

**LIMITATION ON APPRAISED  
VALUE AGREEMENT**

**VEGA INDEPENDENT SCHOOL DISTRICT**

and

**SPINNING SPUR WIND LLC**

December 14, 2010

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, ("Agreement") is executed and delivered by and between Vega Independent School District (the "District"), with its central administrative office located in Oldham County, Texas ("County"), a lawfully created independent school district of the State of Texas operating under and subject to the Texas Education Code ("TEC"), and Spinning Spur Wind LLC, a Texas limited liability company, ("Applicant") and relates to a limitation of the Appraised Value of property for the District's maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the "Code"). The District and Applicant are collectively referred to herein as the "Parties" and each individually as a "Party."

## RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District's Board of Trustees ("Board of Trustees"), timely received from Applicant an Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053, including any agreed and accepted amendments thereto ("Application"), on or about February 12, 2010 (the "Application Date"); and,

WHEREAS, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL), if any, on or about the Application Date thus establishing the effective filing date of such Application; and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts ("Comptroller") for review pursuant to §313.025(a-1) and (b) of the Code and the Comptroller deemed the Application complete and thereafter began its analysis of the Application; and,

WHEREAS, the Comptroller conducted an economic impact evaluation of the Application pursuant to §313.025(b) of the Code; and,

WHEREAS, pursuant to §313.025(b-1) of the Code, the Comptroller delivered to the Texas Education Agency ("TEA") a copy of the Application and the TEA then timely submitted a written report addressing the effects of the Application on the number or size of the District's instructional facilities to the Comptroller; and,

WHEREAS, pursuant to §313.025(d) of the Code, the Board of Trustees timely received the recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code §§313.001, *et seq.* (the "Recommendation"); and,

WHEREAS, pursuant to §313.025(b) of the Code, Applicant requested an extension of the 150 day period for District action on its Application, which request was granted by Board action on July 19, 2010; and,

WHEREAS, the Board of Trustees has carefully considered the school finance information together with the Recommendation and information provided by the Comptroller,

including the economic impact evaluation; and,

WHEREAS, pursuant to §313.025(f-1) of the Code, the Board of Trustees at its Board meeting held on December 14, 2010 waived the Qualifying Job creation requirements set forth in Section 313.051(b) of the Code; and,

WHEREAS, pursuant to §313.025(e) of the Code, the Board of Trustees at its Board meeting held on December 14, 2010 made written factual findings as required by §313.026 of the Code and has delivered a copy of such findings to the Applicant; and,

WHEREAS, pursuant to §313.025(f) of the Code, the Board of Trustees at its Board meeting held on December 14, 2010 further found that: (a) the information in the Application is true and correct; (b) the Board agrees with the Comptroller's Recommendation; (c) this Agreement is in the best interest of the State of Texas and the District; (d) the Applicant is eligible for the limitation on Appraised Value of the Qualified Property; and (d) the relevant job creation requirement set forth in Chapter 313 of the Code should be waived; and,

WHEREAS, the Board of Trustees approves the form of this Agreement for a Limitation on Appraised Value of Property and authorize the execution and delivery of such Agreement by the president of the District's Board of Trustees to the Applicant.

NOW, THEREFORE, for and in consideration of the promises, including the foregoing recitals, and the mutual covenants and agreements herein contained, the Parties hereby agree as follows:

## **ARTICLE 1 - AUTHORITY, TERM AND DEFINITIONS**

### **Section 1.1 DISTRICT AUTHORITY**

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District under §313.051 of the Code.

### **Section 1.2 TERM**

1.2.1 This Agreement shall commence and first become effective on January 1, 2011 for the ad valorem property valuations assessed against the Qualified Property and investments made pursuant to this Agreement (the "Commencement Date"). The limitation on the local ad valorem property values shall terminate on December 31 of the tenth (10<sup>th</sup>) calendar year of this Agreement unless sooner terminated as herein provided. The early termination of this Agreement shall not release any obligation, right, or remedy arising from any failure to comply with any term of this Agreement prior to such termination. Each Party shall have the right to enforce the payment of any amount owed before the termination of this Agreement.

1.2.2 The Parties acknowledge that the limitation on the local ad valorem property values shall not commence until January 1 following the end of the second tax year that begins after the Commencement Date or such later date as reflected herein. The period that begins on

the Commencement Date and ends on December 31 of the second tax year that begins after the Commencement Date shall be referred to herein as the “Qualifying Time Period” as that term is defined in §313.021(4) of the Code.

1.2.3 For three (3) years after December 31 of the tenth (10<sup>th</sup>) year of this Agreement, Applicant shall (a) Maintain a Viable Presence in the District, as that term is defined herein; and (b) make any payments in lieu of taxation as provided in Article 4. Unless sooner terminated, this Agreement shall end on December 31 of the thirteenth (13<sup>th</sup>) year of this Agreement. Nothing contained in this Agreement shall extend the tax limitation beyond ten (10) calendar years from the Commencement Date.

1.2.4 The tax years for which this Agreement is effective, unless sooner terminated, are set forth in Schedule 1.2 of this Agreement, which is incorporated herein by reference.

### **Section 1.3 DEFINITIONS**

Capitalized terms used herein and not specifically defined shall have the definitions as set forth in Schedule 1.3 of this Agreement, which is incorporated herein by reference.

## **ARTICLE 2 - PROPERTY AND USE DESCRIPTIONS**

### **Section 2.1 REINVESTMENT ZONE OR ENTERPRISE ZONE**

The property upon which the Qualified Investment will be located will be located entirely within a Reinvestment Zone, so designated under Chapter 311 or 312 of the Code, or an Enterprise Zone under Chapter 2303 of the Texas Government Code. The metes and bounds description of the Reinvestment Zone or Enterprise Zone and maps showing the location thereof are attached to this Agreement as Schedule 2.1, which is incorporated herein by reference.

### **Section 2.2 QUALIFIED PROPERTY**

Applicant’s Qualified Property is described in Schedule 2.3, which is incorporated herein by reference. The Parties expressly agree that the location of the Qualified Property shall be within the Reinvestment Zone, and such location may not be materially changed from its current configuration without the express written authorization of the Parties.

