

FINDINGS
of the
VEGA INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES

Under Chapter 313 of the Texas Tax
Code

ON THE APPLICATION FOR A
LIMITED APPRAISED VALUE ON
QUALIFIED PROPERTY

SUBMITTED BY

SPINNING SPUR WIND, LLC

RESOLUTION AND FINDINGS OF FACT
of the
VEGA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
Under CHAPTER 313 of the TEXAS TAX CODE
On The APPLICATION For A
LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED BY
BY SPINNING SPUR WIND, LLC

STATE OF TEXAS §
 §
COUNTY OF OLDHAM §

PREAMBLE

On the 14th day of December, 2010, a public meeting of the Board of Trustees of the Vega Independent School District (the "Board") was held to solicit input from interested parties on the application by Spinning Spur Wind, LLC ("Spinning Spur" or "Applicant") for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the filing by Spinning Spur of an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code (the "Application"). The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District's administrative staff as well as consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Vega Independent School District makes the following Findings regarding the Application:

On the 12th day of February, 2010, the Superintendent of Schools for the Vega Independent School District, acting as agent for the Board, received an Application for Appraised Value Limitation on Qualified Property from Spinning Spur, pursuant to Chapter 313 of the Texas Tax Code (the "Application"). The general nature of Applicant's investment in qualified property set forth in the Application is for equipment and material related to the creation of a renewal energy (wind) facility. The Superintendent acknowledged receipt of the completed Application, the Board agreed to consider such Application, and the Texas Comptroller of Public Accounts received the Application on or about February 24, 2010. A copy of the Application is attached as Attachment A.

The Texas Taxpayer Identification number for Spinning Spur is 32040632831. Spinning Spur is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts. *See* Attachment B.

The Board has acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

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

A copy of the Application was delivered to the Oldham County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026, and a favorable recommendation was issued on May 24, 2010. A copy of the Comptroller's letter is attached hereto as Attachment C.

After receipt of the Application, the Texas Comptroller's Office caused an economic impact evaluation to be conducted pursuant to §313.026 of the Texas Tax Code. The Board of Trustees has carefully considered such evaluation. A copy of the Economic Impact Evaluation is attached to these Findings as Attachment D.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Vega Independent School District. A copy of a report prepared by Randy McDowell and Neal Brown is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Vega Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category III of §313.052 of the Texas Tax Code. *See* Comptroller's "2009 ISD Summary Worksheet," attached hereto as Attachment F.

After receipt of the completed Application, the District entered into negotiations with Spinning Spur regarding the specific language to be included in the Limitation on Appraised Value Agreement ("LAVA") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed LAVA is attached to these Findings as Attachment G, and the LAVA has been submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* *See* copy of December 13, 2010 letter from the Comptroller approving the LAVA, attached to these Findings as Attachment H.

Due to ongoing negotiations, Spinning Spur and the District mutually agreed to extend the time period that the District may consider Spinning Spur's Application until October 21, 2010, and the parties agreed to further extend such period to December 31, 2010. The Comptroller was provided notice of such extensions as set out under 34 Texas Administrative Code §9.1054(d). *See* Letters authorizing extension of consideration period attached hereto as Attachment I.

After review of the Comptroller's recommendation, and in consideration of its own analysis of Spinning Spur's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

Board Finding Number 1.

There is a strong relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plan of this State as described in the strategic plan for economic development (the ED Plan) submitted by the Texas Strategic Economic Development Commission under § 481.033 of the Texas Government Code.

In support of Finding Number 1, the Economic Impact Evaluation states:

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Board Finding Number 2.

The economic condition of Oldham County, Texas and the region is in need of long-term improvement, and Applicant's renewable energy generation facility will improve the economic condition of Oldham County and the region.

In support of this Finding, the information provided by the Comptroller's Office indicates the population growth of Oldham County lagged behind that for the state in recent years. The state population grew by 2.0 percent between 2007 and 2008, while the population of Oldham County remained unchanged over the same period.

March 2010 employment for Oldham County was down 1.8 percent from March 2009. The total employment in March 2010 was 861. The state's employment has increased by 1.3 percent over the same time period. The unemployment rate in Oldham County was 6.6 percent in March 2010, up from 5.6 percent in March 2009. This was lower than the state average of 8.2 percent for March 2010, up from 7.0 percent in March 2009.

Oldham County has lower per-capita personal income than the state as a whole. The average per-capita income for Oldham County residents for 2008 was \$29,986, which ranked 150th among the 254 counties in Texas and was down 6.8 percent from 2007. The Texas average was \$37,089 for the same period, up 2.6 percent from 2007.

Taxable sales in Oldham County during the third quarter of 2009 were \$1.40 million, up 3.0 percent from the same quarter in 2008. Taxable sales in Oldham County through the third quarter of 2009 were \$3.70 million, which was down 1.8 percent from the same period in 2008. Taxable sales in Oldham County during all of 2008 were \$4.88 million, down 0.9 percent from 2007.

Given recent income levels and sales tax activity, Oldham County will benefit from economic activity like that associated with the Spinning Spur project. Major capital investments like this project are beneficial to the community on a number of fronts, including employment, expanded opportunities for existing businesses, and an increased local tax base.

Board Finding Number 3.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$58 million, based on five (5) positions to be created for the entire Spinning Spur project.

In support of Finding Number 3, the Economic Impact Evaluation states:

The project's total investment is \$290 million, resulting in a relative level of investment per qualifying job of \$58 million. The Applicant acknowledges that the investment amount per job may vary, depending on the total number of turbines actual installed by Applicant.

Board Finding Number 4.

The average salary level of qualifying jobs is expected to be at least \$41,800 per year, which meets the qualification that the wage-level be 110% of the average county wage, and that each qualifying job will receive medical, dental and vision insurance, vacation time and sick time. Spinning Spur indicates that total permanent employment will be five (5) new qualifying jobs within the District.

