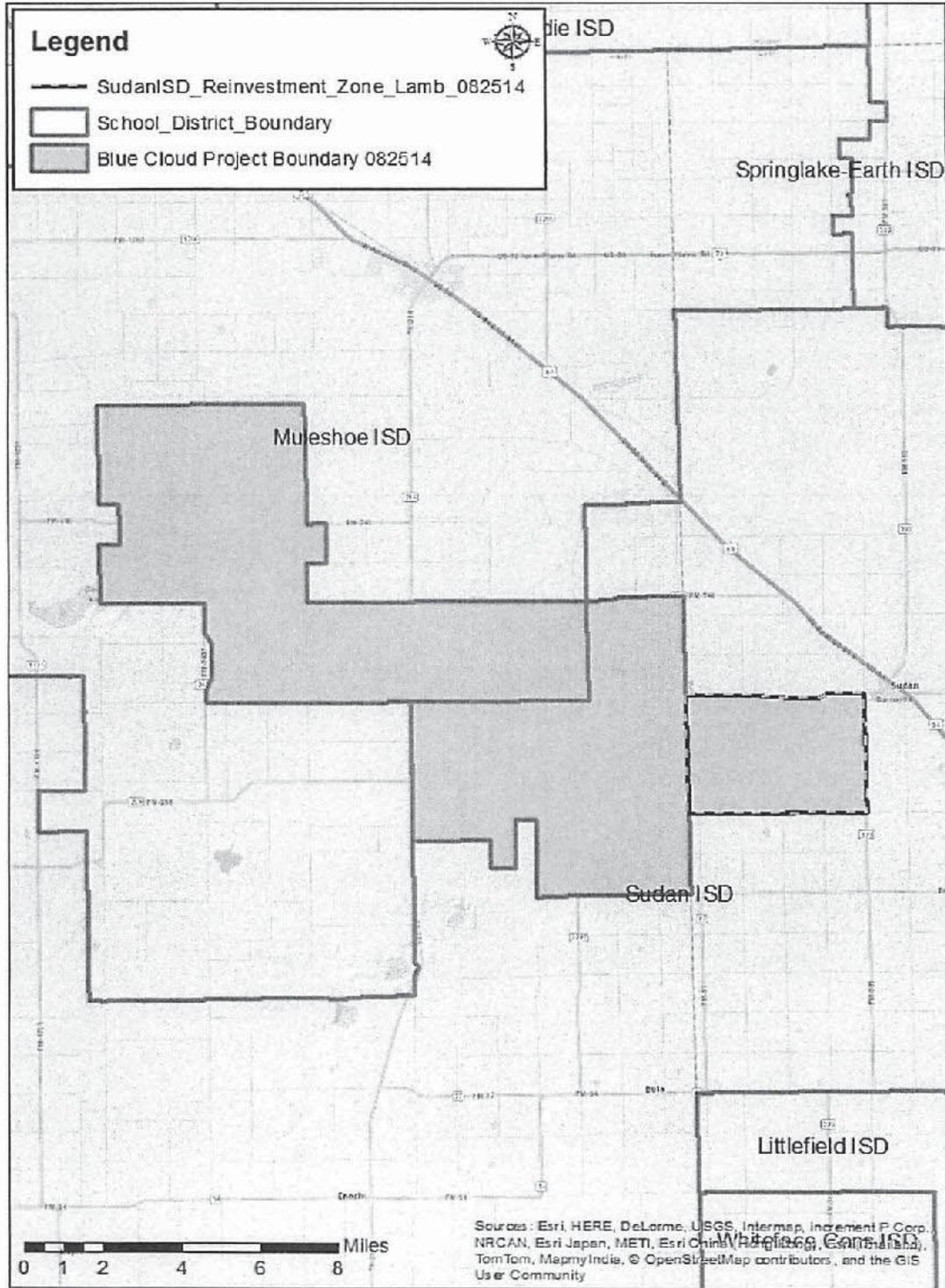
All of the North two-thirds (N/ 2/3) of League 194, Abstract 334, Foard CSL Survey, Lamb County, Texas, Save and Except an area out of the South half (S/2) of the North two-thirds (N/ 2/3), containing 913 acres, more or less

All of League 200, Abstract 335, Roberts CSL Survey, Lamb County, Texas, Save and Except an area out of the West half (W/2), containing 674 acres, more or less

The East third (E/3) of League 202, Abstract 214, Roberts CSL Survey, Lamb County, Texas

EXHIBIT B

Lamb County Reinvestment Zone - Sudan ISD



Note: Location of Qualified Investment and Qualified Property may change but will remain within ISD and Project boundary.

**Lamb County
State of Texas**

Tax Abatement Guidelines and Criteria

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property. Except as otherwise provided, all contracts will be identical.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Lamb County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and /or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Lamb County to another.

In addition to the criteria set forth above, the Lamb County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Lamb County to grant tax abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Lamb County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of _____, 2014 and shall at all times be kept current with regard to the needs of Lamb County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Lamb County Commissioners Court does not:

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2014 SEP 22 AM 8:47
JAMEE LONG
CLERK, LAMB CO. TEXAS

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

Section 1
Definitions

- A. “Abatement” means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Lamb County for economic development purposes.
- B. “Agreement” means a contractual agreement for a tax abatement between a Property Owner and/or Lessee and Lamb County.
- C. “Base year value” means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.
- D. “Deferred maintenance” means improvements necessary for continued operation which do not improve productivity or alter the process technology.
- E. “Eligible facilities” means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Lamb County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Lamb County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.
- F. “Expansion” means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.
- G. “Facility” means property improvement completed or in process of construction which together comprise an interregional whole.
- H. “Modernization” means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment, or both.

- I. “New facility” means property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- J. “Productive life” means the number of years a property improvement is expected to be in service in a facility.

Section 2
Abatement Authorized

- A. Eligible facilities Upon application, eligible facilities shall be considered for tax abatement as hereinafter provided.
- B. Creation of New Values Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Lamb County and the property owner or Lessee, subject to such limitations as Lamb County may require.
- C. New and existing facilities Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Lamb County and the Property Owner or Lessee, subject to such limitations as Lamb County may require.
- D. Eligible property Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements 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 tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2 F, property which has a productive life of less than ten years, but does not include spare parts associated with wind turbine generators.
- F. Owned / leased facilities If a leased facility is granted abatement, the agreement shall be executed with the Lessor and the Lessee.
- G. Economic Qualifications In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:
 - 1. Must be reasonably expected to have an increase in positive net benefit to Lamb County of at least \$1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and / or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
 - 2. Must not be expected to solely or primarily have the effect of transferring employment from Lamb County to another.

H. Standards for Tax Abatement The following factors, among other, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number and type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
8. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than \$1,000,000.00
9. The costs to be incurred by Lamb County to provide facilities directly resulting from the new improvements;
10. The amount of ad valorem taxes to be paid to Lamb County during the abatement period considering:
 - a. the existing values;
 - b. the percentage of new value abated;
 - c. the abatement period; and
 - d. the value after expiration of the abatement period.
11. The population growth of Lamb County that occurs directly as a result of new improvements;
12. The types and values of public improvements, if any, to be made by Applicant seeking abatement;
13. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
14. The impact on the business opportunities of existing businesses;
15. The attraction of other new businesses to the area;
16. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
17. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government services or tax base;
2. The applicant has insufficient financial capacity;

3. Planned or potential use of the property would constitute a hazard to public health, safety or morals;
4. Violation of other codes or laws; or
5. Any other reason deemed appropriate by Lamb County.

J. Taxability From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:

1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and
2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 3 Application

- A. Any present or potential owner of taxable property in Lamb County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge.
- B. The Application shall consist of a general description of the new improvements to be undertaken, a descriptive list of the improvements for which an abatement is requested, a map of the reinvestment zone where the improvements will be located and property description, and an estimated time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the Application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the Applicant, to be attached to the Application. The completed Application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to Lamb County. For abatement requests for improvements with a planned value equal to or in excess of \$1,000,000.00 the fee shall be one thousand and no/100 dollars (\$1000.00), accompanied by the agreement that the Applicant shall pay reasonable consulting and attorney fees as may be incurred by Lamb County in the examination of the application as well as the preparation and negotiation of any tax abatement agreement.
- C. Lamb County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh day before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon

Application, Lamb County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

- D. If a city within Lamb County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property, such present or potential owner of taxable property may request tax abatement by Lamb County by following the same application process described in Section 3 A hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners Court deems them necessary in a particular case.

Section 4
Agreement

- A. After approval, the Commissioners Court of Lamb County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:

- 1. Include a list of the kind, number, location of all proposed improvements to the property and if this is not defined at the time of the agreement, then to be supplemented after construction of the facilities;
- 2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
- 3. Limit the use of the property consistent with the taxing unit's developmental goals as stated in Section 1H of the Lamb County Tax Abatement Guidelines and Criteria;
- 4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
- 5. Include each term that was agreed upon with the property owner and require the owner of the facility to annually certify compliance with the terms of the agreement to each taxing unit; and
- 6. Allow the taxing unit to cancel the agreement after notice of default and opportunity to cure if the property owner fails to comply with the terms of the agreement.

- B The owner of the facility and Lessee shall also agree to the following:

- 1. A specified number of permanent full time jobs at facility shall be created, and the owner and Lessee shall make reasonable efforts to employ persons who are residents of Lamb County in such jobs provided, however, that there shall be no obligation to employ residents who are not:
 - a. equally or more qualified than nonresident applicants;
 - b. available for employment on terms and / or salaries comparable to those required by nonresident applicants; or
 - c. able to become qualified with 72 hours training provided by Owner.

2. Each person employed in such job shall perform a portion, if not all, of their work in Lamb County.
3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Lamb County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Lamb County residents that are not:
 - a. of similar quality to those provided by nonresidents; or
 - b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.
4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Lamb County who are interested in obtaining information about providing goods or services related to the construction of the project. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Lamb County for local contractors to perform work on the construction of the project.
5. Owner shall agree to maintain a viable presence (as below defined) within the reinvestment zone for a period of time, as set by the Lamb County Commissioners Court, not to exceed twenty (20) years from the date that the abatement agreement first takes effect. For purposes hereof, "Maintain a Viable Presence" means (i) the operation of the Eligible Facilities, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured and/or reengineered, and (ii) the retention of not fewer than three (3) Qualifying Jobs as defined by Texas Tax Code Section 313.021(3)(E) to be located and performed, in part, within Lamb County.
6. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Lamb County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.

Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

Section 5 Recapture

- A. In the event that the company or individual:
 1. Allows its ad valorem taxes owed Lamb County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
 2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period;

then the agreement them may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.

- B. Should Lamb County determine that the company or individual is in default according to the terms and conditions of its agreement, Lamb County shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.

Section 6 Administration

- A. The Chief Appraiser of the Lamb County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Lamb County of the amount of the assessment.
- B. Lamb County may execute a contract with any other jurisdictions) to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and/or designated representatives of Lamb 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 a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.
- C. Upon completion of construction, the designated representative of Lamb County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.