### **Section 2.3 QUALIFIED INVESTMENT**

Applicant’s Qualified Investment is described in Schedule 2.3, which is incorporated herein by reference. Property not specifically referenced in Schedule 2.3 and not otherwise meeting the requirements of Chapter 313 and this Agreement shall not be considered to be a Qualified Investment for purposes of this Agreement and will not be subject to this Agreement.

2.3.1 Schedule 2.3 may be amended by adding or removing Qualified Property pursuant to: (a) the provisions of Comptroller’s Rule 9.1055; and (b) approval by the District’s Board of Trustees pursuant to §313.027(e) of the Code.

2.3.2 Property owned by Applicant which is not described in Schedule 2.3 may not be considered to be Qualified Property unless the Applicant (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply; (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and (c) provides any additional information reasonably requested by the District or the Comptroller for the purpose of re-evaluating the new or changed conditions.

2.3.3 In the event that Applicant fails to make a Qualified Investment of at least Ten Million Dollars (\$10,000,000.00) during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2012.

#### **Section 2.4 EXISTING IMPROVEMENTS AND PERSONAL PROPERTY**

Certain improvements and personal property may have existed in the Reinvestment Zone or Enterprise Zone prior to the Application Date. The Parties understand and agree that the Taxable Value of real estate improvements and/or business personal property which existed prior to the submission of an Application may not be considered as Qualified Investment or Qualified Property under Chapter 313 of the Code or this Agreement.

#### **Section 2.5 INVENTORY OF QUALIFIED PROPERTY**

Upon any change to the Qualified Property, or upon the reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components on the Qualified Property to which the value limitation applies. Such description shall include maps or surveys detailed enough to locate all such property within the boundaries of the real property subject to the Agreement.

2.5.1 At the end of the Qualifying Time Period, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

#### **Section 2.6 QUALIFYING USE**

Applicant's property which is the subject of a limitation on the local ad valorem property values under this Agreement is eligible for a tax limitation as a renewable energy electric generation facility under §313.024(b)(5) of the Code.



incurred by the District due to any legal defense of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly.

### **Section 3.4 THIRD PARTY CALCULATIONS**

All calculations made pursuant to this Agreement shall be verified annually by an independent third party (“Consultant”) selected by the District with the Applicant’s consent, which consent shall not be unreasonably withheld, delayed or conditioned. Applicant will be solely responsible for the payment of Third Party fees up to Four Thousand Dollars, (\$4,000.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect “near final” or “actual” data for the applicable year as the data becomes available.

### **Section 3.5 DATA FOR CALCULATIONS**

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

### **Section 3.6 DELIVERY OF CALCULATIONS**

3.6.1 All calculations required under Article 3 or Article 4 shall be made by the Consultant on or before November 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant’s offices, personnel, books, and records pertaining to all calculations and fees.

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

## **Section 2.7 APPRAISAL LIMITATION**

Upon Applicant's Qualified Investment in the amount of \$10,000,000.00 or more during the Qualifying Time Period, and unless this Agreement is terminated as herein provided, the Appraised Value of the Applicant's Qualified Investment and/or Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of the Market Value of the Qualified Investment and/or Qualified Property or \$10,000,000.00 for the third (3<sup>rd</sup>) through the tenth (10<sup>th</sup>) calendar years of the tax limitation under this Agreement, as provided in Chapter 313 of the Code.

## **ARTICLE 3 – PROTECTION OF DISTRICT REVENUES**

### **Section 3.1 INTENT OF THE PARTIES**

The Parties understand and agree that the Applicant shall compensate the District for any loss in District Funding Revenue incurred because of District's participation in this Agreement. Such reimbursement shall be in addition to the receipt of payments in lieu of taxation or payment of Extraordinary Education-Related Expenses reasonably anticipated or incurred by the District as set forth below in Article 4. **APPLICANT UNDERSTANDS AND AGREES THAT IT SHALL BEAR ANY NEGATIVE FINANCIAL CONSEQUENCE SUFFERED BY THE DISTRICT AS A RESULT OF THE DISTRICT ENTERING INTO THIS AGREEMENT. THE PURPOSE OF THIS SECTION 3.1 IS TO ENSURE THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO THE DISTRICT IS BORNE BY THE APPLICANT AND NOT BY THE DISTRICT.**

### **Section 3.2 CALCULATING LOSS OF DISTRICT REVENUES**

Any compensation paid by the Applicant to the District for loss of District Funding Revenues shall be determined in accordance with then-current School Finance Law. Any calculation to make the District whole after a loss under this Article 3 shall be made in accordance with Schedule 3.2 of this Agreement, which is incorporated herein by reference, and subject to the provisions of Article 5 herein.

### **Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES**

To the extent not included in the amounts calculated pursuant to Schedule 3.2, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled pursuant to Chapter 313 of the Code for which the District does not receive reimbursement from the State, whether pursuant to TEC §42.2515 or otherwise; (b) all non-reimbursed costs incurred by the District for Extraordinary Education-Related Expenses related to the project and not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project; (c) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (d) any reasonable attorneys' fees or other costs

### **Section 3.7 PAYMENT BY APPLICANT**

On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 5.1, the Applicant shall pay any amount determined to be due and owing to the District (subject to final settle up), any amount billed by the Consultant, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement.

### **Section 3.8 CHALLENGING CALCULATION RESULTS**

The Applicant may appeal the Consultant's results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations (the "Final Determination") within 15 days of receiving Applicant's appeal. The Applicant may appeal the Final Determination to the District within 15 days of its receipt, pursuant to District Policy GK (LOCAL).

### **Section 3.9 EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT**

In the event that the Taxable Value of the Qualified Investment and/or Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article 3 of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

### **Section 3.10 EFFECT OF STATUTORY OR OTHER LEGAL CHANGES**

If the District will receive less District Funding Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limit on the revenue protection amount set forth in Section 5.1 below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of District Funding Revenue not less than that which the District would have received from State and local funds had the District not entered into this Agreement.

## **ARTICLE 4 - PAYMENTS IN LIEU OF TAXATION**

### **Section 4.1 SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS**

In addition to payment of the amounts set forth under Article 3 of this Agreement, and as



consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for payments in lieu of taxation and payments for Extraordinary Education-Related Expenses, as set forth in this Article 4. Any and all obligations for payments in lieu of taxation shall be separate and independent of Applicant's obligations under Article 3 of this Agreement.