In support of Finding Number 4, the Economic Impact Evaluation states:

After construction, the project will create five new jobs when fully operational. All five jobs will meet the criteria for qualifying jobs as specified in Tax Code §313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission, where Oldham County is located, was \$37,916 in 2008. The average manufacturing wage for the most recent four quarters (first, second, third 2009, and fourth 2008) for Oldham County is \$26,468. During that same time period, the county annual average wage for all industries was \$28,691. In addition to an annual average salary of \$41,800, each qualifying position [to be created by Spinning Spur] will receive benefits such as medical, dental and vision insurance, vacation time, sick leave and skills training.

Board Finding Number 5.

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

In support of this Finding, Applicant has tendered a letter from its designated representative, Melissa Miller, dated February 9, 2010, regarding the industry standard for the number of jobs for a project with qualified property of this size and type. This letter provides that for a project of the size and type described in the Application, the industry standard requires approximately 1 full time position for every 15-20 turbines, depending on the size and type of turbines selected, (or approximately 3.9 jobs for 59 turbines), which is less than the requirements of §313.051(b). A copy of the February 9, 2010 letter from Melissa Miller is attached hereto as Attachment J.

Board Finding Number 6.

The ability of the applicant to locate the proposed wind energy facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development.

In support of Finding Number 6, the Economic Impact Evaluation states:

According to Spinning Spur's application, "The applicant can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. Such locations include several counties in Texas and numerous other states within the U.S. However, after the facility is constructed, it is very difficult and costly to move to another location."

Board Finding Number 7.

Subsequent economic effects on the local and regional tax bases will be significant. The District will receive revenue gains due to the increase in its tax base. Likewise, the Board finds that the local and regional tax base will increase, and that the Applicant's renewable energy project will improve the economic condition of the region and the state.

Table 1 illustrates Spinning Spur's estimated economic impact to Texas by depicting the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc., (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Spinning Spur.

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2011 | 200 | 270 | 470 | \$8,360,000 | \$21,140,000 | \$29,500,000 |
| 2012 | 5 | 23 | 28 | \$209,000 | \$3,791,000 | \$4,000,000 |
| 2013 | 5 | 19 | 24 | \$209,000 | \$3,491,000 | \$3,700,000 |
| 2014 | 5 | 9 | 14 | \$209,000 | \$2,891,000 | \$3,100,000 |
| 2015 | 5 | 7 | 12 | \$209,000 | \$2,491,000 | \$2,700,000 |
| 2016 | 5 | 7 | 12 | \$209,000 | \$2,191,000 | \$2,400,000 |
| 2017 | 5 | 4 | 9 | \$209,000 | \$1,991,000 | \$2,200,000 |
| 2018 | 5 | 6 | 11 | \$209,000 | \$1,791,000 | \$2,000,000 |
| 2019 | 5 | 7 | 12 | \$209,000 | \$2,091,000 | \$2,300,000 |
| 2020 | 5 | 9 | 14 | \$209,000 | \$1,991,000 | \$2,200,000 |
| 2021 | 5 | 9 | 14 | \$209,000 | \$2,191,000 | \$2,400,000 |
| 2022 | 5 | 7 | 12 | \$209,000 | \$2,491,000 | \$2,700,000 |
| 2023 | 5 | 10 | 15 | \$209,000 | \$2,491,000 | \$2,700,000 |
| 2024 | 5 | 6 | 11 | \$209,000 | \$2,191,000 | \$2,400,000 |
| 2025 | 5 | 9 | 14 | \$209,000 | \$2,691,000 | \$2,900,000 |

Source: CP5A, REMI, Spinning Spur

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Vega ISD's ad valorem tax base in 2008 was \$146 million. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Vega ISD's estimated wealth per WADA was \$271,177.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Oldham County with all property tax incentives sought being granted using estimated market value from Spinning Spur's application. Spinning Spur has applied for a value limitation under Chapter 313, Tax Code and a tax abatement with Oldham County, but no decision regarding terms has been made. Table 3 illustrates the estimated tax impact of the project on the region if all taxes are assessed.

Board Finding Number 8.

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

In support of this Finding, Randy McDowell and Neal Brown estimate in the Fiscal Analysis that the project would initially add \$193,652,025 to the tax base at the peak investment level for the 2012 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. In addition, the projected revenue gains from the proposed Agreement would be approximately \$375,500, based on \$100 per student per year in average daily attendance.

Board Finding Number 9.

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

The Application indicates that Spinning Spur project expects to create 5 new jobs in Oldham County. It is anticipated that most of these employees will be hired from current residents in the region. It is believed that Vega ISD will easily be able to accommodate new students, if any, which may result from these new jobs. This Finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Vega ISD as stated in Attachment D. Nonetheless, the District must plan to educate all students who reside within its boundaries. The number of new students can vary widely, depending on the number of construction jobs and workers present during the construction phase of Spinning Spur's renewal energy project. Therefore, the District may need to hire the additional temporary teachers and staff to educate the additional students that could enroll in the District.

Board Finding Number 10.

During the past two years, three projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code Chapter 313.

Board Finding Number 11.

The Board finds that the projected market value of the qualified property of the Applicant, as determined by the Comptroller, is \$193,652,025.

Board Finding Number 12.

The proposed limitation on appraised value for the qualified property is \$10,000,000.

Board Finding Number 13.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value is set out in Attachment E, and is based on the following assumptions (1) the qualified property will depreciate at a rate of five percent (5%) per year; and (2) the projected maintenance and operations tax rate will be \$1.04 per \$100 in valuation in each year of the Agreement.

Board Finding Number 14.

The projected dollar amount of taxes that would be imposed on the qualified property, for each tax year of the Agreement, if the property receives a limitation on appraised value, is set out in Attachments D and E and is based on the following assumptions: (1) the qualified property will depreciate at a rate of five percent (5%) per year; and (2) the projected maintenance and operations tax rate will be \$1.04 per \$100 in valuation in each year of the Agreement.