Section 7 Assignment

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners Court of Lamb County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Lamb County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

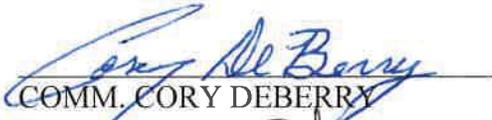
Section 8 Sunset Provision

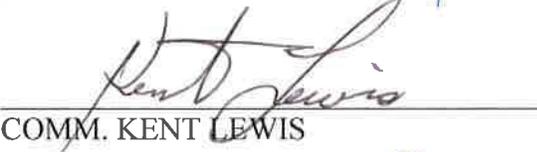
These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by three quarters vote of the Commissioners Court of Lamb County, at which time all reinvestment zones and tax abatement agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on the review, the guidelines and criteria will be modified, renewed, or eliminated.

ADOPTED 9-22, 2014.

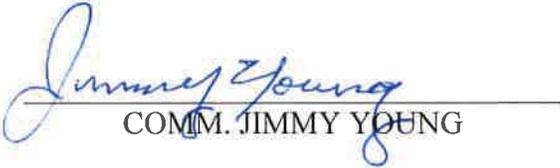
LAMB COUNTY COMMISSIONERS' COURT


JUDGE JAMES M. DELOACH


COMM. CORY DEBERRY


COMM. KENT LEWIS


COMM. DANNY SHORT


COMM. JIMMY YOUNG

Attachment 16a

a) Evidence that the area qualifies as an enterprise zone as defined by the Governor's Office

Not Applicable.

Attachment 16b

b) Legal description of reinvestment zone

The legal description of the land in the Reinvestment Zone

PORTION OF PROPERTY LOCATED IN LAMB COUNTY, TEXAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

THE NORTHEAST PART (NE/PART) OF LEAGUE 210, ABSTRACT 410, DEAF SMITH CSL SURVEY, LAMB COUNTY, TEXAS;

THE NORTH PART (N/PART) OF LEAGUE 215, ABSTRACT 411, CROCKETT CSL SURVEY, LAMB COUNTY, TEXAS;

ALL OF LEAGUE 216, ABSTRACT 101, CROCKETT CSL SURVEY, LAMB COUNTY, TEXAS;

THE WEST PART (W/PART) OF LEAGUE 224, ABSTRACT 102, COLLINGSWORTH CSL SURVEY, LAMB COUNTY, TEXAS;

THE NORTHWEST PART (NW/PART) OF LEAGUE 225, ABSTRACT 412, COLLINGSWORTH CSL SURVEY, LAMB COUNTY, TEXAS;

ALL OF LEAGUE 237, ABSTRACT 100, DEAF SMITH CSL SURVEY, LAMB COUNTY, TEXAS;

PORTION OF PROPERTY LOCATED IN BAILEY COUNTY, TEXAS, MORE PARTICULARLY DESCRIBED AS FOLLOWS:

ALL OF LEAGUE 193, ABSTRACT 216, FOARD CSL SURVEY, BAILEY COUNTY, TEXAS;

THE NORTH AND EAST PART (N&E/PART) OF LEAGUE 194, ABSTRACT 334, FOARD CSL SURVEY, BAILEY COUNTY, TEXAS;

ALL OF LEAGUE 200, ABSTRACT 335, ROBERTS CSL SURVEY, BAILEY COUNTY, TEXAS; SAVE AND EXCEPT AN AREA OUT OF THE WEST HALF (W/2);

ALL OF LEAGUE 201, ABSTRACT 218, ROBERTS CSL SURVEY, BAILEY COUNTY, TEXAS;

THE EAST THIRD (E/3) OF LEAGUE 202, ABSTRACT 214, ROBERTS CSL SURVEY, BAILEY COUNTY, TEXAS;

THE WEST TWO THIRDS (W/ 2/3) OF LEAGUE 208, ABSTRACT 213, OCHILTREE CSL SURVEY, BAILEY COUNTY, TEXAS;

ALL OF LEAGUE 209, ABSTRACT 217, DEAF SMITH CSL SURVEY, BAILEY COUNTY, TEXAS;

THE WEST TWO THIRDS (W/ 2/3) OF LEAGUE 210, ABSTRACT 336, DEAF SMITH CSL SURVEY, BAILEY COUNTY, TEXAS

Attachment 16c

c) Order, resolution or ordinance establishing the reinvestment zone*

See attached.

Attachment 16d

d) Guidelines and criteria for creating the zone

See attached.

Attachment 17

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

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

Scott Harrell

Print Name (Authorized School District Representative)

Superintendent

Title

sign here

Scott Harrell / Sudan ISD

Signature (Authorized School District Representative)

08/08/16

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

John Hall

Print Name (Authorized Company Representative (Applicant))

President

Title

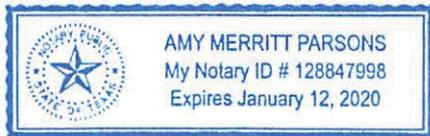
sign here

John Hall

Signature (Authorized Company Representative (Applicant))

08/08/2016

Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

8th day of *August*, 2016

Amy Merritt Parsons

Notary Public in and for the State of Texas

My Commission expires: *1/12/2020*

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 for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here Scott Harrell
Print Name (Authorized School District Representative)
sign here [Signature]
Signature (Authorized School District Representative)

Superintendent
Title
Date 9-20-2016

2. Authorized Company Representative (Applicant) Signature and Notarization

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

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

print here John Hall
Print Name (Authorized Company Representative/Applicant)
sign here [Signature]
Signature (Authorized Company Representative/Applicant)

President
Title
Date Sept. 19, 2016



GIVEN under my hand and seal of office this, the
19 day of September 2016
Gwenna Gore
Notary Public in and for the State of Texas
My Commission expires: 6-20-17

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 for Appraised Value Limitation on Qualified Property

SECTION 16: Authorized Signatures and Applicant Certification

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

1. Authorized School District Representative Signature

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

print here → Scott Harrell Superintendent
Print Name (Authorized School District Representative) Title

sign here → S. Harrell 11/18/2016
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 → Blue Cloud REP- John Hahn President
Print Name (Authorized Company Representative (Applicant)) Title

sign here → Blue Cloud Rep- John Hahn Nov. 18, 2016
Signature (Authorized Company Representative (Applicant)) Date

GIVEN under my hand and seal of office this, the

18th day of November, 2016

Tonjua Scisson
 Notary Public in and for the State of Texas

My Commission expires: 10/8/17



(Notary Seal)

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



Franchise Tax Account Status

As of : 02/03/2017 16:40:59

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

BLUE CLOUD WIND ENERGY, LLC	
Texas Taxpayer Number	32060730036
Mailing Address	1999 BRYAN ST STE 900 DALLAS, TX 75201-3140
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	06/09/2016
Texas SOS File Number	0802476317
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

November 29, 2016

Scott Harrell
Superintendent
Sudan Independent School District
P.O. Box 249
Sudan, Texas 79371

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Sudan Independent School District and Blue Cloud Wind Energy, LLC, Application 1149

Dear Superintendent Harrell:

On October 14, 2016, the Comptroller issued written notice that Blue Cloud Wind Energy LLC (applicant) submitted a completed application (Application 1149) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 8, 2016, to the Sudan Independent School District (school district) by the applicant.

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

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

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
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 1149.

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

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement within a year from the date of this letter.

Note that any building or improvement existing as of the application review start date of October 14, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A - Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Blue Cloud Wind Energy, LLC (the project) applying to Sudan 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 Blue Cloud Wind Energy, LLC.

Applicant	Blue Cloud Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Sudan ISD
Estimated 2014-2015 Average Daily Attendance	428
County	Bailey & Lamb
Proposed Total Investment in District	\$195,000,000
Proposed Qualified Investment	\$195,000,000
Limitation Amount	\$20,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant *	4
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$771
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(B)	\$763
Minimum annual wage committed to by applicant for qualified jobs	\$40,100
Minimum weekly wage required for non-qualifying jobs	\$763
Minimum annual wage required for non-qualifying jobs	\$39,677
Investment per Qualifying Job	\$48,750,000
Estimated M&O levy without any limit (15 years)	\$18,271,013
Estimated M&O levy with Limitation (15 years)	\$5,669,900
Estimated gross M&O tax benefit (15 years)	\$12,601,113
<i>* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).</i>	

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	0	0	\$0	\$0	\$0
2017	0	0	0	\$0	\$0	\$0
2018	150	143	293	\$7,854,600	\$11,432,510	\$19,287,110
2019	4	14	18	\$160,400	\$2,158,940	\$2,319,340
2020	4	10	14	\$160,400	\$2,036,870	\$2,197,270
2021	4	8	12	\$160,400	\$1,426,510	\$1,586,910
2022	4	6	10	\$160,400	\$1,060,300	\$1,220,700
2023	4	4	8	\$160,400	\$1,060,300	\$1,220,700
2024	4	4	8	\$160,400	\$816,160	\$976,560
2025	4	10	14	\$160,400	\$938,230	\$1,098,630
2026	4	6	10	\$160,400	\$694,090	\$854,490
2027	4	10	14	\$160,400	\$1,060,300	\$1,220,700
2028	4	8	12	\$160,400	\$1,060,300	\$1,220,700
2029	4	6	10	\$160,400	\$816,160	\$976,560
2030	4	6	10	\$160,400	\$572,020	\$732,420
2031	4	2	6	\$160,400	\$327,880	\$488,280
2032	4	8	12	\$160,400	\$327,880	\$488,280

Source: CPA REMI, Blue Cloud Wind Energy, LLC

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate	Sudan ISD I&S Tax Levy	Sudan ISD M&O Tax Levy	Sudan ISD M&O and I&S Tax Levies	Balley County Tax Levy	Lamb County Tax Levy	Estimated Total Property Taxes
2019	\$195,000,000	\$195,000,000		\$339,300	\$1,873,950	\$2,213,250	\$1,800,825	\$1,548,885	\$5,562,960
2020	\$185,250,000	\$185,250,000		\$322,335	\$1,780,253	\$2,102,588	\$1,710,784	\$1,471,441	\$5,284,812
2021	\$175,500,000	\$175,500,000		\$305,370	\$1,686,555	\$1,991,925	\$1,620,743	\$1,393,997	\$5,006,664
2022	\$165,750,000	\$165,750,000		\$288,405	\$1,592,858	\$1,881,263	\$1,530,701	\$1,316,552	\$4,728,516
2023	\$156,000,000	\$156,000,000		\$271,440	\$1,499,160	\$1,770,600	\$1,440,660	\$1,239,108	\$4,450,368
2024	\$146,250,000	\$146,250,000		\$254,475	\$1,405,463	\$1,659,938	\$1,350,619	\$1,161,664	\$4,172,220
2025	\$136,500,000	\$136,500,000		\$237,510	\$1,311,765	\$1,549,275	\$1,260,578	\$1,084,220	\$3,894,072
2026	\$126,750,000	\$126,750,000		\$220,545	\$1,218,068	\$1,438,613	\$1,170,536	\$1,006,775	\$3,615,924
2027	\$117,000,000	\$117,000,000		\$203,580	\$1,124,370	\$1,327,950	\$1,080,495	\$929,331	\$3,337,776
2028	\$107,250,000	\$107,250,000		\$186,615	\$1,030,673	\$1,217,288	\$990,454	\$851,887	\$3,059,628
2029	\$97,500,000	\$97,500,000		\$169,650	\$936,975	\$1,106,625	\$900,413	\$774,443	\$2,781,480
2030	\$87,750,000	\$87,750,000		\$152,685	\$843,278	\$995,963	\$810,371	\$696,998	\$2,503,332
2031	\$78,000,000	\$78,000,000		\$135,720	\$749,580	\$885,300	\$720,330	\$619,554	\$2,225,184
2032	\$68,250,000	\$68,250,000		\$118,755	\$655,882	\$774,637	\$630,289	\$542,110	\$1,947,036
2033	\$58,500,000	\$58,500,000		\$101,790	\$562,185	\$663,975	\$540,247	\$464,665	\$1,668,888
			Total	\$3,308,175	\$18,271,013	\$21,579,188	\$17,558,044	\$15,101,629	\$54,238,860

Source: CPA, Blue Cloud Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Bailey and Lamb 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 Bailey and Lamb County.

