

Blue Summit III Wind, LLC

Chapter 313 Application to Quanah ISD

Cummings Westlake, LLC

TAB 1

Pages 1 through 7 of application.

Application for Appraised Value Limitation on Qualified Property

SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

Brandon Westlake
First Name Last Name
Consultant
Title
Cummings Westlake, LLC
Firm Name
(713) 266-4456 (713) 266-2333
Phone Number Fax Number
bwestlake@cwlp.net
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? Blue Summit III Wind, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32065707211
3. List the NAICS code 221115
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
Pending Application with with Chillicothe ISD

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? [X] 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)

Application for Appraised Value Limitation on Qualified Property

SECTION 9: Projected Timeline

- 1. Application approval by school board February 2019
 - 2. Commencement of construction Q2 - 2019
 - 3. Beginning of qualifying time period March 1, 2019
 - 4. First year of limitation January 1, 2020
 - 5. Begin hiring new employees December 2019
 - 6. Commencement of commercial operations December 2019
 - 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? December 2019

SECTION 10: The Property

- 1. Identify county or counties in which the proposed project will be located Hardeman County (100%)
- 2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Hardeman 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>Hardeman County; \$.7100; 100%</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: <u>Quanah Hospital District: \$.290727; 100%</u> <small>(Name, tax rate and percent of project)</small>	Water District: <u>Tri-County Gateway Groundwater CD; \$.0100; 100%</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
- 5. Is the project located entirely within the ISD listed in Section 1? Yes No
 - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
- 6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? Yes No
 - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

SECTION 11: Investment

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

- 1. At the time of application, what is the estimated minimum qualified investment required for this school district? 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

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TAB 2

Proof of Payment of Application Fee

Please find on the attached page, a copy of the check for the \$75,000 application fee paid to Quanah ISD.

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TAB 3

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

Blue Summit III Wind, LLC is a newly acquired entity and will be reported on the 2017 report for NextEra Energy Power Marketing, LLC as it was acquired after the 2016 report was filed. Attached is page 1 of 275 pages of the 2016 report.

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TAB 4

Detailed Description of the Project

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

Blue Summit III Wind, LLC (Blue Summit III) is requesting an appraised value limitation from Quanah Independent School District (ISD) for the Blue Summit III Wind Project (the "Project"), a proposed wind powered electric generating facility in Hardeman County. The proposed Quanah ISD Project (this application) will be constructed within Hardeman County Reinvestment Zone Number Two that was created by Hardeman and County on August 27th, 2018. A map showing the location of the project is included in TAB 11.

The proposed Project is anticipated to have a capacity of approximately 55 MW located in Quanah ISD. The exact number and location of wind turbines and size of each turbine will vary depending upon ongoing wind and siting analysis, turbine manufacturer's availability, prices, and the megawatt generating capacity of the Project when completed. Current estimated plans are to install 22 of the 2.50 MW GE turbines with all turbines located in Quanah ISD. The Applicant requests a value limitation for all facilities and equipment installed for the Project, including but not limited to, wind turbines, towers, foundations, roadways, meteorological towers, collection system, communication system, switchyard, electric transformers, transmission line and associated towers, and interconnection facilities.

Full construction of the Project is anticipated to begin in the 2nd Quarter of 2019 with completion by December 31, 2019.

**NOTE:* The map in TAB 11 shows the potential locations of 22 of the wind turbines within Quanah ISD boundaries; however, the final number of turbines and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

TAB 5*Documentation to assist in determining if limitation is a determining factor.*

NextEra Energy Resources (NEER) is one of the largest wholesale generators of electric power in the U.S., with nearly 19,880 MW of generating capacity across 24 states and four Canadian provinces as of January 2017. NEER produces the majority of its electricity from clean and renewable sources, including wind and solar. NEER also provides full energy and capacity requirements services, engages in power and gas marketing and trading activities, participates in natural gas, natural gas liquids and oil production and pipeline infrastructure development and owns a retail electricity provider. NEER has a long-term commitment to both wind and solar with an outlook to significantly expand our fleet of clean energy generating capacity.

NEER is keen to develop and build the proposed Blue Summit III Wind Project as per this application, but since this Project is still in the early stages of development, further investment could be, if necessary, redeployed to other counties and states competing for similar wind projects. NextEra is active in states throughout the Great Plains and southwest, where each project individually competes for a finite pool of capital investment. State and local tax incentives contribute to the lowering of the cost of power sold to our customers and making our investment more viable and marketable. NEER has over 40 wind sites in development throughout the country and are continually comparing investment opportunities, rate of return, and market viability of each project based upon project financial metrics. For example, NEER currently has ongoing project developments in many states, including but not limited to, California, North Dakota and Oklahoma.

Due to the extremely competitive power market in SPP most if not all PPA's economic model assumptions are based on the Project securing this Chapter 313 appraised value limitation and other local tax incentives. 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 PPA. A signed PPA in the Texas market is at a much lower rate than other states because of competitively low electricity prices. Both parties of the PPA have an escape clause if the terms of the PPA cannot be met. Without the tax incentives in Texas, a project with a PPA becomes non-financeable. Therefore, this appraised value limitation is critical to the ability of the proposed Project to move forward as currently sited.