Board Finding Number 15.

The projected effect on the Foundation School Program of payments to the District for each year of the Agreement is shown on Attachment E.

Board Finding Number 16.

The projected future tax credits for each year of the Agreement is shown on Attachment E.

Board Finding Number 17.

Assuming that Applicant would still construct is renewal energy project in the District, without a limitation on appraised value for the qualified property, the total amount of taxes to be lost over the life of the Agreement by subtracting the projected taxes stated in Finding Number 13 from the projected taxes stated in Finding Number 14 is shown in Attachment E.

Board Finding Number 18.

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

Board Finding Number 19.

The Applicant (Taxpayer Id. 32040632831) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity (Attachment B).

Board Finding Number 20.

The Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this Finding, the Economic Impact Evaluation demonstrates that the District will incur a revenue loss during year 3 of the proposed LAVA. However, the negative consequences of granting the value limitation are offset through the "hold harmless" provision of the LAVA and other revenue protection provisions agreed to by the Applicant and the District.

Board Finding Number 21.

The general nature of Applicant's qualified investment is renewable energy electricity generation (wind).

Board Finding Number 22.

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

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

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

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

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment G is APPROVED and is hereby authorized to be executed and delivered by the Vega Independent School District Board President on behalf of the Vega Independent School District, along with a copy of the these Findings, upon receipt of an executed original of the Agreement from Applicant; and,

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

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Dated this 14th day of December, 2010.

Vega Independent School District

By *Larry Richardson*
Larry Richardson, President

Attest:

By *Mary Ann Morris*
Mary Ann Morris, Secretary

TAB

A

APPLICATION FOR APPRAISED VALUE LIMITATION ON QUALIFIED PROPERTY (Tax Code, Chapter 313, Subchapter B or C)

| | |
|---|---|
| School district name Vega Independent School District | Date application filed with district <i>(To be filled in by school district)</i> |
| Address 200 Longhorn Dr., Vega, Texas 79092 | Phone (area code and number) (806) 267-2123 |

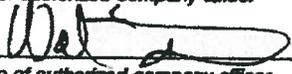
This form applies to property that meets the requirements of Tax Code Chapter 313. This completed application must be filed with the school district. If the governing body decides to consider this application, the school district must immediately forward three copies of the application to the Comptroller of Public Accounts and request that the Comptroller provide an economic impact evaluation of the application to the school district. The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in Texas Administrative Code Rule 9.1054, to provide information required by the application form that was unavailable prior to the filing date. The school district must forward the supplemental or amended information to the comptroller and the appraisal district. The school board shall approve or disapprove this application before the 121st day from the application filing date, unless an extension is granted.

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| Step 1: Applicant name and address | Only entities to which Tax Code Chapter 171 applies are eligible for appraised value limitations on qualified property. | | |
| | Applicant name: Spinning Spur Wind LLC | | |
| | Mailing address: 823 Congress Ave., Suite 500 | | |
| | Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits): 32040632831 | City, State: Austin, Texas | ZIP code + 4: 78701-2459 |
| | Name of person preparing this application: Melissa Miller | Title: Project Manager | |
| | Phone (area code and number): (512) 440-0305 | | |

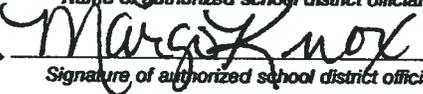
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| Step 2: Describe the property. | <p>(A) Attach the following items to this application:</p> <ol style="list-style-type: none"> 1. A specific description of all property for which you are requesting an appraised value limitation as defined by Tax Code §313.021(2). Include a description of the land, describe each proposed improvement, and each proposed item of personal property for which you are seeking a limitation. Include each existing appraisal district account number and the legal description of the land, attach a detailed map showing the actual or proposed location of the land and proposed improvements and showing the actual or proposed boundaries and size of the reinvestment zone or enterprise zone in which the property will be located. Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone (if applicable). 2. A fully 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. 3. A map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. <p>(B) Answer the following questions:</p> <ol style="list-style-type: none"> 1. What is the first tax year of your proposed qualifying time period (as defined by Tax Code §313.021(4))? <u>2011</u> 2. What is the amount of qualified investment, as defined by Tax Code §313.021(1), that will be made during the 2-year qualifying time period? <u>\$ 258,151,250</u> 3. What is the amount of appraised value limitation for which you are applying?. <u>\$ 10,000,000</u> <p>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 rural, and the school district's property value. For assistance in determining these minimums, access the comptroller's Web site at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.</p> |
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| <p>Step 3: Answer these questions about property and job qualifications.</p> | <p>1. Do you propose to construct a new building or to erect or affix a new improvement after the date you submit this application? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>2. Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the qualifying time period, and for the duration of the appraised value limitation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>3. Is the land on which you propose new construction or improvement currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>3(a) If you answered "no" to the question above, are you seeking an agreement with a taxing unit that, prior to the first day of the qualifying time period, will result in a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvement? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No Date of anticipated agreement? <u>June 2010</u></p> <p>4. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>5. On the land and in connection with the new building or other improvement, do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts)? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No</p> <p>6. Will at least 80 percent of all the new jobs created by the property owner be qualifying jobs as defined by Tax Code §313.021(3)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>6(a) If you answered "yes" to the question above, attach documentation from the Texas Workforce Commission that the new qualifying jobs meet the requirements of Tax Code §313.021(3)(E) or 313.051(b).</p> <p>7. Do you intend to request that the governing body waive the minimum jobs creation requirement, as provided under Tax Code §313.025(f-1)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> <p>7(a) If you answered "yes" to the question above, attach evidence documenting that the job creation requirement (5) above exceeds the number of employees necessary for the operation, according to industry standards.</p> <p>8. Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time</p> <p style="padding-left: 20px;">a) in or on the new building or other new improvement for which you are applying for an appraised value limitation, or</p> <p style="padding-left: 20px;">b) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement, and is the personal property on the same parcel of land as the building for which you are applying for an appraised value limitation? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A ["First placed in service" means the first use of the property by the taxpayer.]</p> <p>9. The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities as defined by Tax Code §313.024(b):</p> <ul style="list-style-type: none"> • manufacturing; <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No • research and development <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No • a clean coal project; <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No • an advanced clean energy project <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No • renewable energy electric generation; <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No • electric power generation using integrated gasification combined cycle technology; or <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No • nuclear electric power generation <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <p>10. Are you an entity to which Tax Code, Chapter 171 applies? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No</p> |
|---|---|