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought									
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Sudan ISD I&S Tax Levy	Sudan ISD M&O Tax Levy	Sudan ISD M&O and I&S Tax Levies	Bailey County Tax Levy	Lamb County Tax Levy	Estimated Total Property Taxes
				0.1740	0.9610		0.9235	0.7943	
2019	\$195,000,000	\$20,000,000		\$339,300	\$192,200	\$531,500	\$0	\$0	\$531,500
2020	\$185,250,000	\$20,000,000		\$322,335	\$192,200	\$514,535	\$0	\$0	\$514,535
2021	\$175,500,000	\$20,000,000		\$305,370	\$192,200	\$497,570	\$0	\$0	\$497,570
2022	\$165,750,000	\$20,000,000		\$288,405	\$192,200	\$480,605	\$0	\$0	\$480,605
2023	\$156,000,000	\$20,000,000		\$271,440	\$192,200	\$463,640	\$0	\$0	\$463,640
2024	\$146,250,000	\$20,000,000		\$254,475	\$192,200	\$446,675	\$0	\$0	\$446,675
2025	\$136,500,000	\$20,000,000		\$237,510	\$192,200	\$429,710	\$0	\$0	\$429,710
2026	\$126,750,000	\$20,000,000		\$220,545	\$192,200	\$412,745	\$0	\$0	\$412,745
2027	\$117,000,000	\$20,000,000		\$203,580	\$192,200	\$395,780	\$0	\$0	\$395,780
2028	\$107,250,000	\$20,000,000		\$186,615	\$192,200	\$378,815	\$0	\$0	\$378,815
2029	\$97,500,000	\$97,500,000		\$169,650	\$936,975	\$1,106,625	\$900,413	\$774,443	\$2,781,480
2030	\$87,750,000	\$87,750,000		\$152,685	\$843,278	\$995,963	\$810,371	\$696,998	\$2,503,332
2031	\$78,000,000	\$78,000,000		\$135,720	\$749,580	\$885,300	\$720,330	\$619,554	\$2,225,184
2032	\$68,250,000	\$68,250,000		\$118,755	\$655,882	\$774,637	\$630,289	\$542,110	\$1,947,036
2033	\$58,500,000	\$58,500,000		\$101,790	\$562,185	\$663,975	\$540,247	\$464,665	\$1,668,888
			Total	\$3,308,175	\$5,669,900	\$8,978,075	\$3,601,650	\$3,097,770	\$15,677,495
			Diff	\$0	\$12,601,113	\$12,601,113	\$13,956,394	\$12,003,859	\$38,561,365

Source: CPA, Blue Cloud Wind Energy, LLC

¹Tax Rate per \$100 Valuation

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

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2016	\$0	\$0	\$0	\$0
	2017	\$0	\$0	\$0	\$0
	2018	\$0	\$0	\$0	\$0
Limitation Period (10 Years)	2019	\$192,200	\$192,200	\$1,681,750	\$1,681,750
	2020	\$192,200	\$384,400	\$1,588,053	\$3,269,803
	2021	\$192,200	\$576,600	\$1,494,355	\$4,764,158
	2022	\$192,200	\$768,800	\$1,400,658	\$6,164,815
	2023	\$192,200	\$961,000	\$1,306,960	\$7,471,775
	2024	\$192,200	\$1,153,200	\$1,213,263	\$8,685,038
	2025	\$192,200	\$1,345,400	\$1,119,565	\$9,804,603
	2026	\$192,200	\$1,537,600	\$1,025,868	\$10,830,470
	2027	\$192,200	\$1,729,800	\$932,170	\$11,762,640
	2028	\$192,200	\$1,922,000	\$838,473	\$12,601,113
Maintain Viable Presence (5 Years)	2029	\$936,975	\$2,858,975	\$0	\$12,601,113
	2030	\$843,278	\$3,702,253	\$0	\$12,601,113
	2031	\$749,580	\$4,451,833	\$0	\$12,601,113
	2032	\$655,882	\$5,107,715	\$0	\$12,601,113
	2033	\$562,185	\$5,669,900	\$0	\$12,601,113
Additional Years as Required by 313.026(c)(1) (10 Years)	2034	\$468,487	\$6,138,387	\$0	\$12,601,113
	2035	\$374,790	\$6,513,177	\$0	\$12,601,113
	2036	\$374,790	\$6,887,967	\$0	\$12,601,113
	2037	\$374,790	\$7,262,757	\$0	\$12,601,113
	2038	\$374,790	\$7,637,547	\$0	\$12,601,113
	2039	\$374,790	\$8,012,337	\$0	\$12,601,113
	2040	\$374,790	\$8,387,127	\$0	\$12,601,113
	2041	\$374,790	\$8,761,917	\$0	\$12,601,113
	2042	\$374,790	\$9,136,707	\$0	\$12,601,113
	2043	\$374,790	\$9,511,497	\$0	\$12,601,113

\$9,511,497

is less than

\$12,601,113

Analysis Summary

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

No

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

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	0	0	0	\$0	\$0	\$0	0	0	\$0
2017	0	0	0	\$0	\$0	\$0	0	0	\$0
2018	150	143	293	\$7,854,600	\$11,432,510	\$19,287,110	992000	-534000	\$1,526,000
2019	4	14	18	\$160,400	\$2,158,940	\$2,319,340	168000	206000	-\$38,000
2020	4	10	14	\$160,400	\$2,036,870	\$2,197,270	130000	206000	-\$76,000
2021	4	8	12	\$160,400	\$1,426,510	\$1,586,910	130000	183000	-\$53,000
2022	4	6	10	\$160,400	\$1,060,300	\$1,220,700	84000	168000	-\$84,000
2023	4	4	8	\$160,400	\$1,060,300	\$1,220,700	99000	153000	-\$54,000
2024	4	4	8	\$160,400	\$816,160	\$976,560	114000	130000	-\$16,000
2025	4	10	14	\$160,400	\$938,230	\$1,098,630	99000	114000	-\$15,000
2026	4	6	10	\$160,400	\$694,090	\$854,490	107000	107000	\$0
2027	4	10	14	\$160,400	\$1,060,300	\$1,220,700	137000	76000	\$61,000
2028	4	8	12	\$160,400	\$1,060,300	\$1,220,700	153000	53000	\$100,000
2029	4	6	10	\$160,400	\$816,160	\$976,560	130000	53000	\$77,000
2030	4	6	10	\$160,400	\$572,020	\$732,420	84000	15000	\$69,000
2031	4	2	6	\$160,400	\$327,880	\$488,280	99000	8000	\$91,000
2032	4	8	12	\$160,400	\$327,880	\$488,280	99000	-23000	\$122,000
2033	4	2	6	\$160,400	\$572,020	\$732,420	69000	-61000	\$130,000
2034	4	2	6	\$160,400	\$83,740	\$244,140	15000	-69000	\$84,000
2035	4	(0)	4	\$160,400	-\$160,400	\$0	15000	-92000	\$107,000
2036	4	(0)	4	\$160,400	\$83,740	\$244,140	-8000	-153000	\$145,000
2037	4	(2)	2	\$160,400	-\$404,540	-\$244,140	-15000	-168000	\$153,000
2038	4	(2)	2	\$160,400	-\$404,540	-\$244,140	-15000	-198000	\$183,000
2039	4	(2)	2	\$160,400	\$83,740	\$244,140	-15000	-198000	\$183,000
2040	4	(2)	2	\$160,400	-\$648,680	-\$488,280	-46000	-244000	\$198,000
2041	4	(0)	4	\$160,400	-\$648,680	-\$488,280	-76000	-290000	\$214,000
2042	4	(4)	0	\$160,400	-\$892,820	-\$732,420	-61000	-275000	\$214,000
2043	4	(8)	-4	\$160,400	-\$1,136,960	-\$976,560	-92000	-320000	\$228,000
Total							\$2,396,000	-\$1,153,000	\$3,549,000
							\$13,060,497	is greater than	\$12,601,113
Analysis Summary									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?									Yes

Source: CPA, Blue Cloud Wind Energy, 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 Blue Cloud Wind Energy LLC's decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Blue Cloud Wind Energy, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Blue Cloud Wind Energy, LLC was formed in 2016. Since its formation Blue Cloud Wind Energy, LLC and its associate parties have not entered into any agreements for offtake or project finance. Blue Cloud and its affiliates have, however, entered into the following representative agreements and material contracts for the development of a project phase within Sudan ISD. Grants of leases and easements covering approximately 22,000 acres with 50 landowners, GIA (Generator Interconnection Agreement) with Southwestern Public Service (SPS) and the Southwest Power Pool (SPP), Wind data measurement contract with Wireless Innovations for data transmission for 4 Met Towers, Contract with V-Bar for data storage and verification of wind data, D&O Insurance Policy & Public Liability insurance contract with MHBT Marsh & McLennan Agency LLC, Environmental and habitat studies with SWCA, Wind and site analysis studies with AWS Truepower LLC, Geotechnical surveys with BARR Engineering, Contract for transformer engineering, procurement, and supply with SMIT Transformatoren, B.V, Consulting agreement with Energy Renewal Partners, LLC.”
 - B. “The business activities defined within the agreements and contracts listed above will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project within Sudan ISD. These contracts and initial investments are preliminary in nature as Blue Cloud Wind Energy, LLC has determined that a value limitation agreement with Sudan ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.”
 - C. “The CIP and Tri Global management teams have experience in multiple international and domestic markets. Based on this experience, the management teams evaluate all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities across the globe. The Blue Cloud project is currently in such a period

of assessment to determine whether the identified site in Sudan ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.”

- D. “A 313 limitation of appraised value agreement is a key tax incentive agreement necessary to ensure the project is on a level playing field with other wind projects with similar incentives and with alternative types of generation that receive their own forms of economic support.
- E. “Without the requested limitation, the project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$225M necessary to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.”
- F. “The Blue Cloud project was selected as a candidate due to the robust wind speed and proximity to SPP transmission within the Sudan ISD area. However, due to historically low power prices and increasing levels of competition in the Texas electric market, without a favorable tax incentive the project will be unable to provide the returns necessary for investors and financiers at current electricity prices. Without the 313 value limitation, the applicant will be forced to redeploy its capital into another region or state with a higher expected return.”
- July 12, 2016, *North American Windpower* on-line magazine report that, “Denmark-based Copenhagen Infrastructure Partners has purchased two wind farms from developer Tri Global Energy. Danish Investor acquires 516 MW in Texas. According to Copenhagen Infrastructure Partners, the deal includes the acquisition of the 366 MW Bearkat Renewable Energy Project, located in Glasscock County, Texas, and the 150 MW Blue Cloud Renewable Energy Project, located in Bailey and Lamb Counties, Texas. Tri Global Energy will continue to assist Copenhagen Infrastructure Partners with the development toward financial close, and the projects are planned to be fully operational before 2018 and qualify for 100% production tax credits.”