#### **Section 4.2 CALCULATION OF PAYMENTS IN LIEU OF TAXATION**

4.2.1 Subject to Section 5.1, for each of years one (1) through thirteen (13) of this Agreement, the District shall be entitled to receive as payments in lieu of taxation an amount equal to One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA), as determined by the 2010-2011 school year. In the event Chapter 313 is modified or amended to allow the District to receive payments in lieu of taxation in excess of the foregoing ADA limitation, Applicant agrees to cooperate with District in amending this Agreement to allow District to receive the maximum amount of payments in lieu of taxation; provided however, Applicant's tax saving under this Agreement shall not be less than sixty percent (60%).

4.2.2 Payment of amounts due under this Section shall be made as set forth in Section 3.7 of this Agreement and is subject to the limitations contained in Section 5.1. Payments made under this Article 4 shall not exceed the Aggregate Limit.

#### **Section 4.3 PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES**

4.3.1 Applicant agrees and acknowledges that construction and installation of its Qualified Investment and/or Qualified Property is expected to bring an extraordinary influx of workers into the District. Applicant further agrees and acknowledges that these workers are expected to result in an undetermined increased enrollment for the District, and that such increased enrollment may subject the District to Extraordinary Education-Related Expenses that are not directly funded in school financing funding formulas. Accordingly, Applicant agrees to reimburse to the District any Extraordinary Education-Related Expenses paid by the District during years two through twelve of this Agreement. Any such reimbursement shall not exceed \$275,000 in year two of this Agreement or \$100,000 thereafter through year 12, unless otherwise agreed in writing by the Parties.

4.3.2 In the event that the District incurs reimbursable Extraordinary Education-Related Expenses, the District will notify Applicant and provide a detailed explanation for such expenses prior to reimbursement by Applicant.

4.3.3 Payments of amounts due under this Section shall be made as set forth in Section 3.7 of this Agreement.

### **ARTICLE 5 - LIMITATION OF PAYMENTS BY APPLICANT**

#### **Section 5.1 LIMITATION AFTER FIRST THREE YEARS**

5.1.1 For each of the Tax Years and notwithstanding anything to the contrary in this

Agreement, in no event shall the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such Tax Year exceed the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year if the Parties had not entered into this Agreement.

5.1.2 A comparison of (a) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such Tax Year; and (b) the taxes Applicant would have paid to the District if this Agreement had not been entered into shall be included in the Consultant's calculations made pursuant to Section 3.4 of this Agreement. The Consultant shall include a credit for the amount of taxes actually paid by the Applicant on the Qualified Property when making this comparison.

5.1.3 During Tax Years four (4) through ten (10), should the sum of the Applicant's maintenance and operations ad valorem taxes plus the sum of all payments otherwise due from the Applicant under Article 3 and Article 4 exceed the maintenance and operations ad valorem taxes that the Applicant would have paid if the Parties had not entered into this Agreement, then the payments due from the Applicant to the District under Articles 3 and 4 shall be reduced until such excess is eliminated.

## **Section 5.2 OPTION TO CANCEL AGREEMENT**

5.2.1 For years four (4) through ten (10) of this Agreement, in the event that payments by Applicant to the District become limited as described in Section 5.1 above, the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option by notifying the District of its election in writing not later than July 31 of any year next following the tax year in which the payments were limited. The cancellation of this Agreement under this Subsection shall be effective as of the commencement of the second tax year next following the year in which the limitation giving rise to the option occurred.

5.2.2 For years three (3) through ten (10) of this Agreement, the Applicant shall have the option to terminate this Agreement in the event that the Appraised Value of the Qualified Property falls below the Tax Limitation Amount. The Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing not later than October 31 of any year. The cancellation of this Agreement under this Subsection shall be effective immediately.

5.2.3 The Applicant shall have the right to terminate this Agreement in the event of a change in the School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other statutory or regulatory change which materially reduces the benefits to Applicant under this Agreement. Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing. Upon receipt of such written notice, this Agreement shall terminate effective December 31 of the year in which the notice is received by the District.

5.2.4 The rights and obligations of the Parties under this Agreement through and including the Tax Year during which notice of termination of this Agreement is delivered shall survive such termination and remain until satisfied.

## **Article 6 – TAX CREDITS**

### **Section 6.1 TAX CREDIT DESCRIPTION AND ELIGIBILITY**

Upon the Applicant’s compliance with all requirements of Chapter 313 of the Code and the Comptroller, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Article 5 above, the Applicant shall be entitled to a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period.

6.1.1 The application for a Tax Credit as described in this Article 6 shall be made in accordance with §313.103 of the Code.

### **Section 6.2 DISTRICT OBLIGATIONS REGARDING TAX CREDITS**

The District shall timely comply with and, to the extent possible, cause the timely compliance by the Appraisal District of all District obligations regarding Tax Credits under the Code and Comptroller Rules.

6.2.1 The Board of Trustees shall grant Applicant’s application for the tax credit as provided in §313.104 of the Code as well as Comptroller and/or TEA rules.

### **Section 6.3 TAX CREDIT PROTECTION REVENUE LOSS**

If the District does not receive aid pursuant to TEC §42.215 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article 6, and such failure is not the result of District’s failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice, pay to the District the amount of such Tax Credit the District did not receive. Conversely, the District shall pay to the Applicant the amount of state aid the District received that was solely attributable for any portion of a Tax Credit paid by Applicant to the District.

## **ARTICLE 7 - ADDITIONAL OBLIGATIONS OF APPLICANT**

### **Section 7.1 INFORMATION REQUESTS**

7.1.1 Upon written request, Applicant shall be obligated to provide the District and the Appraisal District with all information and data necessary to determine whether all obligations under this Agreement are being met. In the event that the District requests information which the Applicant regards as being technical or business information which is proprietary, a trade secret

or confidential in nature or is subject to a confidentiality agreement with any third party, and subject to §313.028 of the Code, Applicant shall inform the District of its concerns and suitable arrangements shall be made for the District to have access to the information in a manner which does not compromise the confidentiality of the information to other third parties.