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TAB 6

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

- | | |
|-----------------------------|--------|
| 1) Hardeman County | - 100% |
| 2) Tri-County GCD | - 100% |
| 3) Quanah Hospital District | - 100% |
| 4) Quanah ISD | - 100% |

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TAB 7

Description of Qualified Investment

Blue Summit III Wind, LLC plans to construct a 55 MW wind farm in Hardeman County.

This application covers all qualified property within Quanah ISD necessary for the commercial operations of the proposed wind farm described in Tab 4. Fifty-five megawatts (55 MW) will be located in Quanah ISD. Turbine placement is subject to change but for purposes of this application, the Project anticipates using 22 of the 2.50 MW turbines manufactured by GE.

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

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

**NOTE:* The map in TAB 11 shows the potential locations of 22 of the wind turbines within Quanah ISD boundaries; however, the final number of turbines and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

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TAB 8

Description of Qualified Property

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**NOTE:* The map in TAB 11 shows the potential locations of 22 of the wind turbines within Quanah ISD boundaries; however, the final number of turbines and the location of each of these facilities is dependent upon ongoing negotiations with power purchasers and other factors.

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TAB 9

Description of Land

Not Applicable

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TAB 10

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

Not Applicable

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TAB 11

Maps that clearly show:

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

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TAB 12

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

See Attached

TAB 13

Calculation of three possible wage requirements with TWC documentation

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

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TAB 14

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

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

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

PROPERTY INVESTMENT AMOUNTS					(Estimated Investment in each year. Do not put cumulative totals.)				
			Column A	Column B	Column C	Column D	Column E		
			(Fill in actual tax year below) YYYY	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 not become Qualified Property [SEE NOTE]	Other new investment made before filing complete application with district 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	School Year (YYYY-YYYY)							
Investment made after filing complete application with district, but before final board approval of application	-	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2019	0	0	0	0	0	0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period									
Complete six years of qualifying time period	QTP1	2020-2021	2020	0	0	0	0	0	0
	QTP2	2021-2022	2021	0	0	0	0	0	0
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]			60,500,000	0	0	0	60,500,000		
Total Qualified Investment (sum of green cells)			60,500,000				60,500,000		

For All Columns: List amount invested each year, not cumulative totals.
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
 Only tangible personal property that is specifically described in the application can become qualified property.
 Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.
 Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investing 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.



		PROPERTY INVESTMENT AMOUNTS					
		(Estimated investment in each year. Do not put cumulative totals.)					
		Column A	Column B	Column C	Column D	Column E	
		New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will not become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)	
		Enter amounts from TOTAL row in Schedule A1 in the row below	Enter amounts from TOTAL row in Schedule A1 in the row below	Enter amounts from TOTAL row in Schedule A1 in the row below	Enter amounts from TOTAL row in Schedule A1 in the row below	Enter amounts from TOTAL row in Schedule A1 in the row below	
Total investment from Schedule A1*	TOTALS FROM SCHEDULE A1	60,500,000	0	0	0	60,500,000	
Each year prior to start of value limitation period**							
	2019-2020	0	0	0	0	0	
	2020-2021	0	0	0	0	0	
	2021-2022	0	0	0	0	0	
	2022-2023	0	0	0	0	0	
	2023-2024	0	0	0	0	0	
	2024-2025	0	0	0	0	0	
	2025-2026	0	0	0	0	0	
	2026-2027	0	0	0	0	0	
	2027-2028	0	0	0	0	0	
	2028-2029	0	0	0	0	0	
	2029-2030	0	0	0	0	0	
	Total Investment made through limitation	60,500,000	0	0	0	60,500,000	
Continue to maintain viable presence							
	2030-2031	0	0	0	0	0	
	2031-2032	0	0	0	0	0	
	2032-2033	0	0	0	0	0	
	2033-2034	0	0	0	0	0	
	2034-2035	0	0	0	0	0	
	2035-2036	0	0	0	0	0	
	2036-2037	0	0	0	0	0	
	2037-2038	0	0	0	0	0	
	2038-2039	0	0	0	0	0	
	2039-2040	0	0	0	0	0	
	2040-2041	0	0	0	0	0	
	2041-2042	0	0	0	0	0	
	2042-2043	0	0	0	0	0	
	2043-2044	0	0	0	0	0	
	2044-2045	0	0	0	0	0	

* All investments made through the qualifying time period are captured and labeled on Schedule A1 [blue box] and incorporated into this schedule in the first row.
 ** Only investment made during delerials 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 313.026(1) but not creating a new improvement as defined by TAC 9.105.1. 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.

Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	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 18S after all reductions	Final taxable value for M&O after all reductions
0	2019-2020	2019	2019	0	0	0	0	0	0
1	2020-2021	2020	2020	0	0	58,080,000	58,080,000	58,080,000	20,000,000
2	2021-2022	2021	2021	0	0	53,433,600	53,433,600	53,433,600	20,000,000
3	2022-2023	2022	2022	0	0	49,158,912	49,158,912	49,158,912	20,000,000
4	2023-2024	2023	2023	0	0	45,226,199	45,226,199	45,226,199	20,000,000
5	2024-2025	2024	2024	0	0	41,608,103	41,608,103	41,608,103	20,000,000
6	2025-2026	2025	2025	0	0	38,279,455	38,279,455	38,279,455	20,000,000
7	2026-2027	2026	2026	0	0	35,217,098	35,217,098	35,217,098	20,000,000
8	2027-2028	2027	2027	0	0	32,399,731	32,399,731	32,399,731	20,000,000
9	2028-2029	2028	2028	0	0	29,807,752	29,807,752	29,807,752	20,000,000
10	2029-2030	2029	2029	0	0	27,423,132	27,423,132	27,423,132	20,000,000
11	2030-2031	2030	2030	0	0	25,229,281	25,229,281	25,229,281	25,229,281
12	2031-2032	2031	2031	0	0	23,210,939	23,210,939	23,210,939	23,210,939
13	2032-2033	2032	2032	0	0	21,354,064	21,354,064	21,354,064	21,354,064
14	2033-2034	2033	2033	0	0	19,645,739	19,645,739	19,645,739	19,645,739
15	2034-2035	2034	2034	0	0	18,074,080	18,074,080	18,074,080	18,074,080
16	2035-2036	2035	2035	0	0	16,628,153	16,628,153	16,628,153	16,628,153
17	2036-2037	2036	2036	0	0	15,297,901	15,297,901	15,297,901	15,297,901
18	2037-2038	2037	2037	0	0	14,074,069	14,074,069	14,074,069	14,074,069
19	2038-2039	2038	2038	0	0	12,948,143	12,948,143	12,948,143	12,948,143
20	2039-2040	2039	2039	0	0	11,912,292	11,912,292	11,912,292	11,912,292
21	2040-2041	2040	2040	0	0	10,959,309	10,959,309	10,959,309	10,959,309
22	2041-2042	2041	2041	0	0	10,082,564	10,082,564	10,082,564	10,082,564
23	2042-2043	2042	2042	0	0	9,275,959	9,275,959	9,275,959	9,275,959
24	2043-2044	2043	2043	0	0	8,533,882	8,533,882	8,533,882	8,533,882
25	2044-2045	2044	2044	0	0	7,851,171	7,851,171	7,851,171	7,851,171

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.

1245-quanahisd-bluesummitwindll-amendment003

Date: 12/5/2018
 Applicant Name: Blue Summit III Wind, LLC
 ISD Name: Quanah ISD

Schedule C: Employment Information

Form 50-296A
 Revised May 2014

Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	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	
0	2019-2020	2019	2019	300 FTE	52,500	0	0	0	
1	2020-2021	2020	2020	N/A	N/A	0	2	53,668	
2	2021-2022	2021	2021	N/A	N/A	0	2	53,668	
3	2022-2023	2022	2022	N/A	N/A	0	2	53,668	
4	2023-2024	2023	2023	N/A	N/A	0	2	53,668	
5	2024-2025	2024	2024	N/A	N/A	0	2	53,668	
6	2025-2026	2025	2025	N/A	N/A	0	2	53,668	
7	2026-2027	2026	2026	N/A	N/A	0	2	53,668	
8	2027-2028	2027	2027	N/A	N/A	0	2	53,668	
9	2028-2029	2028	2028	N/A	N/A	0	2	53,668	
10	2029-2030	2029	2029	N/A	N/A	0	2	53,668	
11 through 25	2030-2045	2030-2044	N/A	N/A	N/A	0	2	53,668	

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

C1. Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25) Yes No
 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)

Date: 12/5/2018
 Applicant Name: Blue Summit III Wind, LLC
 ISD Name: Quanah ISD

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
Tax Code Chapter 312	County: Hardeman County	2020	10 Years	Avg. \$291,000	100%	Avg \$88,000
	City:	N/A	N/A	N/A	N/A	N/A
Local Government Code Chapters 380/381	Other:	N/A	N/A	N/A	N/A	N/A
	County:	N/A	N/A	N/A	N/A	N/A
	City:	N/A	N/A	N/A	N/A	N/A
Freepport Exemptions	N/A	N/A	N/A	N/A	N/A	N/A
Non-Annexation Agreements	N/A	N/A	N/A	N/A	N/A	N/A
Enterprise Zone/Project	N/A	N/A	N/A	N/A	N/A	N/A
Economic Development Corporation	N/A	N/A	N/A	N/A	N/A	N/A
Texas Enterprise Fund	N/A	N/A	N/A	N/A	N/A	N/A
Employee Recruitment	N/A	N/A	N/A	N/A	N/A	N/A
Skills Development Fund	N/A	N/A	N/A	N/A	N/A	N/A
Training Facility Space and Equipment	N/A	N/A	N/A	N/A	N/A	N/A
Infrastructure Incentives	N/A	N/A	N/A	N/A	N/A	N/A
Permitting Assistance	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
Other:	N/A	N/A	N/A	N/A	N/A	N/A
TOTAL				Avg. \$291,000		Avg \$88,000

Additional information on incentives for this project:

Blue Summit III Wind, LLC

Chapter 313 Application to Quanah ISD

Cummings Westlake, LLC

TAB 15

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

None

Blue Summit III Wind, LLC

Chapter 313 Application to Quanah ISD

Cummings Westlake, LLC

TAB 16

Description of Reinvestment Zone or Enterprise Zone, including:

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

**RESOLUTION OF THE COMMISSIONERS COURT
OF HARDEMAN COUNTY, TEXAS**

CREATING HARDEMAN COUNTY REINVESTMENT ZONE NUMBER TWO (also known as Blue Summit Wind Reinvestment Zone), FOR COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN HARDEMAN COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE

PREAMBLE

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

WHEREAS, Section 312.401 of the Texas Tax Code permits a County Commissioners Court to designate a reinvestment zone if that designation is reasonably likely to contribute to the retention or expansion of primary employment, or attract major investment in the reinvestment zone that would contribute to the economic development of the County; and,

WHEREAS, none of the area, described in **EXHIBITS 1 and 2**, below, for which application for the creation of a reinvestment zone has been made, is within the taxing jurisdiction of any municipality; and,

WHEREAS, on August 27, 2018, a hearing before the Commissioners Court of Hardeman 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 a newspaper of general circulation and the delivery of written notice to the respective presiding officers of each taxing entity that it includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

WHEREAS, the Commissioners Court of Hardeman County, Texas at such public hearing, held in accordance with the procedural requirements of Chapter 312, of the Texas Tax Code, and Chapter 551 of the Texas Government Code, 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; and,

WHEREAS, the improvements set forth in the Application by Blue Summit II Wind Farm, LLC and Blue Summit III Wind Farm, LLC, LLC for a tax abatement agreement are feasible and of benefit to the county after expiration of the tax abatement; and,

WHEREAS, the Hardeman County Commissioners Court wishes to create a reinvestment zone within the boundaries of Hardeman County as shown on the map attached as **EXHIBIT 1** and further described by the legal description set forth in **EXHIBIT 2** of this Resolution;

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF HARDEMAN COUNTY, TEXAS:

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

SECTION 2. That the Commissioners Court of Hardeman 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 *Hardeman County Reinvestment Zone Number Two* 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 *Hardeman County Reinvestment Zone Number Two* should be the area depicted in the plat map indicating the boundaries thereof, attached hereto as **EXHIBIT 1**, and further described in the legal description of the boundaries described in **EXHIBIT 2**, both of which are incorporated herein by reference for all intents and purposes; and,
- (c) That creation of *Hardeman County Reinvestment Zone Number Two* with boundaries as described in **EXHIBITS 1 and 2** will result in benefits to the Hardeman County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The *Hardeman County Reinvestment Zone Number Two*, as described and depicted in in **EXHIBITS 1 and 2** meets all of 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 Hardeman County, Texas, and that the entire tract of land is located

entirely within an unincorporated area of Hardeman County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines and Criteria adopted by the Hardeman County Commissioners Court, the Hardeman County Commissioners Court hereby creates *Hardeman County Reinvestment Zone Number Two*, as a reinvestment zone for commercial-industrial tax abatement encompassing only the area within the boundaries described in **EXHIBITS 1 and 2**, and such reinvestment zone is hereby designated and shall hereafter be referred to as *Hardeman County Reinvestment Zone Number Two*.

SECTION 4. *Hardeman County Reinvestment Zone Number Two* shall take effect on August 27, 2018 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

SECTION 5. That if any section, paragraph, clause or provision of this Order shall for any reason 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 Order.

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Hardeman County Commissioners Court at which this Order 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 27th day of August, 2018.

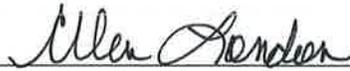
HARDEMAN COUNTY, TEXAS

By: 

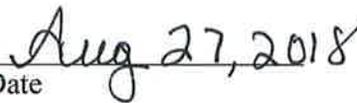
RONALD INGRAM

County Judge

Attest:



ELLEN LONDON
Hardeman County Clerk

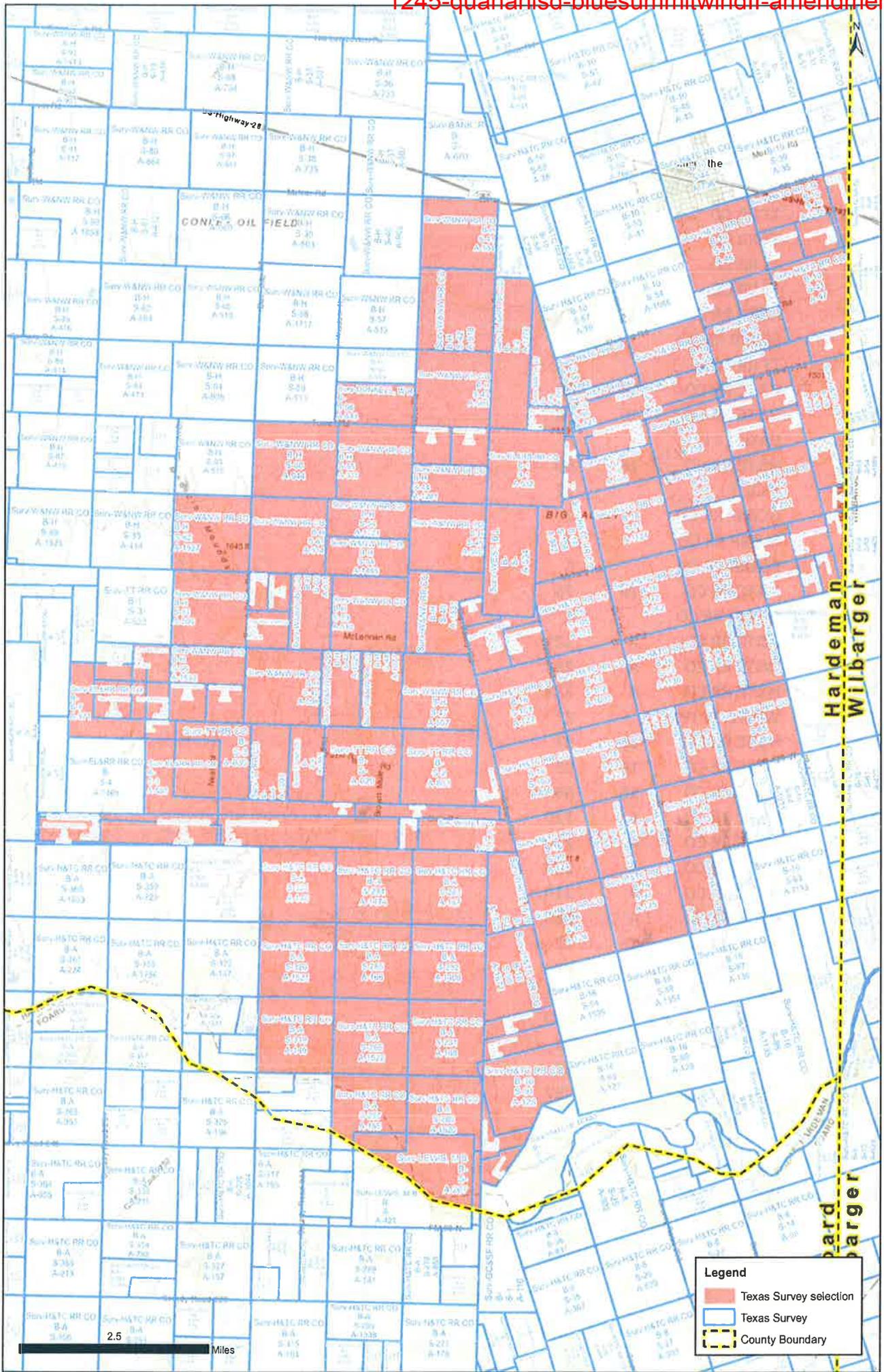

Date

[COUNTY SEAL]

ABSTRACT	SURVEY	BLOCK	SECTION
34	H&TC RR CO	10	29
1475	H&TC RR CO	10	40
1833	H&TC RR CO	10	40
1797	H&TC RR CO	10	40
?4	H&TC RR CO	10	28
47	H&TC RR CO	10	41
1817	H&TC RR CO	10	42
11	EDWARDS, W C		
257	H&TC RR CO	16	55
1864	H&TC RR CO	16	56
1853	H&TC RR CO	16	56
1708	H&TC RR CO	16	56
1621	H&TC RR CO		54
1832	H&TC RR CO	16	54
989	H&TC RR CO	16	68
1136	H&TC RR CO	16	53
1440	H&TC RR CO	16	58
1803	H&TC RR CO	16	58
1403	H&TC RR CO	16	58
1714	H&TC RR CO	16	58
1897	H&TC RR CO	16	58
1402	H&TC RR CO	16	58
1479	H&TC RR CO	16	66
1131	H&TC RR CO	16	75
46	H&TC RR CO	10	43
504	W&NW RR CO	H	41
918	W&NW RR CO	H	42
750	H&TC RR CO	10	42
1278	EL&RR RR CO		2
701	SMITH, W		6
1443	H&TC RR CO	10	42
1842	H&TC RR CO	10	56
505	W&NW RR CO	H	43
1188	EL&RR RR CO		2
40	H&TC RR CO	10	55
821	H&TC RR CO	10	56
843	DONNELL, W R		56
1082	H&TC RR CO	16	56
258	H&TC RR CO	16	69
1813	H&TC RR CO	16	56
1794	TAYLOR, J P		7
1634	H&TC RR CO	16	56
802	H&TC RR CO	16	70
944	W&NW RR CO	H	60
511	W&NW RR CO	H	55
835	W&NW RR CO		44