Supporting Information

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

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

Supporting Information

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

SECTION 6: Eligibility Under Tax Code Chapter 313.024

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

SECTION 7: Project Description

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

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

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

Supporting Information

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

Attachment 5

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

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

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

Blue Cloud Wind Energy, LLC was formed in 2016.

Since its formation Blue Cloud Wind Energy, LLC and its associate parties have not entered into any agreements for offtake or project finance. Blue Cloud and its affiliates have, however, entered into the following representative agreements and material contracts for the development of a project phase within Sudan ISD:

- Grants of leases and easements covering approximately 22,000 acres with 50 landowners.
- GIA (Generator Interconnection Agreement) with Southwestern Public Service (SPS) and the Southwest Power Pool (SPP)
- Wind data measurement contract with Wireless Innovations for data transmission for 4 Met Towers
- Contract with V-Bar for data storage and verification of wind data
- D&O Insurance Policy & Public Liability insurance contract with MHBT Marsh & McLennan Agency LLC
- Environmental and habitat studies with SWCA
- Wind and site analysis studies with AWS Truepower LLC
- Geotechnical surveys with BARR Engineering
- Contract for transformer engineering, procurement, and supply with SMIT Transformatoren, B.V.
- Consulting agreement with Energy Renewal Partners, LLC.

Does the applicant have current business activities at the location where the proposed project will occur?

The business activities defined within the agreements and contracts listed above will determine with greater certainty and granularity the feasibility of completing development of an economic renewable energy project within Sudan ISD.

These contracts and initial investments are preliminary in nature as Blue Cloud Wind Energy, LLC has determined that a value limitation agreement with Sudan ISD is an essential economic driver to allow for the return on investment necessary to finance and construct the wind energy project.

Is the applicant evaluating other locations not in Texas for the proposed project?

The CIP and Tri Global management teams have experience in multiple international and domestic markets. Based on this experience, the management teams evaluate all potential projects for feasibility, finance-ability, and the economic returns they represent in comparison to other project opportunities across the globe.

The Blue Cloud Project is currently in such a period of assessment to determine whether the identified site in Sudan ISD represents the best location or whether redeployment of its development resources and capital to other power markets in the United States is more advisable.

A 313 Limitation of Appraised Value Agreement is a key tax incentive agreement necessary to ensure the Project is on a level playing field with other wind projects with similar incentives and with alternative types of generation that receive their own forms of economic support. Without the requested limitation, the Project will be unable to generate sufficient operating margins and net income to produce economically competitive energy and associated returns necessary to attract tax and sponsor equity investment. Such third-party investment is mandatory to finance the projected capital costs of approximately \$225M necessary to purchase wind turbines and other infrastructure and to fund the construction and closing costs of the facility.

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

The Blue Cloud Project was selected as a candidate due to the robust wind speed and proximity to SPP transmission within the Sudan ISD area. However, due to historically low power prices and increasing levels of competition in the Texas electric market, without a favorable tax incentive the Project will be unable to provide the returns necessary for investors and financiers at current electricity prices. Without the 313 Value Limitation, the applicant will be forced to redeploy its capital into another region or state with a higher expected return.

The information provided in this Attachment and throughout the application has been assembled to provide the reviewer with the best possible data on which to make an assessment and determination of the critical nature of the limitation on appraised value to the feasibility of Blue Cloud Wind Energy, LLC.

Supporting Information

**Additional information
provided by the Applicant or
located by the Comptroller**

Danish Investor Acquires 516 MW In Texas

Posted by [Lauren Tyler](#) on **July 12, 2016**  [No Comments](#)

 Categories : [New & Noteworthy](#)

Denmark-based Copenhagen Infrastructure Partners has purchased two wind farms from developer Tri Global Energy.



According to Copenhagen Infrastructure Partners, the deal includes the acquisition of the 366 MW Bearkat Renewable Energy Project, located in Glasscock County, Texas, and the 150 MW Blue Cloud Renewable Energy Project, located in Bailey and Lamb Counties, Texas.

Tri Global Energy will continue to assist Copenhagen Infrastructure Partners with the development toward financial close, and the projects are planned to be fully operational before 2018 and qualify for 100% production tax credits.

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Popular

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

January 23, 2017

McDowell & Brown, LLC
School Finance Consulting

**Summary of Sudan ISD Financial Impact
of the
Limited Appraised Value Application
from
Blue Cloud Wind Energy, LLC**

Introduction

Blue Cloud Wind Energy, LLC applied for a property value limitation from Sudan Independent School District under Chapter 313 of the Tax Code. The application was submitted on August 8, 2016 and subsequently approved for consideration by the Sudan ISD Board of Trustees. Blue Cloud Wind Energy, LLC (“Blue Cloud Energy”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

Sudan ISD Financial Impact of Chapter 313 Agreement

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

Years Prior to Start of Value Limitation Period:

The first two years of the agreement are considered the “Prior to Start of Value Limitation Period” and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant has requested that tax years 2017 and 2018 be considered the years that are Prior to the Start of Value Limitation Period.

Value Limitation Period:

During the ten years of the Value Limitation Period, the qualifying entity’s taxable value will be reduced to the Minimum Limitation Amount for the applicable school district as determined by the State Comptroller’s Office. Sudan ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million, but less than \$90 million. Thus, Sudan ISD has a Minimum Qualified Investment amount of \$10 million and a Minimum Limitation Amount of \$20 million. A qualifying entity’s taxable value would be reduced to \$20 million during this ten year period of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Sudan ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy. The applicant has requested that the Value Limitation Period to begin in tax year 2019 and continue through tax year 2028.

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

Tax years 2029 through 2033 will be the final five years of the agreement and the applicant agrees to maintain a viable presence with this project during this time.

Sudan ISD Financial Impact of Chapter 313 Agreement

Taxable Value Projections from Application

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

	Year	School Year	Tax Year	Projected Taxable Value	Actual Taxable Value with Agreement
Each Year Prior to Start of Value Limitation Period	0	2017-2018	2017	\$0	\$0
	0	2018-2019	2018	\$0	\$0
Value Limitation Period	1	2019-2020	2019	\$195,000,000	\$20,000,000
	2	2020-2021	2020	\$185,250,000	\$20,000,000
	3	2021-2022	2021	\$175,500,000	\$20,000,000
	4	2022-2023	2022	\$165,750,000	\$20,000,000
	5	2023-2024	2023	\$156,000,000	\$20,000,000
	6	2024-2025	2024	\$146,250,000	\$20,000,000
	7	2025-2026	2025	\$136,500,000	\$20,000,000
	8	2026-2027	2026	\$126,750,000	\$20,000,000
	9	2027-2028	2027	\$117,000,000	\$20,000,000
Continue to Maintain Viable Presence	10	2028-2029	2028	\$107,250,000	\$20,000,000
	11	2029-2030	2029	\$97,500,000	\$97,500,000
	12	2030-2031	2030	\$87,750,000	\$87,750,000
	13	2031-2032	2031	\$78,000,000	\$78,000,000
	14	2032-2033	2032	\$68,250,000	\$68,250,000
Additional Years for 25 Year Economic Impact Study	15	2033-2034	2033	\$58,500,000	\$58,500,000
	16	2034-2035	2034	\$48,750,000	\$48,750,000
	17	2035-2036	2035	\$39,000,000	\$39,000,000
	18	2036-2037	2036	\$39,000,000	\$39,000,000
	19	2037-2038	2037	\$39,000,000	\$39,000,000
	20	2038-2039	2038	\$39,000,000	\$39,000,000
	21	2039-2040	2039	\$39,000,000	\$39,000,000
	22	2040-2041	2040	\$39,000,000	\$39,000,000
	23	2041-2042	2041	\$39,000,000	\$39,000,000
	24	2042-2043	2042	\$39,000,000	\$39,000,000
	25	2043-2044	2043	\$39,000,000	\$39,000,000

Sudan ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from Blue Cloud Energy” represents the values that the company estimated as their taxable values in the application that was filed with the district. During tax years 2019 through 2028, the company’s taxable value will be limited to the \$20,000,000 Minimum Limitation Amount of Sudan ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Blue Cloud Energy	Minimum Limitation Amount	Abated Value	Taxable Value
Jan. 1, 2017	0	n/a	0	0
Jan. 1, 2018	0	n/a	0	0
Jan. 1, 2019	195,000,000	(20,000,000)	175,000,000	20,000,000
Jan. 1, 2020	185,250,000	(20,000,000)	165,250,000	20,000,000
Jan. 1, 2021	175,500,000	(20,000,000)	155,500,000	20,000,000
Jan. 1, 2022	165,750,000	(20,000,000)	145,750,000	20,000,000
Jan. 1, 2023	156,000,000	(20,000,000)	136,000,000	20,000,000
Jan. 1, 2024	146,250,000	(20,000,000)	126,250,000	20,000,000
Jan. 1, 2025	136,500,000	(20,000,000)	116,500,000	20,000,000
Jan. 1, 2026	126,750,000	(20,000,000)	106,750,000	20,000,000
Jan. 1, 2027	117,000,000	(20,000,000)	97,000,000	20,000,000
Jan. 1, 2028	107,250,000	(20,000,000)	87,250,000	20,000,000
Jan. 1, 2029	97,500,000	n/a	0	97,500,000
Jan. 1, 2030	87,750,000	n/a	0	87,750,000
Jan. 1, 2031	78,000,000	n/a	0	78,000,000
Jan. 1, 2032	68,250,000	n/a	0	68,250,000
Jan. 1, 2033	58,500,000	n/a	0	58,500,000

Sudan ISD Financial Impact of Chapter 313 Agreement

Blue Cloud Energy's Tax Benefit from Agreement

The projected amount of the net tax savings for Blue Cloud Energy's is \$11.181 million over the life of the Agreement. This net savings is after all tax savings and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

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

- The District currently has M&O rate of \$.961. The Study projects that the District will maintain an M&O tax rate of \$.961 for the life of the agreement. Current rollback tax rate calculations would require the district to reduce the M&O rate in tax year 2029 based on the projected values and current school finance law.
- The district currently has no outstanding bonded indebtedness; however, the district could pursue a bond election and issue bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Payment of District's Revenue Losses	Net Tax Savings
2017-2018	0.9610	0.000	0	0	0	0
2018-2019	0.9610	0.000	0	0	0	0
2019-2020	0.9610	0.000	1,873,950	1,681,750	(1,419,911)	261,839
2020-2021	0.9610	0.000	1,780,253	1,588,053	0	1,588,053
2021-2022	0.9610	0.000	1,686,555	1,494,355	0	1,494,355
2022-2023	0.9610	0.000	1,592,858	1,400,658	0	1,400,658
2023-2024	0.9610	0.000	1,499,160	1,306,960	0	1,306,960
2024-2025	0.9610	0.000	1,405,463	1,213,263	0	1,213,263
2025-2026	0.9610	0.000	1,311,765	1,119,565	0	1,119,565
2026-2027	0.9610	0.000	1,218,068	1,025,868	0	1,025,868
2027-2028	0.9610	0.000	1,124,370	932,170	0	932,170
2028-2029	0.9610	0.000	1,030,673	838,473	0	838,473
2029-2030	0.9410	0.000	917,475	0	0	0
2030-2031	0.9610	0.000	843,278	0	0	0
2031-2032	0.9610	0.000	749,580	0	0	0
2032-2033	0.9610	0.000	655,883	0	0	0
2033-2034	0.9610	0.000	562,185	0	0	0
Totals			18,251,513	12,601,113	(1,419,911)	11,181,201

Sudan ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

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

- The current state funding formulas (in effect for 2016-2017 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$77.53 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district’s tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2016.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2016 taxable value was used as a baseline for all projections
- The district’s enrollment is projected to increase slightly; therefore, the projected ADA and WADA for school year 2015-2016 was increased by .25% per year for the life of the agreement.