7.1.2 Applicant shall be obligated to provide the Comptroller or other governmental agency with all information required for such agency to complete any reports or analysis pursuant to Chapter 313 of the Code, Comptroller or TEA rule, or other law or administrative regulation.

7.1.3 Applicant shall allow authorized employees of the District and Appraisal District access to all property that is subject to a limitation on the local ad valorem property values called for under this Agreement during the term of this Agreement for the purposes of appraisal or determination of compliance with this Agreement. All inspections or appraisals will be made at a mutually agreeable time after no less than forty-eight (48) hours prior written notice.

7.1.4 Applicant shall timely make any reports that may be required under law or administrative regulation, including but not limited to the annual report or certifications that may be required by the Comptroller under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District at the time of such filing. Timely performance of all required filings shall be a material obligation under this Agreement.

## **Section 7.2 MAINTAINING VIABLE PRESENCE**

By entering into this Agreement, Applicant represents, covenants and warrants that it will abide by all of the terms of this Agreement and that it will Maintain a Viable Presence (as defined in this Agreement) in the District for a period of at least three (3) years after the termination of the limitation on the local ad valorem property values called for under this Agreement and as demonstrated in Schedule 1.2. Applicant shall not be in breach of this covenant to Maintain a Viable Presence to the extent such failure is caused by an event of Force Majeure, provided Applicant makes commercially reasonable efforts to Maintain a Viable Presence at the conclusion of any period of Force Majeure.

## **ARTICLE 8 - BREACH**

As stated in Section 2.3.3 above, the failure by Applicant to make a Qualified Investment of at least Ten Million Dollars (\$10,000,000.00) during the Qualifying Time Period shall result in this Agreement being null and void as of December 31, 2012. This Article 8 shall control in all other instances of Applicant's failure to perform according to the terms of this Agreement.

### **Section 8.1 DISTRICT'S DETERMINATION OF BREACH**

8.1.1 In the event Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or should Applicant or Applicant's successor in interest fail to comply with any material term or meet any material obligation of this Agreement,



after the notice and cure period provided herein, District shall be entitled to: (a) the recapture of all ad valorem tax revenue that would have been due from Applicant without the benefit of this Agreement; and (b) all penalty and interest as calculated under Section 8.4. For purposes of the recapture calculation, the Applicant shall be entitled to a credit for all payments made under Article 3 and Article 4.

8.1.2 Notwithstanding Section 8.1.1, in the event the District determines that the Applicant has failed to Maintain a Viable Presence and provides written notice of termination, Applicant shall pay to District liquidated damages equal to the total of the District ad valorem taxes that would have been due from Applicant without the benefit of this Agreement for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement, plus penalty and interest. Applicant shall be entitled to a credit for all payments made to the District pursuant to Article 3 and Article 4.

8.1.3 Prior to making a determination that Applicant has committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which the District believes constitute the material breach and, if a cure is feasible, the cure proposed by the District. After receipt of the notice, Applicant shall have ninety (90) days to present any facts or argument to the Board of Trustees showing that it is not in material breach of its obligations under this Agreement or that it has cured any such material breach.

8.1.4 Upon the expiration of Applicant's opportunity to respond, the Board of Trustees shall conduct a hearing to determine whether or not a material breach of this Agreement has occurred and, if so, the date such material breach occurred. Applicant shall have the opportunity to be heard before the Board of Trustees at such hearing. In the event that the Board of Trustees determines that a material breach has occurred, it shall also determine the amounts of recaptured taxes to be paid by Applicant to District under Section 8.2 below.

8.1.5 After a determination under Section 8.1.2, the Board of Trustees shall notify Applicant, in writing, of its determination and the amount of recaptured taxes owed by Applicant, if any.

## **Section 8.2 REMEDIES AFTER BREACH**

8.2.1 In the event of default or breach by Applicant, the District's damages shall not exceed the greater of (a) any amounts of recaptured taxes plus penalty and interest; or (b) the sum of the difference between the payments and credits due and owing to the Applicant at the time of default and the District taxes that would have been payable to the District had this Agreement not be executed.

8.2.2 The District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

8.2.3 The Parties understand and agree that the damages and remedies set forth in this Section 8.2 shall be the sole and exclusive remedies, both legal and equitable, available to the District.



8.2.4 In accordance with §313.0275 of the Code, for any full tax year which beginning after the project has become operational, Applicant shall cure those material breaches defined in 8.3(d), 8.3(e), or 8.3(f), below, without the termination of this Agreement. In order to cure its noncompliance with 8.3(d), 8.3(e), or 8.3(f) for the particular Tax Year of noncompliance only, Applicant may pay liquidated damages as required by §313.0275(b) of the Code, in accordance with §313.0275(c).

### **Section 8.3 MATERIAL BREACH BY APPLICANT**

Any one of the following acts or omissions shall constitute a material breach of this Agreement by Applicant:

- (a.) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application.
- (b.) Applicant fails to Maintain a Viable Presence in the District, as required by this Agreement, through the final termination date of this Agreement.
- (c.) Applicant fails to timely make any payment required under Articles 3 or 4 of this Agreement.
- (d.) Applicant fails to create and maintain, at a minimum, the number of New Jobs it committed to create in its Application.
- (e.) Applicant fails to create and maintain, at a minimum, the number of Qualifying Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f.) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created on the project as Qualifying Jobs.
- (g.) Applicant makes any payments to the District or to any other person or entity in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Code, in excess of the amounts set forth in Articles 3 and 4, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or consideration for this Agreement are not barred by this provision.
- (h.) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's rules or Chapter 313 of the Code.

#### **Section 8.4 CALCULATION OF PENALTY AND INTEREST**

In determining the amount of penalty and interest due in the event of a breach of this Agreement, the District shall determine the base amount of taxes owed less any Tax Credit under Article 6 of this Agreement for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Years less all credits under Article 6 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in the Code § 33.01(a) or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in the Code § 33.01(c), or its successor statute.

#### **Section 8.5 DISPUTE RESOLUTION**

After the Applicant receives notice of breach from District, the Applicant shall have ninety (90) days to either (a) tender payment, (b) submit evidence of its efforts to cure, or (c) submit to the District written notice of dispute mediation. The mediation shall be conducted by a mutually agreeable mediator at a mutually convenient time and place. If no mediator is agreed upon by the Parties, a mediator shall be appointed by the judge of the district court in the judicial district containing the administrative offices of the District. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. The Parties shall each bear one-half of the mediation fees and expenses.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 8.2 and as set forth in Chapter 33, Subchapters B and C of the Code. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to §§6.30 and 33.07 of the Code.