| | |
|---|--|
| <p>Step 4: Answer these questions about investment, property value and employment.</p> | <ol style="list-style-type: none"> 1. Will the investment in real or personal property you propose to be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 2. Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A 3. If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property described above? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> N/A 4. Will you own the property or lease the property under a capitalized lease? If leased, attach a copy of the lease agreement. <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 5. Are you including property that is owned by a person other than the applicant and that is pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <p>Step 5: Economic Impact</p> | <p>Please answer the following questions.</p> <ol style="list-style-type: none"> 1. Applicant's 6-digit North American Industry Classification System (NAICS) code: 221,119 2. Is Schedule A completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 3. Is Schedule B completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 4. Is Schedule C completed for all years and attached? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 5. Total number of new jobs that will have been created when fully operational: 5 6. Total number of new jobs identified in (5) above that will have wages greater than 110 percent of the county average weekly wage for manufacturing jobs*: 5 7. Total number of new jobs identified in (5) above that will meet all the criteria for "qualifying jobs" as specified in Tax Code §313.021(3): 5 8. Describe each type of benefits to be offered to qualifying jobholders. Explain. <u>Qualified employees of Spinning Spur will be offered a full package of benefits including medical, dental and vision insurance of which at least 80% of the premiums for the employee only will be paid by the LLC. In addition, each qualifying employee will receive area wide competitive vacation time, sick leave and skills training.</u> 8(a) Will the jobs created offer at least 80 percent of the premiums or other charges assessed for employee-only coverage under the group health benefit plan for qualifying jobholders? <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No 9. Describe the ability of your company to locate or relocate in another state or another region of the state. <u>The applicant can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. Such locations include several counties in Texas and numerous other states within the U.S. However, after the facility is constructed, it is very difficult and costly to move to another location.</u> 10. Describe the current economic condition of the region of the state where the property is located. <u>The Project will add over \$193 million to the ad valorem tax rolls of the Oldham County Appraisal District. This tax base will entirely be in the Vega ISD. The Project will significantly enhance sales and use taxes for the state and local area, especially during the construction period.</u> <p>*Applicants to rural school districts that are not located in an SIA [see §313.051(a)(2)] must meet the regional wage standard described in 313.051(b).</p> |

| | | |
|--|---|--|
| <p>Step 6: Applicant sign and date application.</p> | <p>By signing this application, you certify that this information is true and correct to the best of your knowledge and belief. Also by signing this application, you agree to respond promptly to all information requests made by the comptroller under Tax Code §313.032 and to send updated contact information to the comptroller throughout the agreement period.</p> | |
| | <p>print here → <u>Walter Hornaday</u> <i>Name of authorized company officer</i></p> | <p><u>President</u> <i>Title</i></p> |
| | <p>sign here → <u></u> <i>Signature of authorized company officer</i></p> | <p><u>2/11/10</u> <i>Date</i></p> |
| | <p>On behalf of <u>Spinning Spur Wind LLC</u> <i>Name of corporation/company</i></p> | |

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

| | | |
|---|--|---|
| <p>Step 7: School district official sign and date application.</p> | <p>By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.</p> | |
| | <p>print here → <u>Margo Knox</u> <i>Name of authorized school district official</i></p> | <p><u>Superintendent</u> <i>Title</i></p> |
| | <p>sign here → <u></u> <i>Signature of authorized school district official</i></p> | <p><u>2-12-10</u> <i>Date</i></p> |
| | <p>On behalf of <u>Vega ISD</u> <i>Name of school district</i></p> | |

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES

| PROPERTY INVESTMENT AMOUNTS (\$) | | | | | | | | | | TAX INFORMATION | | | |
|--|--|--|---|--|--|------------------------------------|---|---|---|---|---|---|--|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | | Column F: Estimate of total annual expenditures* subject to state sales tax | Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax | Column H: Estimate of Franchise tax due from (or attributable to) the applicant | |
| Year | Tax Year (fill in actual tax year below) | Column A: Tangible Personal Property: the amount of new investment (original cost) placed in service during this year | Column B: Building or nonremovable component of building (annual amount only) | Column C: Sum of A and B—Qualifying investment (during the qualifying time period) | Column D: Other investment that is not qualified investment but investment affecting economic impact and total value | Column E: Total Investment (A+B+D) | Column F: Estimate of total annual expenditures* subject to state sales tax | Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax | Column H: Estimate of Franchise tax due from (or attributable to) the applicant | | | | |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | | Investment made before filing application with district (neither qualified property nor eligible to become qualified investment) | | | | | | | | | | | |
| | | Investment made after filing application with district, but before application approval (eligible to become qualified property) | | | | | | | | | | | |
| | | Investment made after application approval and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) | | | | | | | | | | | |
| | Complete tax years of qualifying time period | 2011 | 551,250 | 257,600,000 | 32,200,000 | 290,351,250 | 26,335,901 | 36,325,736 | - | | | | |
| | | 2012 | - | - | - | - | - | - | - | | | | |
| | | 2013 | - | - | - | - | - | - | 185,000 | | | | |
| | | 2014 | - | - | - | - | - | - | 170,000 | | | | |
| | | 2015 | - | - | - | - | - | - | 175,000 | | | | |
| | | 2016 | - | - | - | - | - | - | 181,000 | | | | |
| | | 2017 | - | - | - | - | - | - | 188,000 | | | | |
| | | 2018 | - | - | - | - | - | - | 191,000 | | | | |
| | | 2019 | - | - | - | - | - | - | 186,000 | | | | |
| | | 2020 | - | - | - | - | - | - | 202,000 | | | | |
| | | 2021 | - | - | - | - | - | - | 207,000 | | | | |
| | | 2022 | - | - | - | - | - | - | 205,000 | | | | |
| | | 2023 | - | - | - | - | - | - | 211,000 | | | | |
| | | 2024 | - | - | - | - | - | - | 218,000 | | | | |
| | | 2025 | - | - | - | - | - | - | 224,000 | | | | |
| Tax Credit Period (with 50% cap on credit) | | | | | | | | | | | | | |
| | Value Limitation Period | | | | | | | | | | | | |
| | Continue to Maintain Viable Presence | | | | | | | | | | | | |
| | Post-Settle-Up Period | | | | | | | | | | | | |
| | Post-Settle-Up Period | | | | | | | | | | | | |

Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment- as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. For the years outside the qualifying time period, include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E. Note: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

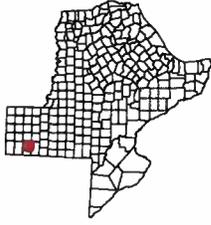
SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE

All figures here are to be cumulative

| | Year | Qualified Property | | | Reductions from market value (exemptions, etc) | | | Estimated Taxable Value | |
|--|------------|--|---|--|---|----------------------------|---|---|-------------|
| | | Column A: Estimated Market Value of Land | Column B: Estimated Total Market Value of new buildings or other new improvements | Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement" | D: Due to pollution control property (estimated or actual as appropriate) | E: Due to other exemptions | F: Estimated total taxable value for I&S: (A+B+C)-(D+E) | G: Estimated total taxable value for M&O: (Column F amount with the limitation value in years 3-10) | |
| | pre-year 1 | N/A | - | - | N/A | N/A | N/A | - | - |
| Complete tax years of qualifying time period | 1 | 2011 | - | - | N/A | N/A | N/A | - | - |
| | 2 | 2012 | 452,025 | 193,200,000 | N/A | N/A | N/A | 193,652,025 | 193,652,025 |
| | 3 | 2013 | 430,500 | 183,640,000 | N/A | N/A | N/A | 183,970,500 | 10,000,000 |
| | 4 | 2014 | 410,000 | 174,363,000 | N/A | N/A | N/A | 174,773,000 | 10,000,000 |
| Value Limitation Period | 5 | 2015 | 390,476 | 165,644,850 | N/A | N/A | N/A | 166,035,326 | 10,000,000 |
| | 6 | 2016 | 371,882 | 157,362,608 | N/A | N/A | N/A | 157,734,490 | 10,000,000 |
| | 7 | 2017 | 354,173 | 149,494,477 | N/A | N/A | N/A | 149,848,650 | 10,000,000 |
| | 8 | 2018 | 337,308 | 142,019,753 | N/A | N/A | N/A | 142,357,081 | 10,000,000 |
| | 9 | 2019 | 321,246 | 134,918,766 | N/A | N/A | N/A | 135,240,012 | 10,000,000 |
| Continue to Maintain Viable Presence | 10 | 2020 | 305,948 | 128,172,827 | N/A | N/A | N/A | 128,478,775 | 10,000,000 |
| | 11 | 2021 | 291,379 | 121,764,186 | N/A | N/A | N/A | 122,055,585 | 122,055,585 |
| | 12 | 2022 | 277,504 | 115,675,977 | N/A | N/A | N/A | 115,953,481 | 115,953,481 |
| Post-Settle-Up Period | 13 | 2023 | 264,280 | 109,892,178 | N/A | N/A | N/A | 110,156,468 | 110,156,468 |
| | 14 | 2024 | 251,076 | 104,397,589 | N/A | N/A | N/A | 104,648,644 | 104,648,644 |
| Post-Settle-Up Period | 15 | 2025 | 238,522 | 99,177,680 | N/A | N/A | N/A | 99,416,212 | 99,416,212 |