1365	W&NW RR CO	H	44
532	EL&RR RR CO	1	1
636	EL&RR RR CO		1
1885	H&TC RR CO	16	70
1168	WALKER, MRS R		
1290	WALKER, MRS R		
261	H&TC RR CO	16	57
1281	W&NW RR CO	H	44
1137	H&TC RR CO	16	71
942	H&TC RR CO	16	106
1682	H&TC RR CO	16	68
1527	W&NW RR CO	H	62
514	W&NW RR CO	H	61
1058	H&TC RR CO	16	68
1721	W&NW RR CO	H	54
506	W&NW RR CO	H	45
534	WEST, B L		
259	H&TC RR CO	16	67
1485	W&NW RR CO	H	54
962	H&TC RR CO	16	72
121	H&TC RR CO	16	105
1531	W&NW RR CO	H	46
509	W&NW RR CO	H	51
1904	W&NW RR CO	H	52
1367	W&NW RR CO	H	52
811	W&NW RR CO	H	52
510	W&NW RR CO	H	53
1806	H&TC RR CO	16	104
924	H&TC RR CO	16	104
954	H&TC RR CO	16	66
1238	W&NW RR CO	H	52
1547	H&TC RR CO	16	104
1130	H&TC RR CO	16	73
1000	H&TC RR CO	16	102
1532	W&NW RR CO	H	50
508	W&NW RR CO	H	49
1525	W&NW RR CO	H	48
1077	W&NW RR CO	H	48
507	W&NW RR CO	H	47
122	H&TC RR CO	16	103
1422	TT RR CO		4
571	EL&RR RR CO		7
1620	TT RR CO		4
1653	W&NW RR CO	H	50
260	H&TC RR CO	16	65
1892	W&NW RR CO	H	50
1895	H&TC RR CO	16	74

698	RICE, J J		21
1607	H&TC RR CO	16	74
123	H&TC RR CO	16	101
1788	PULLIAM, W H	A	5
1209	TT RR CO		4
1481	TT RR CO		4
629	TT RR CO		
851	TT RR CO		2
850	H&TC RR CO	16	100
580	EL&RR RR CO		3
630	TT RR CO		3
1804	H&TC RR CO	16	98
1544	H&TC RR CO	16	98
1776	BAKER, J F		4
124	H&TC RR CO	16	99
1198	RICE, J J		22
1787	GC&SF RR CO		2
1473	EL&RR RR CO		2
562	EL&RR RR CO		1
1468	H&TC RR CO	16	76
1122	GC&SF RR CO		1
148	H&TC RR CO	A	321
1474	H&TC RR CO	A	284
167	H&TC RR CO	A	283
1625	WHITE, W W		2
125	H&TC RR CO	16	97
126	H&TC RR CO	16	95
1671	H&TC RR CO	16	96
1521	H&TC RR CO	A	320
166	H&TC RR CO	A	285
1408	H&TC RR CO	A	282
149	H&TC RR CO	A	319
1522	H&TC RR CO	A	286
1530	H&TC RR CO	16	92
1735	H&TC RR CO	16	92
168	H&TC RR CO	A	281
1520	H&TC RR CO	A	280
128	H&TC RR CO	16	91
1780	H&TC RR CO	16	92
165	H&TC RR CO	A	287
267	LEWIS, M B		
1444	H&TC RR CO	16	92
1865	H&TC RR CO	A	279
707	WHITE, W W		1



Legend

- Texas Survey selection
- Texas Survey
- County Boundary

2.5 Miles

**A RESOLUTION OF THE HARDEMAN COUNTY
COMMISSIONERS COURT ESTABLISHING GUIDELINES AND
CRITERIA GOVERNING THE GRANTING OF TAX ABATEMENT
AGREEMENTS IN REINVESTMENT ZONES CREATED IN
HARDEMAN COUNTY, TEXAS**

County of Hardeman)*(*

State of Texas)*(*

WHEREAS, the creation, retention and diversification of job opportunities to the present and future residents of Hardeman County, Texas is a high priority of the Commissioners Court; and,

WHEREAS, the purpose of a tax abatement is to provide an incentive offered by the Commissioners Court on behalf of the taxpayers of Hardeman County, manufacturing and other capital-intensive investments, with high paying jobs, that lead to increased local commerce, better services, and a better quality of life; and,

WHEREAS, the wealth created by these enterprises leads to increased local service and retail businesses, which, in addition to improving the quality of life in Hardeman County, also increases the *ad valorem* property tax base; and,

WHEREAS, by giving a current incentive in the form of a tax abatement, the Commissioners Court, on behalf of the citizens of Hardeman County, Texas, agree to give up potential short-term tax benefits in exchange for long-term benefits for the community; and,

WHEREAS, the new jobs, investment and industrial/commercial diversification will benefit the area economy, provide new and needed opportunities, strengthen the real estate market, and generate additional tax revenue to support the provision of local services by local political subdivisions; and,

WHEREAS, Hardeman County must compete with other localities across both the state and nation which have or are currently offering tax inducements in various forms to attract new investments in their respective local economies; and,

WHEREAS, any tax incentives offered in Hardeman County, Texas, will in the short term, reduce potential new tax revenue unless strictly limited in application only to new investments in facilities that will bring new wealth to the County; and,

WHEREAS, the abatement of property taxes, when offered to attract capital investment and the creation of primary jobs in industries which bring in capital investment from outside of the County, has been consistently shown to be an effective method of enhancing and diversifying a local economy; and,

WHEREAS, Texas Tax Code Section 312.002 provides that no municipality or county may designate an area as a reinvestment zone, and that no taxing unit may execute a tax abatement agreement under Texas Tax Code chapter 312, unless it first (i) establishes guidelines and criteria for tax abatement agreements and (ii) adopts a resolution stating that the taxing unit elects to become eligible to participate in tax abatement; and,