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

## ARTICLE 9 - MISCELLANEOUS PROVISIONS

### Section 9.1 NOTICES

All notices required to be sent under this Agreement shall be given in writing via certified mail, return receipt requested to the Parties hereto as follows:

To the District:

Name: Vega Independent School District  
Attn: Margo Knox (Superintendent)  
Address: P.O. Box 190  
City/Zip: Vega, Texas 79092  
Phone #: (806) 267-2123  
Fax #: (806) 267-2146  
Email: [margo.knox@region16.net](mailto:margo.knox@region16.net)

With a copy to:

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

To the Applicant:

Name: Walter Hornaday  
Address: 823 Congress Avenue, Suite 500  
City/Zip: Austin, Texas 78701  
Phone #: (512) 440-0305  
Fax #: (512) 440-0277  
Email: [whornaday@cielowind.com](mailto:whornaday@cielowind.com)

### Section 9.2 AMENDMENT

This Agreement may not be modified, amended, or terminated except by written mutual agreement of the District and the Applicant. No amendments to this Agreement shall be effective until the same are approved, accepted, and signed by the Parties.

### Section 9.3 ASSIGNMENT

Applicant may assign this Agreement, or a portion of this Agreement, to a new Applicant or lessee of the Qualified Property upon the written approval of the District, which shall not be unreasonably withheld. It shall not be unreasonable for the District to withhold approval if the Applicant is liable to the District for outstanding taxes or other obligations arising under this Agreement or if the assignee is not deemed creditworthy.

### Section 9.4 ENTIRE AGREEMENT

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof and all prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto

are superseded by this Agreement.

#### **Section 9.5 MAINTENANCE OF APPRAISAL DISTRICT RECORDS**

When appraising an Applicant's Qualified Property subject to a limitation on Appraised Value under this Agreement, the chief appraiser of the Appraisal District shall determine the market value of the property and include both the market value and the appropriate value under this Agreement in its appraisal records.

#### **Section 9.6 GOVERNING LAW AND VENUE**

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law rules that would direct the application of the laws of another jurisdiction. The exclusive venue for any action between the Parties shall be in the County of the District's central administrative office.

#### **Section 9.7 AUTHORITY TO EXECUTE AGREEMENT**

Each of the Parties signing below expressly warrants that he or she has been authorized to execute this Agreement for and on behalf of the respective Party.

#### **Section 9.8 SEVERABILITY**

Every provision of this Agreement is intended to be severable. If any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement unless the invalidity of any provision(s) would have a material adverse effect on the purpose and intent of this Agreement. If the invalidity has a material adverse effect, the Parties shall make a good faith effort to renegotiate the terms of this Agreement consistent with the purpose and intent of the Parties prior to bringing any action.

#### **Section 9.9 EXECUTION OF COUNTERPARTS**

This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute one and the same instrument.

#### **Section 9.10 ACCURACY OF REPRESENTATIONS IN APPLICATION**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct, to the best of Applicant's knowledge. The parties agree that the Application and all related attachments are included by reference in this Agreement as if fully set forth herein. It is expressly

understood and agreed that this Agreement shall be void and of no further effect if any material misrepresentations were made in the Application.

**Section 9.11. BINDING ON SUCCESSORS**

In the event the District should merge or consolidate with another school district or other governmental entity, this Agreement shall be binding on the successor school district or governmental entity.

**Section 9.12 PUBLICATION**

The Parties hereby acknowledge that certain documentation relating to the Application, including this Agreement and all economic analyses submitted to the District, are to be published for public inspection. Information that is confidential under § 313.028 of the Code is excepted from publication.


IN WITNESS WHEREOF, this Agreement has been executed by the District and the Applicant in duplicate originals on this 14 day of Dec, 2010.

SPINNING SPUR WIND LLC  
Texas Taxpayer ID No. 32040632831

By:   
Walter Hornaday, President

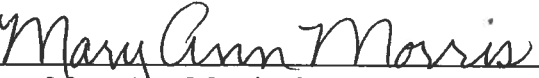
Date: 14 Dec 2010

VEGA INDEPENDENT SCHOOL DISTRICT

By   
Larry Richardson, President

Date: 12-14-10

Attest:

By   
Mary Ann Morris, Secretary



## SCHEDULE 1.2

<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
1	January 1, 2011	2011-12	2011	No appraisal limitation.
2	January 1, 2012	2012-13	2012	No appraisal limitation.
3	January 1, 2013	2013-14	2013	\$10 million appraisal limitation.
4	January 1, 2014	2014-15	2014	\$10 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2015	2015-16	2015	\$10 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2016	2016-17	2016	\$10 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2017	2017-18	2017	\$10 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2018	2018-19	2018	\$10 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2019	2019-20	2019	\$10 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2020	2020-21	2020	\$10 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2021	2021-22	2021	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2022	2022-23	2022	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2023	2023-24	2023	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

## **SCHEDULE 1.3**

### **DEFINITIONS**

Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which the term is used clearly indicates a different meaning:

"Aggregate Limit" means, for any year of this Agreement, the total of the Annual Limit amount for the current year and all previous years of the Agreement, less amounts paid by the Applicant to or on behalf of the District under Article 4, below.

"Agreement" means this Agreement.

"Application Date" means the date as set forth in the Recitals.

"Applicant" means the company listed in the Preamble of this Agreement, who filed its Application with the District for a Limitation on Qualified Property on the Application Date, pursuant to Chapter 313 of the Code. The term shall also include the Applicant's permitted successors in interest.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, Property Tax Code) which filing with the District by Applicant was completed on the Application Date (unless otherwise specified in the Recitals) by the tender of its Application fee.

"Appraisal District" means the Oldham County Appraisal District.

"Appraised Value" has the same meaning as in Section 1.04(8) of the Texas Tax Code

"Comptroller" means the Texas Comptroller of Public Accounts.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth in title 34 of the Texas Administrative Code or Chapter 313 of the Texas Tax Code, together with any court or administrative decisions interpreting same.

