

Application for Appraised Value Limitation on Qualified Property

Economic Development and Analysis Form 50-296-A

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Robert Daniel
First Name Last Name
Vice President, Property Tax
Title
Duff & Phelps, LLC
Firm Name
512.671.5557 512.765.9191
Phone Number Fax Number
robert.daniel@duffandphelps.com
Business Email Address

SECTION 3: Fees and Payments

1. Has an application fee been paid to the school district? [X] 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 [X] 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 [X] No [ ] N/A

SECTION 4: Business Applicant Information

1. What is the legal name of the applicant under which this application is made? Third Planet Windpower, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 16512798501
3. List the NAICS code 221119
4. Is the applicant a party to any other pending or active Chapter 313 agreements? [X] Yes [ ] No
4a. If yes, please list application number, name of school district and year of agreement
#99, Loraine Independent School District, 2007

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)? [X] 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? [X] Yes [ ] No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? [ ] Yes [ ] No [X] 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)

Application for Appraised Value Limitation on Qualified Property

Economic Development and Analysis Form 50-296-A

**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 ..... 781.50
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... Not Available
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 859.65
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? ..... 44,702.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 46,000.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(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**.

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

**Tab 4**

**Detailed Description of Project**

Third Planet Windpower, LLC is proposing the construction of a wind-powered electric generating facility with an operating capacity of approximately 100 megawatts in Mitchell County. The exact number of wind turbines and the size of each turbine would depend upon ongoing wind and siting analysis, the wind turbine selected, and the final megawatt generating capacity of the final layout.

Improvements and investments with the wind-powered Project will include, but not be limited to, wind turbines, turbine transformers (pad-mounts), towers, foundations, underground collection systems, electrical substation equipment, generation tie lines, electrical interconnections, met towers, roads and control systems. Estimated capital expenditure on the project ranges from \$125,000,000 to \$150,000,000. The productive life of the equipment is estimated to be 25 years.

Construction of the project is anticipated to begin in the first quarter of 2018 with completion in the third quarter of 2018.

It is estimated that 75 temporary construction jobs will be employed during the construction phase of the Project (January 2018 – August 2018), and that 4 new full-time positions will be created to maintain, inspect, and service the wind turbines. Hiring of permanent full-time employees will begin in August of 2018.

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

Tab 5

Documentation to assist in determining if limitation is a determining factor

**Section 8, #2: Has the applicant entered into any agreements, contracts, or letters of intent related to the proposed project?**

Third Planet Windpower, LLC has begun early stage due diligence work to explore the feasibility of constructing a wind facility at this site. As such, certain contracts have been executed including agreements to site and install meteorological monitoring equipment, wind study reports, lease and easement agreements with landowners, and contracts with environmental contractors to explore environmental impacts of the proposed project. None of these contracts obligate Third Planet Windpower, LLC to construct the project. In addition to the noted activities, Third Planet Windpower, LLC is also exploring off take, hedging contracts, and financing options.

**Section 8, #7: Is the applicant evaluating other locations not in Texas for the proposed project?**

Third Planet Windfarm has developed wind projects in Texas and Nebraska and is currently in the early exploratory stages of assessment and development of projects in California, Montana and the US Virgin Islands. The potential economic return of this project will be compared to the potential returns from other locations outside of Texas. Third Planet Windpower has access to limited capital, human and turbine resources, and must pick the best projects to advance as a company with the economic return is the primary input for this decision. The Texas wholesale electricity prices are well below the national average making it even more necessary to limit operating costs such as property tax to be able to offer competitively priced power.

Third Planet Windpower's proposed project in Loraine, Texas consists of 100 MW of capacity and is located adjacent to its existing Loraine Windpark Project. Construction of the project started in 2009-10. Construction was abandoned after this basic infrastructure was installed primarily because of collapsing wholesale power prices and the concurrent US financial crisis. Since this time, Federal Production Tax Credit (PTC) have been unavailable to allow to the project to move forward at profitable returns. Recent (December 2016) IRS Section 45 tax code special guidance has allowed projects like these - that have started and stopped construction - to reinstate PTC eligibility. This eligibility is conditioned upon completing construction and achieving in-service status no later than December 31, 2018. Failure to meet the 2018 in-service date will render the project ineligible for PTC indefinitely thereafter. Given the above circumstances, Third Planet Windpower recognizes a narrow window to complete this 100 MW project.

Electric cooperatives, private companies and city utilities are focused on low-cost energy supply, and contracting for the sale of electricity in Texas is currently highly competitive due to the number of wind projects and low wholesale power prices. Receiving the Appraised Value Limitation from the school district is vital to obtaining long-term financing and to maintaining the economic competitiveness of the project. The property tax liabilities of a project without tax incentives in Texas lowers the return to investors and financiers to an unacceptable level at today's contracted power rates under a Power

AMENDED 7/28/2017

DUFF & PHELPS

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

Purchase Agreement (PPA). A signed PPA in the Texas market is at much lower rates than other states because of competitively low electric prices. Both parties of the PPA have escape clauses if the terms of the PPA cannot be met. Without tax incentives in Texas, a project with a PPA becomes non-financeable. As of the time of this application, Third Planet Windpower, LLC does not have a PPA. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

Tab 7

**Description of qualified investment**

Third Planet Windpower, LLC is proposing the construction of a wind-powered electric generating facility with an operating capacity of approximately 100 megawatts in Mitchell County. The exact number of wind turbines and the size of each turbine would depend upon ongoing wind and siting analysis, the wind turbine selected, and the final megawatt generating capacity of the final layout.