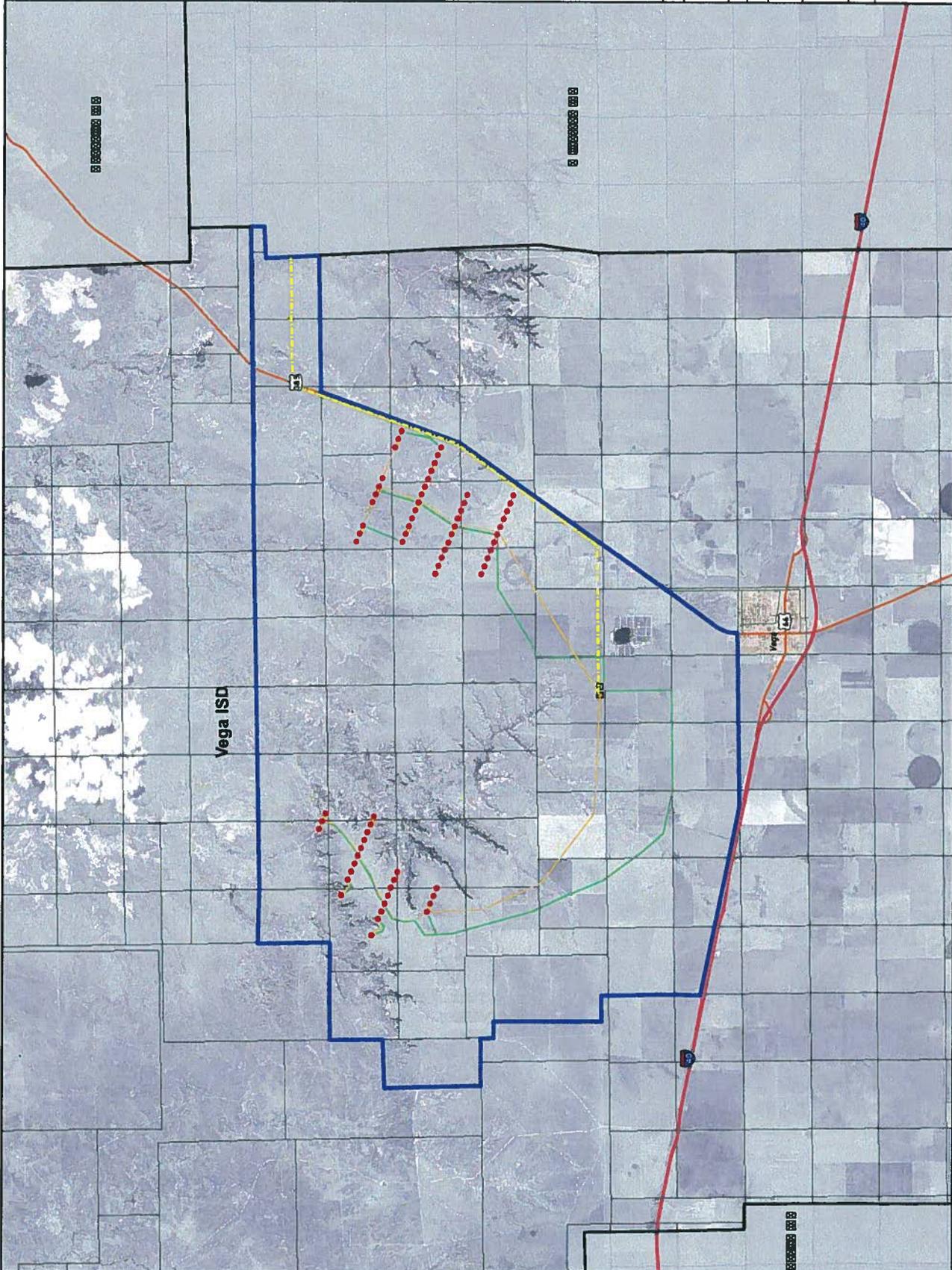
The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.



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

| | |
|----------------|-------------------------|
| PROJECT NAME | VEGA WIND ENERGY CENTER |
| LOCATION | VEGA, TEXAS |
| DATE | 11/18/19 |
| SCALE | 1" = 1/4" (AS SHOWN) |
| PROJECT NUMBER | VEGA-001 |
| DESIGNED BY | CELESTIAL POWER |
| CHECKED BY | CELESTIAL POWER |
| APPROVED BY | CELESTIAL POWER |



Vega ISD

Vega

Step 2, Question 1:

A specific description of all property for which you are requesting an appraised value limitation as defined by Tax Code §313.021(2). Include a description of the land, describe each proposed improvement, and each proposed item of personal property for which you are seeking a limitation. Include each existing appraisal district account number and the legal description of the land, attach a detailed map showing the actual or proposed location of the land and proposed improvements and showing the actual or proposed boundaries and size of the reinvestment zone or enterprise zone in which the property will be located. Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone (if applicable).

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described and shown in Exhibit A within Vega ISD, which is located in Oldham County, Texas. The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following: 70 Siemens 2.3 MW wind turbine towers to generate 161 megawatts of power; 70 reinforced concrete foundations supporting the weight of each turbine tower; 70 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; a small building to house maintenance supplies; replacement parts and other miscellaneous related equipment.

The exact route and location of the transmission line is undefined at this time. Of the approximately 40 total miles of 345kV transmission line to the point of interconnect, it is estimated that 10 miles will be within the Vega ISD boundary. A map showing the entire transmission line route will be supplemented when it is available.

Further, the map provided does not give the location of the improvements; however all of the improvements that make up the amount of the qualified investment will be made within the Project Investment Area as shown on Exhibit A. The applicant will provide a map with the location of the improvements in the near future.

The Applicant has not yet obtained a Reinvestment Zone that will encompass this facility. The Applicant intends to obtain this Reinvestment Zone in the near term and will provide an updated map of this Reinvestment Zone at that time.

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

Step 2, Question 2:

A fully 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.

The proposed project will consist of a facility designed to use wind power for electricity generation (commonly referred to as a wind farm). The Applicant expects to build the proposed project within one (1) year, with 100% of the facility being located in Vega ISD, with the exception of approximately 30 miles of transmission line outside of Vega ISD to the Project's interconnect location. The Applicant intends to commence construction during 2011 and expects to meet the minimum qualified investment threshold referenced in Step 2, Question 3 by the end of the construction period that is scheduled for late 2011.

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.

In accordance with HB 1470, the Applicant is requesting a waiver of the statutory jobs requirement in lieu of providing 5 qualified jobs for the facility's operation. The qualified jobs established exceeds the standard we believe necessary to operate the facility which is one (1) employee for every fifteen – twenty (15-20) operating turbines.