"County" means the County identified in the Preamble of this Agreement, which shall be the county in which the School District's administrative offices are located.

"District" or "School District" means the Independent School District listed in the Preamble of this Agreement, being a duly incorporated and operating independent school district in the State of Texas, having the power to levy, assess, and collect ad valorem taxes within its boundaries.

"District Funding Revenue" means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to TEC §45.002 and Article VII §3 of the Texas Constitution. The term also includes all State revenues to which the

District is or may be entitled under Chapters 41 and 42 of the TEC or any other statutory provision as well as any amendment or successor statute to these provisions. The term shall exclude any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEC.

“Enterprise Zone” means the District’s enterprise zone, if any, created pursuant to Chapter 2303 of the Texas Government Code and as further described by the legal description attached hereto as Schedule 2.1.

“Extraordinary Education-Related Expenses” means those additional expenses that the District may estimate and/or incur related to the project that are not directly funded in state aid formulas including, but not limited to, expenses for portable classrooms and hiring additional personnel attributable to increased enrollment due to project personnel.

“Force Majeure” means a failure caused by a provision of law, rules, regulations, or orders of any governmental authority having jurisdiction over the Applicant or the Qualified Investment, or any arrest, restraint, or decree of any court, natural disaster, riot, war, labor dispute, act of God, act of terrorism, or any other cause which inhibits performance and over which Applicant has no reasonable control.

“Maintain a Viable Presence” means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the entire term of this Agreement, as defined in Section 1.2 above, of not fewer than the number of Qualifying Jobs and New Jobs required by the Code, or as found by the District’s Board of Trustees to exceed the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence in the event of a temporary interruption in operations due to strike, judicial decision, weather, or other act of God. In the event a fire, flood, windstorm or other disaster shuts down facility operations, Applicant will be deemed to have maintained a viable presence so long as it commences repairs and/or reconstruction of the damaged within one hundred eighty (180) days after the catastrophic event. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

“Maintenance and Operations Revenue” means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to § 45.002 of the Texas Education Code and Article VII § 3 of the Texas Constitution, plus all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions.

“New Jobs” means the jobs defined by 34 Tex. Admin. Code § 9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under Texas Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

“Qualified Investment” has the meaning as that term is defined in §313.021(1) of the Code.

“Qualified Property” has the meaning as that term is defined in §313.021(2) of the Code.

“Qualifying Job” means the number of New Jobs Applicant will create by and through the project that is the subject of this Application and which meet the requirements of Texas Tax Code 313.021(3).

“Qualifying Time Period” has the meaning as that term is defined in §313.021(4) of the Code.

“Reinvestment Zone” means the District’s Reinvestment Zone created pursuant to Code §312.0025 by action of the Board of Trustees or by the County and as further described by the legal description of said Reinvestment Zone attached hereto as Schedule 2.1, which is incorporated herein by reference for all purposes.

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

“State” means the State of Texas.

“Tax Credit” means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 Tex. Admin. Code §9.1056, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under §313.103 of the Code and 34 Tex. Admin. Code §9.1054.

“Tax Limitation Amount” means the amount of Ten Million Dollars (\$10,000,000.00), for the purposes of this Agreement and §313.027 of the Code.

“Taxable Value” has the same meaning as in Section 1.04(10) of the Texas Tax Code

## **SCHEDULE 2.1**

### **DESCRIPTION AND MAP OF REINVESTMENT ZONE and/or ENTERPRISE ZONE**

The reinvestment zone shall be comprised of the following parcels. In the event of discrepancy between this legal description and the map which follows, the map shall control.

All of Sections 326, 327, 328, 330, 333 ½, 334, and 335, Blk CL, Capitol Lands, Oldham County, Texas

The S/2 of Section 331, Blk CL, Capitol Lands, Oldham County, Texas, consisting of 2753.6 acres, more or less

The S/2 of Section 332, Blk CL, Capitol Lands, Oldham County, Texas, consisting of 2214.2 acres, more or less

That portion of Section 1, Blk B, CD Batson Survey, Oldham County, Texas lying north of Interstate 40

That portion of Section 1, Blk B1, JM Neely Survey, Oldham County, Texas lying north of Interstate 40

All of Sections 17, 18, 19, 20, 21, 22, 23, 32, 33, 39, 40, 41, 42, 43, and 44, Blk H1, TTRR Survey, Oldham County, Texas

Those portions of Sections 24, 25, 27, 28, 29, 30, and 31, Blk H1, TTRR Survey, Oldham County, Texas lying north of Interstate 40

Those portions of Sections 12, 34, 53, and 54, Blk H1, TTRR Survey, Oldham County, Texas lying west of US Hwy 385

All of Sections 2, 3, 4, 5, 6, 7, 8, 9, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, and 32, Blk H2, Landergin Brothers Ranch Subdivision, Oldham County, Texas

Those portions of Sections 10, 11, and 12, Blk H2, Landergin Brothers Ranch Subdivision, Oldham County, Texas lying west of US Hwy 385

All of Sections 1, 2, 3, 4, 5, and 6, Blk H2, GC & SF Survey, Oldham County, Texas

All of Sections 45 and 46, Blk H1, GC & SF Survey, Oldham County, Texas



Those portions of Sections 12, 38, 41, 64, and 67, Blk K11, GC & SF Survey, Oldham County, Texas lying north of Interstate 40

All of Sections 13, 14, 39, 40, 65, 66, 103, 104, and 105, Blk K11, GC & SF Survey, Oldham County, Texas