WHEREAS, the Commissioners Court of Hardeman County, Texas, for all the reasons set forth above, desires to be eligible to participate in tax abatement under certain circumstances; now therefore:

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

Section 1. DEFINITIONS

As used in these Guidelines and Criteria, the following italicized terms shall be defined as:

- a. *"Abatement"* means the full or partial exemption from ad valorem taxes on certain real property in a reinvestment zone designated by Hardeman County for economic development purposes.
- b. *"Abatement Period"* means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- c. *"Abated Facility Site"* (or *"Proposed Abated Facility Site"*) means the tract(s) or area of land underlying the proposed improvements to be abated.
- d. *"Agreement"* means a contractual agreement between a property owner and/or lessee and Hardeman County, Texas for the purpose of granting a tax abatement pursuant to Chapter 312 of the Texas Tax Code.
- e. *"Base year value"* means the assessed value of eligible property January 1 preceding the execution of the agreement, plus the agreed upon value of eligible property improvements made after January 1, but before the execution of the agreement.
- f. *"Deferred Maintenance"* means the improvements necessary for continued operations which do not improve productivity or alter the process technology.

- g.** *"Economic Development"* means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Hardeman County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Hardeman County.
- h.** *"Eligible Jurisdiction"* means Hardeman County and any municipality, school district, or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in Hardeman County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Hardeman County.
- i.** *"Employee"* for the purposes of the economic qualifications of Section 2(i)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.
- j.** *"Existing Facility"* is the facility described in Section 2(a), that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (i)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 5 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" for the facility improvements to qualify for abatement.
- k.** *"Expansion"* means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- l.** *"Facility"* means property improvements completed or in the process of construction which together comprise an integral whole.
- m.** *"Hardeman County Vendor and Services"* means a company that employs Hardeman County residents and pays Hardeman County taxes.

- n. *"Manufacturing Facility"* means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- o. *"Modernization"* means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing.
- p. *"New Facility"* means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- q. *"Other Basic Industry"* means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside Hardeman County.
- r. *"Productive Life"* means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.
- s. *"Qualified Vendors and Services"* means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.
- t. *"Research Facility"* means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- u. *"Regional Service Facility"* means buildings and structures, including machinery and equipment, used or to be used to service goods where fifty percent (50%) of the goods being serviced originate outside of Hardeman County.

- v. *“Tangible Personal Property”* means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the reinvestment zone at any time before the period covered by the agreement with the County

Section 2. ABATEMENT AUTHORIZED

- a. **Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, or Regional Service Facility, Other Basic Industry, or a Facility that Commissioners Court determines would enhance job creation and the economic future of Hardeman County.
- b. **Applicable Only to New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Hardeman County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Hardeman County may require.
- c. **Applicable New and Existing Facilities.** Abatement may be granted for new facilities and new improvements to existing facilities for purposes of modernization or expansion.
- d. **Eligible Property.** Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.
- e. **Tangible Personal Property.** Abatement may be granted with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation:
1. all or a portion of the value of the real property;
 2. all or a portion of the value of the tangible personal property located on the real property; or,
 3. all or a portion of the value of both.

An abatement may be granted with the owner of tangible personal property or an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

- f. Ineligible Property.** The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Hardeman County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by state law.

In addition to the foregoing, all property owned by Owner, which was located within the Hardeman County Reinvestment Zone Number One before the date of any tax abatement agreement shall be excluded from this agreement and shall be fully taxable.

- g. Leased Facilities/Leasehold Interest.** An abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

Lessee Interest: An abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation:

1. all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease;
2. all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or,
3. all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

An applicant for an abatement who does not own the land upon which the project for which the abatement is sought shall be required to submit to the County a copy of the executed memorandum of lease agreement or other acceptable document between lessor/lessee demonstrating a lease term, including options for extensions, of at least fifteen years.

- h. Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. One

hundred percent of the value (or such percentage of value that shall be set by Commissioners Court order) of new eligible properties shall be abated for up to ten years or one-half (1/2) the productive life of the improvement whichever is less. The “productive life” will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1st following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

- i. Economic Qualification.** In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:
1. must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
 2. must create employment for at least five (5) people on a full-time (40 hours per week equivalent) basis in Hardeman County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of five (5) employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:
 - a. “Existing facility” is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 5 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100

employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

- b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered "created" employment for purposes of this sub-section. The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.
3. must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.
4. must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

5. must file a plan statement with application demonstrating willingness and planned efforts to use qualified Hardeman County vendors and services where applicable in the construction and operations of the facility. Hardeman County vendors and services must be competitive with non-county vendors and services regarding price, quality, safety, availability and ability to perform.

6. will annually, for the term of the abatement, contribute all required payments in lieu of taxation as may be required in any Agreement made pursuant to these Guidelines and Criteria.