**2008 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

| COG | Hourly | Annual |
|--|----------------|-----------------|
| Texas | \$20.61 | \$42,872 |
| 1. Panhandle Regional Planning Commission | \$18.23 | \$37,916 |
| 2. South Plains Association of Governments | \$14.81 | \$30,799 |
| 3. NORTEX Regional Planning Commission | \$17.78 | \$36,982 |
| 4. North Central Texas Council of Governments | \$22.60 | \$47,011 |
| 5. Ark-Tex Council of Governments | \$15.50 | \$32,239 |
| 6. East Texas Council of Governments | \$16.07 | \$33,431 |
| 7. West Central Texas Council of Governments | \$16.30 | \$33,904 |
| 8. Rio Grande Council of Governments | \$14.93 | \$31,048 |
| 9. Permian Basin Regional Planning Commission | \$17.51 | \$36,422 |
| 10. Concho Valley Council of Governments | \$14.07 | \$29,274 |
| 11. Heart of Texas Council of Governments | \$17.19 | \$35,749 |
| 12. Capital Area Council of Governments | \$24.50 | \$50,969 |
| 13. Brazos Valley Council of Governments | \$14.93 | \$31,052 |
| 14. Deep East Texas Council of Governments | \$15.42 | \$32,066 |
| 15. South East Texas Regional Planning Commission | \$24.60 | \$51,161 |
| 16. Houston-Galveston Area Council | \$21.80 | \$45,353 |
| 17. Golden Crescent Regional Planning Commission | \$18.72 | \$38,932 |
| 18. Alamo Area Council of Governments | \$16.50 | \$34,330 |
| 19. South Texas Development Council | \$13.76 | \$28,631 |
| 20. Coastal Bend Council of Governments | \$22.61 | \$47,037 |
| 21. Lower Rio Grande Valley Development Council | \$13.05 | \$27,145 |
| 22. Texoma Council of Governments | \$17.99 | \$37,415 |
| 23. Central Texas Council of Governments | \$16.47 | \$34,255 |
| 24. Middle Rio Grande Development Council | \$13.85 | \$28,810 |

Source: Texas Occupational Employment and Wages

Data published: 9 June 2009

Data published annually, next update will be June 2010.

Note: Data is not supported by the Bureau of Labor Statistics (BLS).

Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.



823 Congress Avenue
Fifth Floor
Austin, Texas 78701
TEL: 512.440.0305
FAX: 512.440.0277
www.cielowind.com

Exhibit E

Step 3, Question 7 (a)

February 9, 2010

Ms. Margo Knox, Superintendent
Vega Independent School District
200 Longhorn Dr.
Vega, Texas 79092

Re: Chapter 313 Job Waiver Request

Dear Ms. Knox,

This letter is to advise you that Spinning Spur Wind LLC is amending its Chapter 313 Application for Appraised Value Limitation on Qualified Property by requesting a waiver of the requirement to create ten full time jobs. House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-1) to permit a school district's board of trustees to make a finding that the job requirement could be waived if the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Spinning Spur Wind LLC requests that the Vega ISD's Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. Based on the industry standard, the size and scope of this project will require five (5) permanent jobs.

As background information on the creation of full-time jobs by a wind projects, wind projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of highly skilled technicians to operate a wind project once construction operations cease and commercial operations start.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the Project. The industry standard for permanent employment is one full-time employee for every fifteen-twenty (15 – 20) turbines, although this number varies depending on the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Miller".

Melissa Miller

Project Manager. Cielo Wind Services Inc.

**Temporary Addendum to Application for Appraised Value Limitation on
Qualified Property - July 2009**

The 81st Legislature passed HB 3676, which made changes to Texas Tax Code, Chapter 313¹, including more information required to be analyzed in the Comptroller's economic impact evaluation (§313.026(a)). In order to facilitate completion of the evaluation, please provide the following, including temporary supplemental schedules A, B & C to collect information needed for HB 3676. The information on this addendum and additional schedules is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period. (Note: Should the applicant anticipate the need to keep any of the requested information in the application, addendum or supplemental schedules confidential, please read the attachment entitled 'Confidential Information submitted to the Comptroller' at the end of this addendum.)

1. Applicant name Spinning Spur Wind LLC
2. ISD Name Vega ISD
3. Please describe the general nature of the applicant's investment: renewable energy (wind) electricity generation

4. Taxing entities that have jurisdiction for the property:
 - a. County Oldham
Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).
Yes, an abatement will be sought but the percentage of abatement is unknown at this time

 - b. City N/A
Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

¹ All §references are to Texas Tax Code, Chapter 313 as amended by HB 3676, 81st Legislature, unless otherwise noted.

Applicant name:
ISD Name:

c. Hospital District N/A

Are you seeking property tax abatements or other favorable tax treatment from this entity? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

Other (describe) _____
Other (describe) _____
Other (describe) _____

Are you seeking property tax abatements or other favorable tax treatment from any of these entities? If so, please describe the request (typically the percentage abatement and the length of time the abatement would be in effect).

N/A

5. Are you seeking any other state or local economic development incentives? Examples could include road or public infrastructure improvements, job training grants, loan guarantees, special financing, etc.) No If yes, please describe, attaching documentation as necessary.
6. The locally collected sales tax rate is: Oldham County sales tax rate is \$.005 (outside the City of Vega)
7. Will the land upon which the new building or new improvement be built be part of the qualified property described by §313.021(2)(A)? No If yes, please attach complete documentation: legal description, parcel ID, current taxable value, owner, etc.
8. Will the project be on leased land? Yes
9. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.
None
10. What is the anticipated date of application approval? June 1, 2010
11. What is the anticipated date of beginning of the qualifying time period?
June 1, 2010

Applicant name:
ISD Name:

- 12. What is the approximate date the proposed facility or new improvement is expected to be fully operational? December 31, 2011
- 13. What is the minimum required annual wage for each qualified job in this school district? [See new §§313.021(5)(A) or 313.021(5)(B) or 313.021(3)(E)(ii), or 313.051(b).] \$37,916 (see Exhibit D) Please specify method of computation and attach documentation from TWC web site. (Note that applicants to school districts subject to Subchapter C because of demographic characteristics must meet the regional wage standard described in §313.051(b).)
- 14. What is the minimum annual wage you will be paying for each qualified job in this school district? \$41,800
- 15. What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? (Use Schedule C-3676, Column F to indicate number of qualifying jobs in specific years.) 5 jobs

By signing this addendum, you certify that this information is true and correct to the best of your knowledge and belief.

| | |
|---|-------|
| _____ | _____ |
| Name of authorized company officer | Title |
| _____ | _____ |
| Signature of authorized company officer | Date |

On behalf of Spinning Spur LLC

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

School district official sign and date application.