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

Sudan ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

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

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

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2017-2018	444,707,677	3,973,558	153,755	53,521	4,073,792	377,881	4,451,673
2018-2019	449,154,754	4,012,825	154,035	83,066	4,083,793	378,782	4,462,575
2019-2020	453,646,302	4,052,484	154,314	112,995	4,093,803	379,685	4,473,488
2020-2021	458,182,765	4,092,540	154,595	143,312	4,103,823	380,590	4,484,414
2021-2022	462,764,592	4,132,997	154,874	174,021	4,113,850	381,499	4,495,349
2022-2023	467,392,238	4,173,858	155,155	205,125	4,123,888	382,409	4,506,298
2023-2024	472,066,161	4,215,128	149,382	230,599	4,133,911	383,323	4,517,234
2024-2025	476,786,822	4,256,811	155,994	268,814	4,143,991	384,239	4,528,230
2025-2026	481,554,690	4,298,910	156,275	301,129	4,154,056	385,157	4,539,214
2026-2027	486,370,237	4,341,430	156,555	333,855	4,164,130	386,079	4,550,209
2027-2028	491,233,940	4,384,376	156,834	362,102	4,179,108	387,002	4,566,110
2028-2029	496,146,279	4,427,751	157,114	395,665	4,189,200	387,929	4,577,129
2029-2030	501,107,742	4,471,559	157,393	429,652	4,199,301	388,858	4,588,159
2030-2031	506,118,819	4,515,806	149,383	455,822	4,209,367	389,790	4,599,157
2031-2032	511,180,007	4,560,495	157,954	498,916	4,219,533	390,724	4,610,257
2032-2033	516,291,808	4,605,632	158,234	534,202	4,229,664	391,661	4,621,325
2033-2034	521,454,726	4,651,219	158,794	570,208	4,239,805	392,600	4,632,406

Sudan ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Blue Cloud Wind Energy without Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
		Rate	Revenue				
2017-2018	444,707,677	3,973,558	153,755	53,521	4,073,792	377,881	4,451,673
2018-2019	449,154,754	4,012,825	154,035	83,066	4,083,793	378,782	4,462,575
2019-2020	648,646,302	5,775,292	154,313	208,803	5,720,802	360,732	6,081,534
2020-2021	643,432,765	5,728,261	154,595	1,833,170	4,049,685	381,460	4,431,146
2021-2022	638,264,592	5,682,627	154,874	1,778,722	4,058,779	378,421	4,437,200
2022-2023	633,142,238	5,637,398	155,155	1,724,664	4,067,888	375,409	4,443,298
2023-2024	628,066,161	5,592,577	149,381	1,665,134	4,076,824	375,445	4,452,269
2024-2025	623,036,822	5,548,169	155,994	1,618,002	4,086,161	376,413	4,462,573
2025-2026	618,054,690	5,504,178	156,275	1,565,134	4,095,318	377,384	4,472,702
2026-2027	613,120,237	5,460,607	156,555	1,512,671	4,104,491	378,358	4,482,849
2027-2028	608,233,940	5,417,462	156,834	1,455,820	4,118,477	379,335	4,497,812
2028-2029	603,396,279	5,374,747	157,113	1,404,177	4,127,683	380,316	4,507,999
2029-2030	598,607,742	5,332,465	157,394	1,352,951	4,136,908	381,300	4,518,208
2030-2031	593,868,819	5,290,621	149,382	1,294,091	4,145,912	382,288	4,528,200
2031-2032	589,180,007	5,249,220	157,955	1,251,764	4,155,410	383,279	4,538,689
2032-2033	584,541,808	5,208,266	158,235	1,201,812	4,164,688	384,273	4,548,961
2033-2034	579,954,726	5,167,762	158,795	1,152,565	4,173,992	385,271	4,559,263

TABLE V – District Revenues with Blue Cloud Wind Energy with Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
		Comp Rate	State Revenue					
		Rate	Revenue					
2017-2018	444,707,677	3,973,558	153,755	53,521	4,073,792	377,881	0	4,451,673
2018-2019	449,154,754	4,012,825	154,035	83,066	4,083,793	378,782	0	4,462,575
2019-2020	473,646,302	4,229,080	154,314	118,002	4,265,392	396,230	1,419,911	6,081,534
2020-2021	478,182,765	4,269,136	154,595	320,460	4,103,271	380,249	0	4,483,520
2021-2022	482,764,592	4,309,593	154,874	351,125	4,113,342	381,161	0	4,494,504
2022-2023	487,392,238	4,350,454	155,155	382,186	4,123,423	382,076	0	4,505,500
2023-2024	492,066,161	4,391,724	149,383	407,628	4,133,479	382,994	0	4,516,473
2024-2025	496,786,822	4,433,407	155,994	445,790	4,143,611	383,914	0	4,527,525
2025-2026	501,554,690	4,475,506	156,275	478,064	4,153,717	384,837	0	4,538,554
2026-2027	506,370,237	4,518,026	156,555	510,749	4,163,832	385,762	0	4,549,594
2027-2028	511,233,940	4,560,972	156,834	538,960	4,178,846	386,689	0	4,565,535
2028-2029	516,146,279	4,604,347	157,114	572,483	4,188,978	387,620	0	4,576,597
2029-2030	598,607,742	5,333,461	157,395	735,876	4,754,980	297,226	0	5,052,206
2030-2031	593,868,819	5,290,621	149,382	1,294,091	4,145,912	382,288	0	4,528,200
2031-2032	589,180,007	5,249,220	157,955	1,251,764	4,155,410	383,279	0	4,538,689
2032-2033	584,541,808	5,208,266	158,235	1,201,812	4,164,688	384,273	0	4,548,961
2033-2034	579,954,726	5,167,762	158,795	1,152,565	4,173,992	385,271	0	4,559,263

Sudan ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

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

Sudan ISD Financial Impact of Chapter 313 Agreement

Supplemental Payments

Assuming that the District and Blue Cloud Wind Energy, LLC mutually agree in the LAVA that the greater of \$100 per student in average daily attendance (ADA) or \$50,000, will be paid to Sudan ISD by Blue Cloud Energy, the projected amount of these payments over the life of the agreement is \$750,000 of the \$11.181 million net tax savings amount. This amount will be computed annually according to Section VI of the Agreement.

TABLE VI - Calculation of the Supplemental Payments:

Fiscal Year	Net Tax Savings	Sudan ISD \$100/ADA	Blue Cloud Energy Share
2017-2018	0	50,000	(50,000)
2018-2019	0	50,000	(50,000)
2019-2020	0	50,000	(50,000)
2020-2021	261,839	50,000	211,839
2021-2022	1,588,053	50,000	1,538,053
2022-2023	1,494,355	50,000	1,444,355
2023-2024	1,400,658	50,000	1,350,658
2024-2025	1,306,960	50,000	1,256,960
2025-2026	1,213,263	50,000	1,163,263
2026-2027	1,119,565	50,000	1,069,565
2027-2028	1,025,868	50,000	975,868
2028-2029	932,170	50,000	882,170
2029-2030	838,473	50,000	788,473
2030-2031	0	50,000	(50,000)
2031-2032	0	50,000	(50,000)
2032-2033	0	0	0
2033-2034	0	0	0
Totals	11,181,201	750,000	10,431,201

Sudan ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Sudan Elem	EE-7	22	484	277	207
Sudan High	8-12	17	374	162	212
Total		39	858	439	419

The building capacities are based on 22 students per classroom in EE – 12th grades. Sudan ISD is an early education through 12th grade district.

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new four positions equates to 2 new students.

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

Sudan ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Blue Cloud Wind Energy, LLC would benefit from reduced property taxes during the ten years of the Value Limitation Period. Although some of the tax savings would be used to offset district's revenue losses and supplemental payments to the District, Blue Cloud Energy is projected to benefit from an 87% tax savings during that ten year period of this Agreement. Blue Cloud Energy also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

October 17, 2016

Tim Rich, President
Board of Trustees
Sudan Independent School District
PO Box 249
Sudan, TX 79371-0249

Dear Mr. Rich:

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

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,



Al McKenzie
Director of State Funding

AM/rk
Cc: Scott Michael Harrell

School and Appraisal Districts Property Value Study 2015 Report

2015 ISD Summary Worksheet

009/Bailey

140-908/Sudan ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	928,761	N/A	928,761	928,761
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	47,617	N/A	47,617	47,617
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	28,073,873	1.4014	20,032,758	28,073,873
D2. Real Prop Farm & Ranch	681,388	N/A	681,388	681,388
E. Real Prop NonQual Acres	6,931,915	.9565	7,247,167	6,931,915
F1. Commercial Real	371,960	N/A	371,960	371,960
F2. Industrial Real	1,655,728	N/A	1,655,728	1,655,728
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	9,205,120	.8685	10,598,872	9,205,120
L1. Commercial Personal	79,551	N/A	79,551	79,551

L2. Industrial Personal	48,850	N/A	48,850	48,850
M. Other Personal	86,461	N/A	86,461	86,461
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	48,111,224		41,779,113	48,111,224
Less Total Deductions	2,120,773		2,120,773	2,120,773
Total Taxable Value	45,990,451		39,658,340	45,990,451 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
46,416,775	45,990,451	46,416,775	45,990,451

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
426,324	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
46,416,775	45,990,451	46,416,775	45,990,451

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

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

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

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

The PVS found your local value invalid, but local value was certified because local value is greater than PTAD value.