All of Section 1, Blk L A-922, Oldham County, Texas

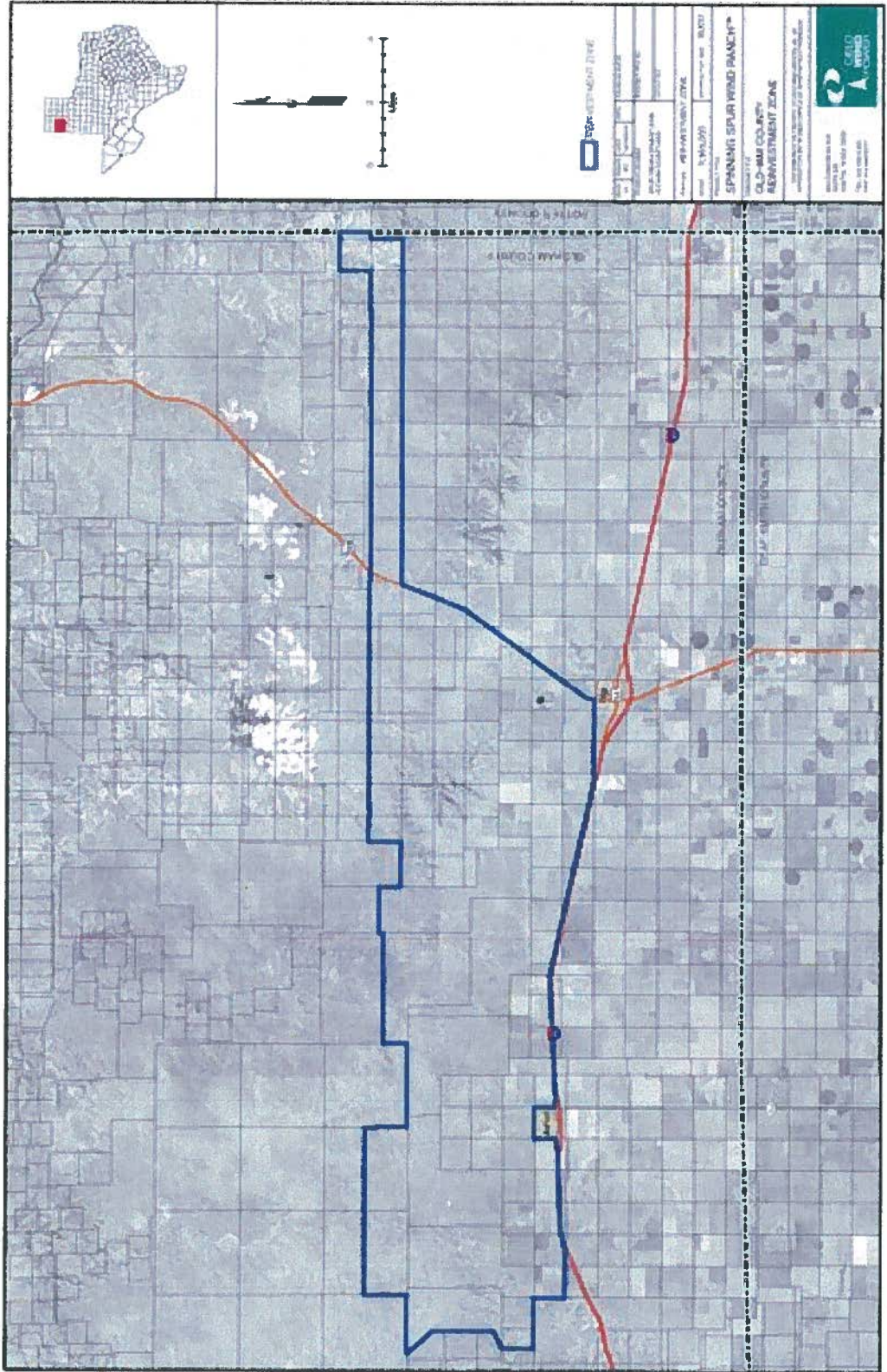
All of Sections 14, 15, 25, 26, 33, 34, 41, 42, 49, 53, and 54, Blk S, GC & SF Survey, Oldham County, Texas

Those portions of Sections 37 and 38, Blk S, GC & SF Survey, Oldham County, Texas lying west of US Hwy 385

All of Sections 20 and 21, Blk M19, G & M Survey, Oldham County, Texas

All of Sections 1 and 6, Gregg County School Land, Oldham County, Texas

Those portions of Sections 2, 5, and 7, Gregg County School Land, Oldham County, Texas lying north of Interstate 40



## **SCHEDULE 2.3**

### **DESCRIPTION OF QUALIFIED INVESTMENT AND/OR QUALIFIED PROPERTY**

The qualified investment and/or qualified property consist of all of the property constructed or placed upon the real property described and shown in Exhibit A to this Schedule 2.3 (“project area”). The project area is entirely within Vega Independent School District, which is located in Oldham County, Texas. The qualified investment and/or qualified property includes, but is not limited to, the following: up to approximately 70 Siemens 2.3 MW wind turbine towers to generate 161 megawatts of power or wind tower turbines to reach an equivalent generation capacity; reinforced concrete foundations supporting the weight of each turbine tower; electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation; substation and approximately 10 miles of 345kV transmission line used to transport the electricity off the project site; equipment and towers used to gather meteorological data; one or more buildings to house maintenance supplies, parts, and equipment; various replacement parts and other miscellaneous related equipment and items appurtenant of the foregoing. The marks within the project area are merely representative of the location of the improvements; however all of the improvements that make up the qualified investment and/or qualified property will be made within the project area, which is completely within the reinvestment zone as shown in Schedule 2.1.

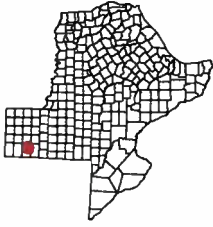
None of the foregoing listed property is covered under an existing County Appraisal District account number.

All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant, Spinning Spur Wind LLC, or a valid assignee pursuant to this Agreement.