Improvements and investments with the wind-powered Project will include, but not be limited to:

1. Wind turbines
2. Turbine Transformers (pad-mounts)
3. Towers
4. Foundations
5. Underground collection systems
6. Electrical substation equipment
7. Generation tie lines
8. Electrical interconnections
9. Met towers
10. Roads
11. Control systems.

Estimated capital expenditure on the project ranges from \$125,000,000 to \$150,000,000. The productive life of the equipment is estimated to be 25 years. Construction of the project is anticipated to begin in the first quarter of 2018 with completion in the third quarter of 2018.

It is estimated that 75 temporary construction jobs will be employed during the construction phase of the Project (January 2018 – August 2018), and that 4 new full-time positions will be created to maintain, inspect, and service the wind turbines. Hiring of permanent full-time employees will begin in August of 2018.

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

Tab 8

Description of qualified property

See Tab #7

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

**Tab 10**

**Description of Property not Eligible to become Qualified Property**

Third Planet Windpower, LLC currently has wind turbine foundations, roads and collection cables installed on various portions of the land being considered for the Project. The wind turbine foundations are not compatible with current wind turbines under consideration and the locations are not optimized to take advantage of wind patterns based on more recent studies. As such, the foundations will be demolished and have no value. The current assessed value of the foundations is zero.

Installation of new wind turbines and foundation will use the existing roads and the new wind turbines will be connected to the existing collection cables. The original cost of this existing property is \$8,200,000. As the roads and collection cables were never put into service, Mitchell County Appraisal District's current assessed value of this property is \$0. The value of these improvements will be assessed as a separate property account by Mitchell County Appraisal District upon being placed into service. The cost and estimated value of this property is not included in the schedules since it is not qualified property.

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

---

**Tab 11**

**Map of Project**

See Attached:

- a) Project Vicinity
- b) Qualified Investment / Property (Confidential)
- c) Existing property
- d) Land location within vicinity map
- e) Reinvestment zone

Third Planet Windpower, LLC  
Loraine ISD Limitation of Value Application

Tab 13

Calculation of three possible wage requirements with available TWC documentation

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Mitchell County	Total All	0	0	10	Total, All Industries	\$ 844
2016	2nd Qtr	Mitchell County	Total All	0	0	10	Total, All Industries	\$ 740
2016	3rd Qtr	Mitchell County	Total All	0	0	10	Total, All Industries	\$ 776
2016	4th Qtr	Mitchell County	Total All	0	0	10	Total, All Industries	\$ 770
<b>TOTAL</b>								<b>\$ 781.50</b>
<b>Average County Total, All Industries Wage</b>								<b>\$ 40,638</b>
<b>Requisite Wage (110% of Avg County Total, All Industries Wage)</b>								<b>\$ 44,702</b>

Quarterly Employment and Wages - Mitchell County								
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	Mitchell County	Total All	31	2	31-33	Manufacturing	
2016	2nd Qtr	Mitchell County	Total All	31	2	31-33	Manufacturing	
2016	3rd Qtr	Mitchell County	Total All	31	2	31-33	Manufacturing	
2016	4th Qtr	Mitchell County	Total All	31	2	31-33	Manufacturing	
<b>TOTAL</b>								
<b>Average County Manufacturing Wage</b>								
<b>Requisite Wage (110% of Avg County Mfg Wage)</b>								

Data reflects the four most recent quarters for which data is available from the Texas Workforce Commission. No manufacturing employment or wages are available for Mitchell County from the Texas Workforce Commission.

2015 Manufacturing Wages by Council of Government Region Wages for All Occupations Mitchell County		
COG	Wages	
	Hourly	Annual
1. West Central Texas Council of Governments	\$ 19.84	\$ 41,270
<b>Requisite Wage (110% of COG Mfg Wage)</b>		<b>\$ 45,397</b>

AMENDED 7/28/2017

DUFF & PHELPS

Third Planet Windpower, LLC  
Lorraine ISD Limitation of Value Application

---

Tab 17

Signature and Certification Page

See Attached.



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 ▶ Brandon McDowell
Print Name (Authorized School District Representative)

Superintendent
Title

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

7-31-17
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 ▶ James F. Kutey
Print Name (Authorized Company Representative (Applicant))

Chief Development Officer
Title

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

28 July 2017
Date

GIVEN under my hand and seal of office this, the

28 day of July, 2017

Notary Public in and for the State of Texas FL

My Commission expires: June 27, 2020



(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.