040/Cochran

140-908/Sudan ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	0	N/A	0	0
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0

C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	1,541,484	N/A	1,541,484	1,541,484
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop NonQual Acres	158,237	N/A	158,237	158,237
F1. Commercial Real	0	N/A	0	0
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	115,090	N/A	115,090	115,090
L1. Commercial Personal	547	N/A	547	547
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
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	1,815,358		1,815,358	1,815,358
Less Total Deductions	71,233		71,233	71,233
Total Taxable Value	1,744,125		1,744,125	1,744,125 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
1,764,125	1,744,125	1,764,125	1,744,125

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
20,000	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
1,764,125	1,744,125	1,764,125	1,744,125

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

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

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

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

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

140/Lamb

140-908/Sudan ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	13,999,680	.9172	15,263,498	13,999,680
B. Multi-Family Residences	6,880	N/A	6,880	6,880
C1. Vacant Lots	186,730	N/A	186,730	186,730
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	13,691,429	.9719	14,087,654	13,691,429
D2. Real Prop Farm & Ranch	391,920	N/A	391,920	391,920
E. Real Prop NonQual Acres	4,955,319	N/A	4,955,319	4,955,319
F1. Commercial Real	1,322,290	N/A	1,322,290	1,322,290
F2. Industrial Real	1,604,560	N/A	1,604,560	1,604,560
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	332,594,760	.9828	338,415,507	332,594,760
L1. Commercial Personal	677,740	N/A	677,740	677,740
L2. Industrial Personal	2,551,180	N/A	2,551,180	2,551,180
M. Other Personal	434,990	N/A	434,990	434,990
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	372,417,478		379,898,268	372,417,478
Less Total Deductions	13,826,312		14,146,752	13,826,312
Total Taxable Value	358,591,166		365,751,516	358,591,166 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 T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
360,244,396	358,591,166	360,244,396	358,591,166

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
1,653,230	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10
360,244,396	358,591,166	360,244,396	358,591,166

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

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

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

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

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

140-908/Sudan ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	14,928,441	.9219	16,192,259	14,928,441
B. Multi-Family Residences	6,880	N/A	6,880	6,880
C1. Vacant Lots	234,347	N/A	234,347	234,347
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	43,306,786	1.2144	35,661,896	43,306,786
D2. Real Prop Farm & Ranch	1,073,308	N/A	1,073,308	1,073,308
E. Real Prop NonQu al Acres	12,045,471	.9745	12,360,723	12,045,471
F1. Commercial Real	1,694,250	N/A	1,694,250	1,694,250

F2. Industrial Real	3,260,288	N/A	3,260,288	3,260,288
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	341,914,970	.9793	349,129,469	341,914,970
L1. Commercial Personal	757,838	N/A	757,838	757,838
L2. Industrial Personal	2,600,030	N/A	2,600,030	2,600,030
M. Other Personal	521,451	N/A	521,451	521,451
N. Intangible Personal Property	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	422,344,060		423,492,739	422,344,060
Less Total Deductions	16,018,318		16,338,758	16,018,318
Total Taxable Value	406,325,742		407,153,981	406,325,742 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

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

by and between

SUDAN INDEPENDENT SCHOOL DISTRICT

and

BLUE CLOUD WIND ENERGY, LLC

(Texas Taxpayer ID #32060730036)

Comptroller Application #1149

Dated

February 13, 2017

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

STATE OF TEXAS §

COUNTIES OF BAILEY & LAMB §

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 **SUDAN INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the “District,” a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **BLUE CLOUD WIND ENERGY, LLC**, Texas Taxpayer Identification Number 32060730036 hereinafter referred to as the “Applicant.” The Applicant and the District are hereinafter sometimes referred to individually as a “Party” and collectively as the “Parties.”

RECITALS

WHEREAS, on August 8, 2016, the Superintendent of Schools of the Sudan Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on August 8, 2016, 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 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller’s Office have determined that the Application is complete and October 14, 2016 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Bailey County Appraisal District established in Bailey County, Texas (the “Bailey County Appraisal District”) and the Lamb County Appraisal District established in Lamb County, Texas (the “Lamb 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 November 29, 2016, 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 313.025 of the TEXAS TAX CODE;

WHEREAS, on February 13, 2017, 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 February 13, 2017, 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) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on February 13, 2017, 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) the TEXAS TAX CODE;

WHEREAS, on February 1, 2017, 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;

WHEREAS, on February 13, 2017, 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 or, in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized [Insert Name] 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 in this Agreement, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE Section 9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE Section 9.1051.

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to Applicant.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

“Applicant” means **BLUE CLOUD WIND ENERGY, LLC**, (Texas Taxpayer ID # 32060730036), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 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 **EXHIBIT 3** of this Agreement.

“Applicant’s Qualified Property” means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 4** 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 the District by the Applicant on August 8, 2016. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of the 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 the District issues its written notice that the Applicant has submitted a completed Application or the date on which the Comptroller issues its written notice that the 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 Bailey County Appraisal District and the Lamb County Appraisal District. The District’s central administration office is located in Lamb County, Texas.

“Board of Trustees” means the Board of Trustees of the Sudan Independent School District.

“Commercial Operation” means the date on which the Project becomes commercially operational and placed into service, such that all of the following events have occurred and remain simultaneously true and accurate:

A. The Project has been constructed, tested, and is fully capable of operating for the purpose of generating electricity for sale in one or more commercial markets;

B. The Project has received written authorization from the grid operator for interconnection, integration, and synchronization of the plant with the grid; and,

C. The Project has obtained all permits, required approvals, and has met all requirements necessary for safely and reliably generating electricity and delivering electricity onto the grid.

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

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

“County” means Bailey County and Lamb County, Texas.

“District” or “School District” means the Sudan 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 the Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which the 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 thirty (30) 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 operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant’s maintenance of jobs and wages as required by the Act and as set forth in its Application.

“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 by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller’s Rules.

“New Non-Qualifying Jobs” means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in 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.

Section 1.2 NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller's Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

"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.

"Consultant" shall have the same meaning as assigned to such term in Section 4.5 of the Agreement.

"M&O Amount" shall have the meaning assigned to such term in Section 4.2 of the Agreement.

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

"Net Tax Savings" shall have the same meaning as assigned to such term in Section 6.3 of the Agreement.

“*New M&O Revenue*” shall have the same meaning as assigned to such term in Section 4.2.A.ii of the Agreement.

“*Original M&O Revenue*” shall have the same meaning as assigned to such term in Section 4.2.A.i of the Agreement.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

Section 2.2. PURPOSE. In consideration of the execution and subsequent performance of the terms and obligations by the Applicant pursuant to this Agreement, identified in Sections 2.5 and 2.6 and as more fully specified in this Agreement, the value of the Applicant’s Qualified Property listed and assessed by the County Appraiser for the District’s maintenance and operation 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 October 14, 2016, which will be used to determine the eligibility of the Applicant’s Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is February 13, 2017.

C. The Qualifying Time Period for this Agreement:

- i. Starts on February 13, 2017, the Application Approval Date; and
- ii. Ends on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

- i. Starts on January 1, 2019, first complete Tax Year that begins after the date of the commencement of Commercial Operation; and,
- ii. Ends on December 31, 2028.

E. The Final Termination Date for this Agreement is December 31, 2033.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection 2.3.E, unless extended by the express terms of

this Agreement.

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

- A. the Market Value of the Applicant's Qualified Property; or
- B. Twenty Million Dollars (\$20,000,000).

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

Section 2.5. TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in Section 2.4 for the Qualified Property identified in Article III, the Applicant shall:

- A. have completed the Applicant's Qualified Investment in the amount of \$10,000,000 during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$763 for all New Non-Qualifying Jobs created by the Applicant.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by Section 2.4, Applicant shall:

- A. provide payments to District sufficient to protect 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 the 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;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised

value by the Comptroller for this project.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is 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, and information concerning the designation, 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 in **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 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** 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. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within 60 days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/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. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT. Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the M&O Amount calculated under Section 4.2 to be paid to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Section 7.1, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date (as set out in EXHIBIT 5), the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

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

- i. "Original M&O Revenue" means the total State and local Maintenance and Operations Revenue that District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property had been subject to the full ad valorem maintenance & operations tax without any limitation on value.
- ii. "New M&O Revenue" means the total State and local Maintenance and Operations Revenue that District actually received for such school year.

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

- i. The Taxable Value of property for each school year will be determined under the

- Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
 - iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 of this Agreement results in a negative number for the M&O Amount, the negative number will be considered to be zero.
 - iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.
 - v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State or another school district, pursuant to Chapter 41 of the TEXAS EDUCATION CODE, because of its participation in this Agreement, Applicant shall make payments to District, up to the Revenue Protection Amount limit set forth in Section 7.1 that are necessary to offset any negative impact on District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

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

Section 4.5. THIRD PARTY CALCULATIONS. All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees up to Ten Thousand Dollars (\$10,000.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year.

All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect “near final” or “actual” data for the applicable year as the data becomes available.

Section 4.6. DATA FOR CALCULATIONS. The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to § 26.01 of the TEXAS TAX CODE in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District’s tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

Section 4.7. DELIVERY OF CALCULATIONS.

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

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

Section 4.8. PAYMENT BY APPLICANT. On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District, all amounts billed by the Consultant pursuant to Section 4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District’s participation in this Agreement. Provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise excepted from disclosure under the Texas Public Information Act (TEXAS GOVERNMENT CODE § 552.001, *et seq.*).

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

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

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following:

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.

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

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. SUPPLEMENTAL PAYMENTS. Applicant shall make Supplemental Payments as set out in Section 6.2 annually, starting with the beginning of the Qualifying Time Period, and continuing through the third year following the end of the Tax Limitation Period.

Section 6.2. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. The total of the Supplemental Payments made pursuant to this Article shall not exceed for 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 times the

number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Applicant;

B. Supplemental Payments may only be made during the period starting with the beginning of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. The limitation in Section 6.2.A 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.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2014-15 Average Daily Attendance of 428, rounded to the whole number.

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

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

Section 7.1.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1 ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the 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 the Applicant would have paid to the District for such Tax Year (determined by using the 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 Article IV 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 the Applicant to the 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 the Applicant to the District under Article IV, Article V, 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, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year 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 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; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII
ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the 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, the 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 the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations, or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records 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 the 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 the Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the 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; AUTHORITY OF STATE AUDITOR.

By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

A. The District and the 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. The Applicant and the 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 latest occurring date of:

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New 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 the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the 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 the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly 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, the Applicant or the 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. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

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 the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the 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 the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX

MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

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

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

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

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller 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;

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property 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 the Applicant's Qualified Property under Sections 8.5 and 8.6;

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

N. The Applicant has made any payments to the District or to any other person or

persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the 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, the 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:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and,

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recaptured taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have sixty (60) 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 the 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 sixty (60) days after the Applicant initiates mediation, 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 Lamb 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) the District shall bear one-half of such mediator's fees and expenses and the 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 within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Lamb County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payments in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 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 the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the sixty (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the 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 the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The 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 9.4.C 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 9.5. 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, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the 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. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make \$10,000,000 of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS

A. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1;C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than 30 days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

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 or email transmission, with notice 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 or email 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 the District shall be addressed to the District's Authorized Representative as follows:

To the District:

Sudan Independent School District
Attn: Scott Harrell, Superintendent
(or the successor Superintendent)
PO Box 249
107 W. Highway 303
Sudan, TX 79371
Phone #: (806) 227-2431
Fax #: (806) 227-2146
Email: ohamscottharrell@sudanisd.net

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
P.O. Box 9158
Amarillo, TX 79105-9158
Phone #: (806) 379-0306
Fax #: (806) 379-0316
Email: fred.stormer@uwlaw.com

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

To Applicant:

Blue Cloud Wind Energy, LLC
Attn: John Hall, President
17300 North Dallas Parkway, Suite 2020
Dallas, TX 75248
Phone #: (972) 290-0825
Email: hallbros@fivearea.com

With a copy to:

Stephen Johns, Chief Legal Counsel
TriGlobal Energy, LLC
17300 North Dallas Parkway, Suite 2020
Dallas, TX 75248
Phone #: (972) 290-0825
Email: sjohns@triglobalenergy.com

or at such other address or to such other facsimile transmission number and to the attention of

such other person as a Party may designate by written notice to the other.

Section 10.2. AMENDMENTS TO APPLICATION AND 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 Section 10.2.B. 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, the Application and this Agreement may only be amended according to the following:

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules 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 the Comptroller by the end of the 90-day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the 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 Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

- i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;
- ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than a collateral assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than a collateral assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

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

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than 30 days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. 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 a state district court in Lamb County.

Section 10.6. 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 10.7. 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 so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. 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 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller’s Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller’s Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. 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 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

A. Within seven (7) days of receipt of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;

B. The District shall provide on its website a link to the location of those documents posted on the 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 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of

the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;
- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

- B. Delivery is deemed complete as follows:
- i. When delivered if delivered personally or sent by express courier service;
 - ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
 - iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
 - iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

[signatures follow on next page]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 13th day of February, 2017.