**EXHIBIT A**  
**to**  
**SCHEDULE 2.3**

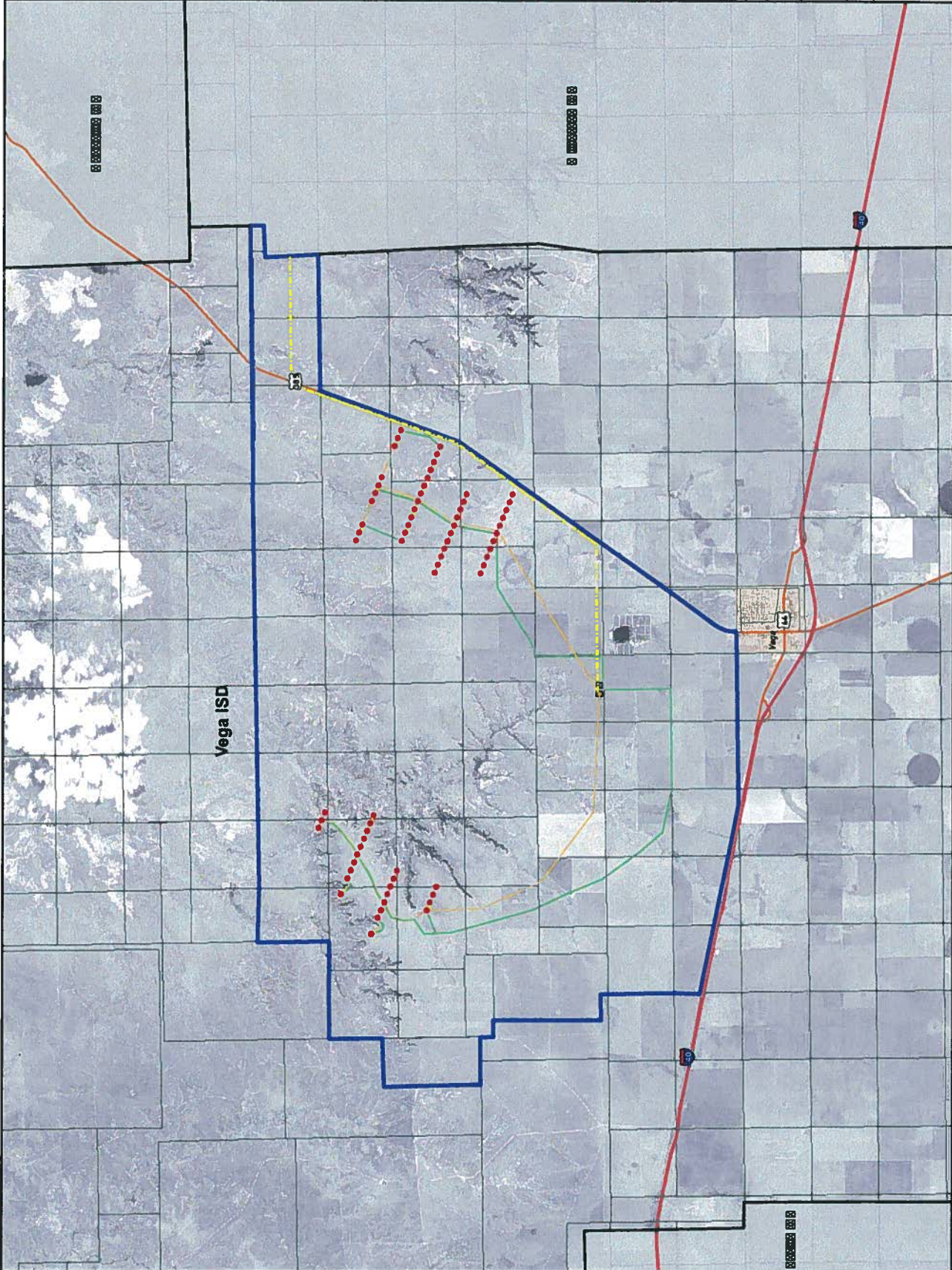
**MAP OF QUALIFIED PROPERTY/PROJECT AREA**





- UNDERGROUND COLLECTION LINE
- ROAD
- TRANSMISSION LINE
- IMPROVEMENTS
- SCHOOL DISTRICT
- SUBSTATION
- O&M BUILDING

PROJECT NO.	1188188
DATE	11/18/18
SCALE	1" = 1000'
PROJECT AREA	VEGA ISD
PROJECT NAME	VEGA ISD
PROJECT LOCATION	VEGA ISD
PROJECT OWNER	VEGA ISD
PROJECT CONTACT	VEGA ISD
PROJECT ADDRESS	VEGA ISD
PROJECT PHONE	VEGA ISD
PROJECT FAX	VEGA ISD
PROJECT WEBSITE	VEGA ISD
PROJECT EMAIL	VEGA ISD
PROJECT STATE	VEGA ISD
PROJECT COUNTY	VEGA ISD
PROJECT TOWNSHIP	VEGA ISD
PROJECT RANGE	VEGA ISD
PROJECT SECTION	VEGA ISD
PROJECT ACRES	VEGA ISD
PROJECT PERMITS	VEGA ISD
PROJECT STATUS	VEGA ISD
PROJECT PHASE	VEGA ISD
PROJECT BUDGET	VEGA ISD
PROJECT COST	VEGA ISD
PROJECT REVENUE	VEGA ISD
PROJECT NET COST	VEGA ISD
PROJECT IRR	VEGA ISD
PROJECT NPV	VEGA ISD
PROJECT PBP	VEGA ISD
PROJECT ROR	VEGA ISD
PROJECT RISK	VEGA ISD
PROJECT SENSITIVITY	VEGA ISD
PROJECT SCENARIO	VEGA ISD
PROJECT ASSUMPTIONS	VEGA ISD
PROJECT LIMITATIONS	VEGA ISD
PROJECT NOTES	VEGA ISD





## SCHEDULE 3.2

### CALCULATIONS FOR LOSS OF REVENUES BY DISTRICT

The District Funding Revenue amount owed by Applicant to District will equal:

- (a) Original District Funding Revenue minus New District Funding Revenue, where;
  - i. “Original District Funding Revenue” means the total State and local District Funding Revenue that the District would have received for the school year under the School Finance Law absent this Agreement, effective for said school year.
  - ii. “New District Funding Revenue” means the total State and local District Funding Revenue that the District actually received under the School Finance Law for said school year.
- (b) In making the calculations required by this Schedule 3.2:
  - i. The Taxable Value of property for each school year will be determined under the School Finance Law.
  - ii. All calculations using the Original District Funding Revenue and the New District Funding Revenue made for years three (3) through ten (10) of this Agreement shall be based upon the limitation of value on the Qualified Investment and/or Qualified Property using the Tax Limitation Amount so that Applicant is not responsible for protecting the District against any decrease in the amount of local ad valorem taxes collected.
  - iii. All calculations made under this Schedule shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.
  - iv. The calculation made under this Schedule cannot result in a negative number. In the event that the calculation is a negative number, the loss to the District under this Schedule will be considered to be zero.