Section 3. APPLICATION

- a. An Application for tax abatement must be filed with the County Judge's Office and must be accompanied by an application fee. Hardeman County has established a \$10,000 application fee.
- b. Any present or potential owner of taxable property in Hardeman County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Hardeman County. The application shall be filed with the County Judge by providing one original copy and an electronic version and must be accompanied by the application fee.
- c. The application shall consist of a completed application letter accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, 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.
- d. Upon receipt of a completed application and application fee, the County Judge shall notify in writing the presiding officer of the legislative body of each eligible jurisdiction. Before acting upon the application, Hardeman County Commissioners Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted.
- e. If upon written request for a legal opinion or interpretation from the Commissioners Court or its members, the legal counsel for Hardeman County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed. The Applicant may file a supplement or addendum to its application to show cause why the Application should be approved and shall present reasons at the public hearing on the same.
- f. Any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any

final decision as to whether to grant or deny tax abatement shall be made by the Commissioners Court at its sole discretion.

- g. Hardeman County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- h. Requests for variance may be made in written form to the County Judge. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.

Section 4. ADDITIONAL REQUIREMENTS

Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

- a. there would be a substantial adverse effect on the provision of government service or tax base;
- b. the Applicant has insufficient financial capacity;
- c. the planned or potential use of the property would constitute hazard to public safety, health or morals; or,
- d. the planned or potential use of the property would constitute a violation of other codes or laws.

Section 5. APPROVAL OF AGREEMENT

After approval, Hardeman County Commissioners Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:

- a. the estimated value to be abated and the base year value;
- b. the percent of value to be abated each year as provided in Section 2(h);
- c. the commencement date and the termination date of abatement unless deferred;
- d. the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in the Application;

- e. contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in these guidelines and criteria, specifically Sections 2(a), 2(g), 2(h), 2(i) 6, 7, and 8;
- f. size of investment and average number of jobs involved for the period of abatement; and,
- g. provision that Applicant shall annually furnish information necessary for Hardeman County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria, together with an additional provision that Hardeman County may, at its election, request and obtain reasonable information from Applicant as is necessary for the County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria.

Section 6. COUNTY REMEDIES IN THE EVENT OF DEFAULT

- a. In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the county may elect to:
 - 1. Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes;
 - 2. Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or,
 - 3. Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- b. Should Hardeman County determine that the company or individual is in default according to the terms and conditions of its agreement, Hardeman County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within ninety (90) days from the date of such notice ("Cure Period"), then the agreement may be terminated.
- c. If the company or individual (1) allows its ad valorem taxes owed the 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, the agreement then

may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.

- d. Failure to provide any requested statement or information pursuant to the provisions described in Section 5(g) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

Section 7. ADMINISTRATION

- a. The Chief Appraiser of Hardeman County shall 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 Chief Appraiser with such information as may be necessary for the administration of the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levies taxes on the amount of the assessment.
- b. The agreement shall stipulate Hardeman County and its agents 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 seventy-two (72) 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 their safety standards.
- c. Upon completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Hardeman County Commissioners Court clearly detailing the status of the facility and how it is complying with the abatement guidelines.
- d. The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

Section 8. ASSIGNMENT

A tax abatement granted under these Guidelines and Criteria may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of Hardeman 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 Hardeman County. No assignment or transfer shall be approved if the new parties to the existing agreement, the new owner or new lessee are liable to Hardeman County or any eligible jurisdiction for delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

Section 9. SUNSET PROVISION

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Hardeman County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.

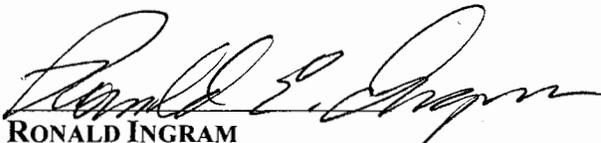
These guidelines and policies for Tax Abatement shall be effective December 11, 2017, and shall remain in force until December 11, 2022, unless amended or superseded, modified, renewed, or eliminated by Commissioners Court prior to that date.

Section 10. NO LIMIT ON DISCRETION

In accordance with Texas Tax Code section 312.002, these guidelines and criteria shall not limit the discretion of the County to decide whether to enter into a specific tax abatement agreement. Accordingly, the County may enter into a particular tax abatement agreement whenever it determines that it is in the best interests of the County to enter into such agreement and provide such abatement with respect to a particular applicant. In doing so, the County may vary from the provisions of this Tax Abatement Policy Statement in any respect that is not contrary to state law.

PASSED, APPROVED, AND ADOPTED THIS _____ day of _____, 2017.

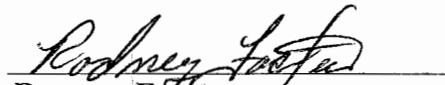
COMMISSIONERS COURT
HARDEMAN COUNTY, TEXAS


RONALD INGRAM
County Judge.


CHRIS CAIL
County Commissioner, Precinct 1


RODGER TABOR
County Commissioner, Precinct 2


BARRY HAYNES
Commissioner, Precinct 3


RODNEY FOSTER
Commissioner, Precinct 4

ATTEST:


ELLEN LONDON
Hardeman County Clerk

Blue Summit III Wind, LLC

Chapter 313 Application to Quanah ISD

Cummings Westlake, LLC

TAB 17

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

See Attached