BLUE CLOUD WIND ENERGY, LLC

SUDAN INDEPENDENT SCHOOL DISTRICT

BY: _____

BY: _____

NAME: _____

NAME: _____

TITLE: _____

TITLE: _____

ATTEST:

BY: _____

NAME: _____

TITLE: _____

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONES

The Lamb County Commissioners Court created Lamb County Blue Cloud Renewable Energy Reinvestment Zone by Order dated November 10, 2014 which is more particularly described below.

All of Leagues 193 and 208, Abstract 216 and 213, Ochiltree CSL Survey, Lamb County, Texas

All of Leagues 209 and 210, Abstract 217 and 336, Deaf Smith CSL Survey, Lamb County, Texas

All of League 201, Abstract 218, Roberts CSL Survey, Lamb County, Texas

All of the North two-thirds (N/ 2/3) of League 194, Abstract 334, Foard CSL Survey, Lamb County, Texas, Save and Except an area out of the South half(S/2) of the North two-thirds (N/2/3), containing 913 acres, more or less

All of League 200, Abstract 335, Roberts CSL Survey, Lamb County, Texas, Save and Except an area out of the West half (W/2), containing 674 acres, more or less

The East third (E/3) of League 202, Abstract 214, Roberts CSL Survey, Lamb County, Texas

The Bailey County Commissioners Court created Reinvestment Zone No. 2014-01 by Order dated October 3, 2014 which is more particularly described below.

All of Leagues 193 and 208, Abstract 216 and 213, Ochiltree CSL Survey, Bailey County, Texas

All of leagues 209 and 210, Abstract 217 and 336, Deaf Smith CSL Survey, Bailey County, Texas

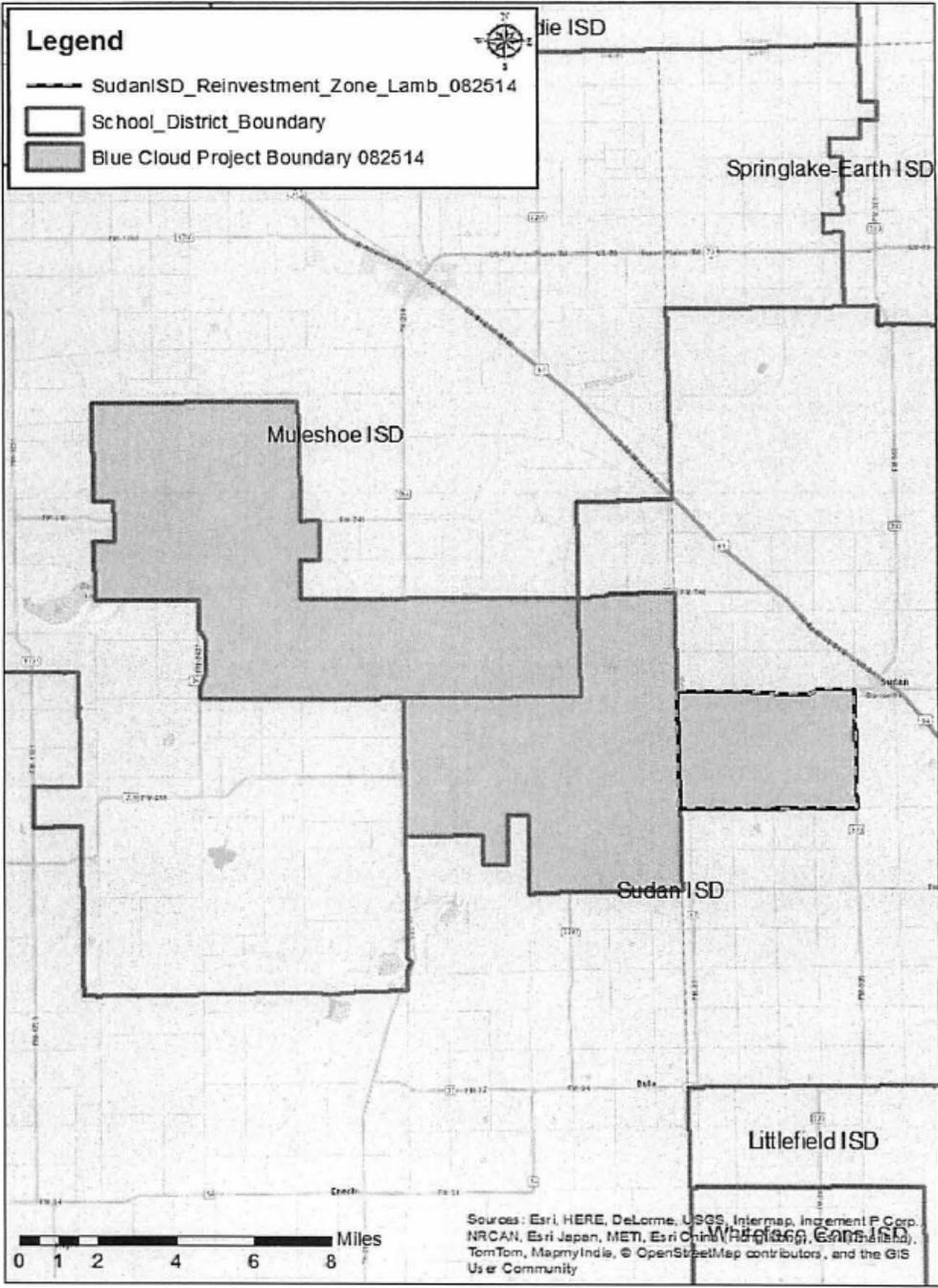
All of League 201, Abstract 218. Roberts CSL Survey, Bailey County, Texas

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The East third (E/3) of League 202, Abstract 214, Roberts CSL Survey, Bailey County, Texas

Map of Lamb County Blue Cloud Renewable Energy Reinvestment Zone

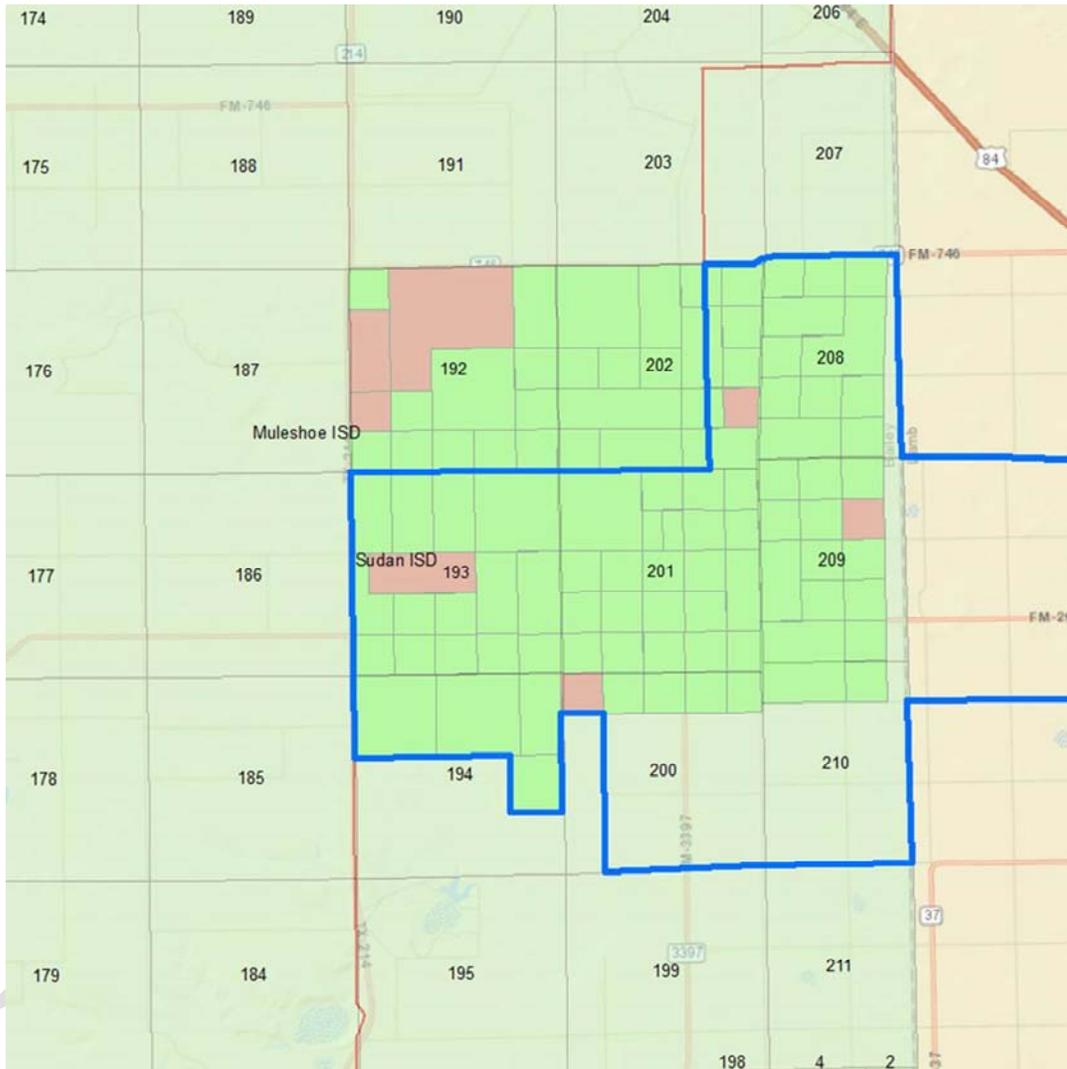


Note: Location of Qualified Investment and Qualified Property may change but will remain within ISD and Project boundary.

Agreement for Limitation on Appraised Value
 Between Sudan ISD and Blue Cloud Wind Energy, LLC
 (App No. 1149), February 13, 2017
 Exhibit 1

*Texas Economic Development Act Agreement
 Comptroller Form 50-826 (Jan 2016)*

MAP OF BAILEY COUNTY REINVESTMENT ZONE 2014-01



Agreement for Limitation on Appraised Value
Between Sudan ISD and Blue Cloud Wind Energy, LLC
(App No. 1149), February 13, 2017
Exhibit 1

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)

EXHIBIT 1

EXHIBIT 2

DESCRIPTION OF LAND

All Qualified Property owned by the Applicant is located within the boundaries of both the Sudan Independent School District and the Lamb County Blue Cloud Renewable Energy Reinvestment Zone, and the Bailey County Reinvestment Zone No. 2014-01, which is more particularly described in **EXHIBIT 1**, and depicted on the map in **EXHIBIT 3**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

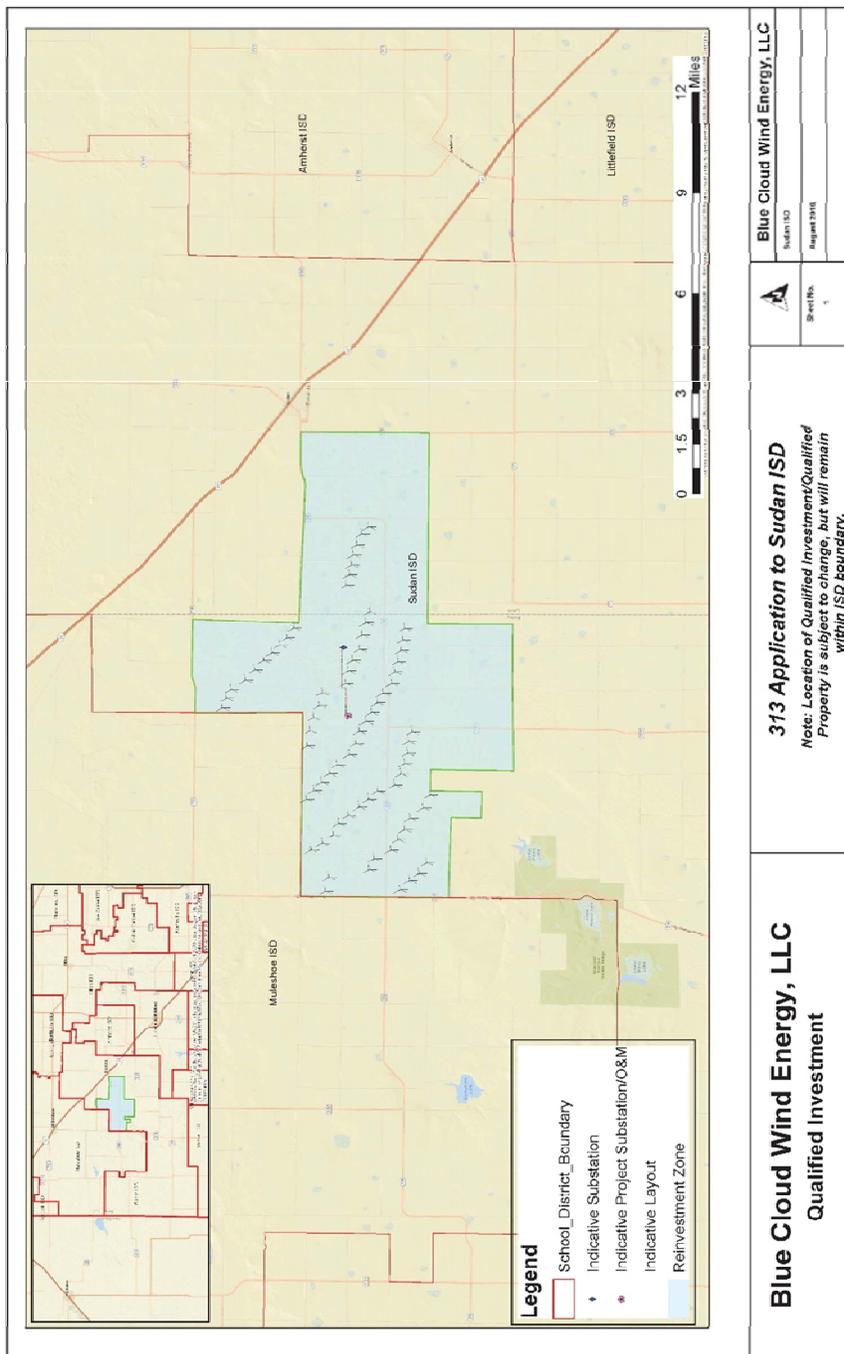
Blue Cloud Wind Energy, LLC plans to construct an estimated 150MW wind farm, located entirely within Sudan ISD in Bailey and Lamb Counties, Texas. All of the Qualified Investment for this Project will be located entirely within Sudan ISD.

The intended qualified investment includes wind turbines, foundations, collection systems, transmission lines and interconnection infrastructure, additional meteorological towers, roads, operations and maintenance building, spare parts, and control systems necessary for commercial generation of electricity.

For purposes of this application, the Project anticipates using 2.0 to 3.5 MW turbines. Although final turbine selection and location of the infrastructure may change, all equipment outlined above is expected to be located within Sudan ISD. Current plans are to install between 44 and 75 turbines in one phase.

The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins. Blue Cloud intends to connect to the proposed Needmore Substation via a 230kV transmission line. All of the infrastructure will remain within the project boundary and within the Reinvestment Zone. The map on the following page shows the proposed project area with the anticipated improvement locations.

MAP OF QUALIFIED INVESTMENT



Agreement for Limitation on Appraised Value
Between Sudan ISD and Blue Cloud Wind Energy, LLC
(App No. 1149), February 13, 2017
Exhibit 3

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

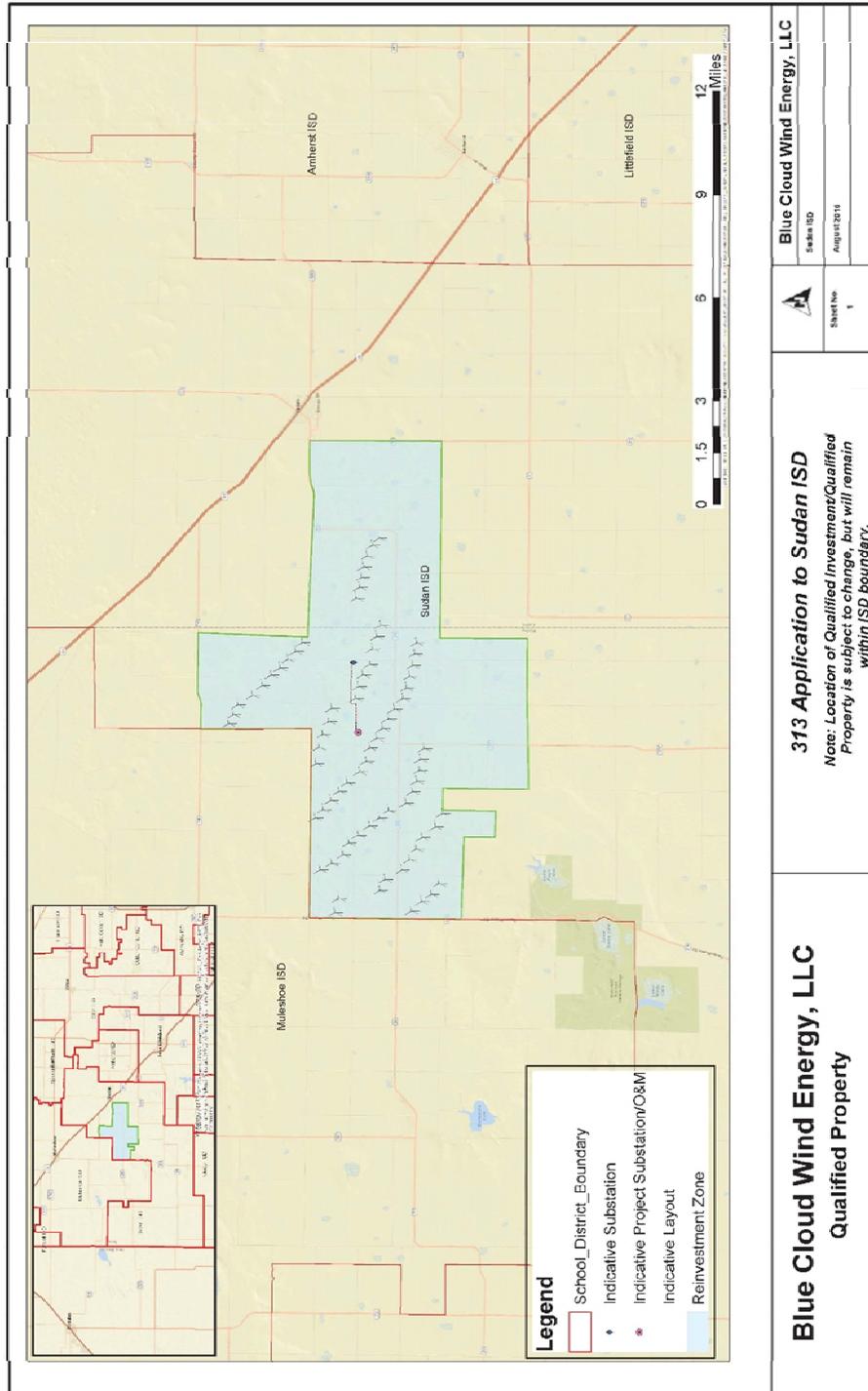
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MAP OF QUALIFIED PROPERTY



Agreement for Limitation on Appraised Value
Between Sudan ISD and Blue Cloud Wind Energy, LLC
(App No. 1149), February 13, 2017
Exhibit 4

Texas Economic Development Act Agreement
Comptroller Form 50-826 (Jan 2016)

EXHIBIT 5

AGREEMENT SCHEDULE

	<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
Limitation Pre-Year	1	January 1, 2016	2016-17	2016	Limitation Pre-Year
	2	January 1, 2017	2017-18	2017	Limitation Pre-Year, QTP begins
	3	January 1, 2018	2018-19	2018	Limitation Pre-Year
Limitation Period (10 Years)	4	January 1, 2019	2019-20	2019	\$20 million appraisal limitation
	5	January 1, 2020	2020-21	2020	\$20 million appraisal limitation
	6	January 1, 2021	2021-22	2021	\$20 million appraisal limitation
	7	January 1, 2022	2022-23	2022	\$20 million appraisal limitation
	8	January 1, 2023	2023-24	2023	\$20 million appraisal limitation
	9	January 1, 2024	2024-25	2024	\$20 million appraisal limitation
	10	January 1, 2025	2025-26	2025	\$20 million appraisal limitation
	11	January 1, 2026	2026-27	2026	\$20 million appraisal limitation
	12	January 1, 2027	2027-28	2027	\$20 million appraisal limitation
	13	January 1, 2028	2028-29	2028	\$20 million appraisal limitation
Maintain a Viable Presence (5 Years)	14	January 1, 2029	2029-30	2029	No appraisal limitation; must maintain a viable presence
	15	January 1, 2030	2030-31	2030	No appraisal limitation; must maintain a viable presence
	16	January 1, 2031	2031-32	2031	No appraisal limitation; must maintain a viable presence
	17	January 1, 2032	2032-33	2032	No appraisal limitation; must maintain a viable presence
	18	January 1, 2033	2033-34	2033	No appraisal limitation; must maintain a viable presence



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

February 1, 2017

Scott Harrell
Superintendent
Sudan Independent School District
P.O. Box 249
Sudan, Texas 79371

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Sudan Independent School District and Blue Cloud Wind Energy, LLC, Application 1149

Dear Superintendent Harrell:

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 Sudan Independent School District and Blue Cloud Wind Energy, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

Should you have any questions, please contact Annet Nalukwago with our office. She can be reached by email at annet.nalukwago@cpa.texas.gov or by phone at 1-800-531-5441, ext. 5-5656, or at 512-475-5656.

Sincerely,

A handwritten signature in black ink, reading "Will Counihan", is positioned above the typed name.

Will Counihan
Director
Data Analysis & Transparency Division

cc: Fred Stormer, Underwood Law Firm, P.C.
John Hall, Blue Cloud Wind Energy, LLC
Stephen Johns, Tri-Global Energy, LLC

Blue Cloud Wind Energy, LLC

August 8th, 2016

Scott Harrell
Sudan Independent School District
107 FM 303, Sudan, Texas 79371

Re: Chapter 313 Job Waiver Request for Blue Cloud Wind Energy, LLC

Dear Mr. Harrell,

Blue Cloud Wind Energy, LLC requests that the Sudan Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.02S (f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Blue Cloud Wind Energy, LLC requests that the Sudan Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Blue Cloud Wind Energy, LLC has committed to create 4 total jobs for the project, all of which will be in Sudan I.S.D.

Wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 - 20 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,



John Hall
Blue Cloud Wind Energy, LLC