By signing below, I affirm that I have been delegated the authority by the school district governing body to act on its behalf with regard to this application for a limitation on appraised value.

| | |
|--|------------------|
| <u>Margo Knox, Superintendent</u> | _____ |
| Name of school district official | Title |
| _____ | <u>2/22/2010</u> |
| Signature of authorized school district official | Date |

Name of school district Vega Independent School District

Applicant name:
ISD Name:

ATTACHMENT:

Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information submitted to the Comptroller

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act. There is an exception, outlined below, by which information will be withheld from disclosure:

The Comptroller's office will withhold information from public release if it 1) describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application; 2) the information has been segregated in the application from other information in the application; and 3) the party requesting confidentiality provides the Comptroller's office specific reasons, including any relevant legal authority, stating why the material is believed to be confidential. All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application or we are directed to do so by a ruling from the Attorney General. Other information in the custody of a school district or the comptroller in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information if the governing body of the school district agrees to consider the application.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

Applicant name:
ISD Name:

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential. This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act. The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office. Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.

TAB
B

Taxable Entity Search Results**Franchise Tax Certification of Account Status****This Certification Not Sufficient for Filings with Secretary of State**

Do **not** include a certificate from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, Requirements to Dissolve, Merge or Convert a Texas Entity.

Certification of Account Status

Officers And Directors Information

Entity Information:

SPINNING SPUR WIND LLC
823 CONGRESS AVE STE 500
AUSTIN, TX 78701-2459

Status:

**IN GOOD STANDING NOT FOR
DISSOLUTION OR
WITHDRAWAL through May 16,
2011**

Registered Agent:

CIELO WIND SERVICES, INC.
823 CONGRESS AVENUE, SUITE
500
AUSTIN, TX 78701

Registered Agent Resignation Date:

State of Formation:

TX

File Number:

0801190858

SOS Registration Date:

November 5, 2009

Taxpayer Number:

32040632831

texas.gov | Statewide Search from the Texas State Library | State Link Policy | Texas Homeland Security

Susan Combs, Texas Comptroller • Window on State Government • Contact Us
Privacy and Security Policy | Accessibility Policy | Link Policy | Public Information Act | Compact with Texans

TAB
C

| | | |
|------------------------|---|---|
| S U S A N C O M B S | TEXAS COMPTROLLER <i>of</i> PUBLIC ACCOUNTS P.O. Box 13528 • AUSTIN, TX 78711-3528 |  |
|------------------------|---|---|

May 24, 2010

Ms. Margo Knox
 Superintendent
 Vega Independent School District
 200 Longhorn Drive
 Vega, Texas 79092-5461

Dear Superintendent Knox:

On Feb. 24, 2010, the agency received the completed application for a limitation on appraised value originally submitted to the Vega Independent School District (Vega ISD) by Spinning Spur Wind LLC (Spinning Spur) on Feb. 12, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Spinning Spur's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Vega ISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment (\$258 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Spinning Spur is proposing the construction of a wind power electricity generating facility in Oldham County. Spinning Spur is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Spinning Spur, the Comptroller's recommendation is that Spinning Spur's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Ms. Margo Knox
May 24, 2010
Page Two

The Comptroller's recommendation is contingent on creation of a reinvestment zone, as required by Section 313.021(2) of the Tax Code. When that zone has been created, please forward to our office maps and legal descriptions for the zone as well as detailed maps showing that all proposed qualified property will be located inside the reinvestment zone.

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the district approving and executing a limitation agreement within a year from the date of this letter, and is valid only for a qualifying time period that begins in accordance with the approved application and a conforming limitation agreement. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution. During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our website at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

**TAB
D**

Economic Impact for Chapter 313 Project

| | |
|--|---|
| Applicant | Spinning Spur Wind |
| Tax Code, 313.024 Eligibility Category | Renewable energy electric generation - Wind |
| School District | Vega ISD |
| 2008-09 Enrollment in School District | 281 |
| County | Oldham |
| Total Investment in District | \$290,351,250 |
| Qualified Investment | \$258,151,250 |
| Limitation Amount | \$10,000,000 |
| Number of total jobs committed to by applicant | 5* |
| Number of qualifying jobs committed to by applicant | 5 |
| Average Weekly Wage of Qualifying Jobs committed to by applicant | \$804 |
| Minimum Weekly Wage Required | \$802 |
| Minimum Annual Wage committed to by applicant for qualified jobs | \$41,800 |
| Investment per Qualifying Job | \$58,070,250 |
| Estimated 13 year M&O levy without any limit or credit: | \$18,514,656 |
| Estimated gross 13 year M&O tax benefit | \$13,957,734 |
| Estimated 13 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for yet-to-be negotiated supplemental payments or extraordinary educational expenses): | \$13,806,933 |
| Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program) | \$1,909,981 |
| Net M&O Tax (13 years) After Limitation, Credits and Revenue Protection: | \$4,707,723 |
| Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted) | 74.6% |
| Percentage of tax benefit due to the limitation | 86.3% |
| Percentage of tax benefit due to the credit. | 13.7% |
| * Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1). | |

This presents the Comptroller's economic impact evaluation of Spinning Spur Wind LLC (the project) applying to Vega Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

- (1) the recommendations of the comptroller;
- (2) the name of the school district;
- (3) the name of the applicant;
- (4) the general nature of the applicant's investment;
- (5) the relationship between the applicant's industry and the types of qualifying jobs to be created by the applicant to the long-term economic growth plans of this state as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Government Code, as that section existed before February 1, 1999;
- (6) the relative level of the applicant's investment per qualifying job to be created by the applicant;
- (7) the number of qualifying jobs to be created by the applicant;
- (8) the wages, salaries, and benefits to be offered by the applicant to qualifying job holders;
- (9) the ability of the applicant to locate or relocate in another state or another region of this state;
- (10) the impact the project will have on this state and individual local units of government, including:
 - (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller; and
 - (B) economic effects of the project, including the impact on jobs and income, during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the comptroller;
- (11) the economic condition of the region of the state at the time the person's application is being considered;
- (12) the number of new facilities built or expanded in the region during the two years preceding the date of the application that were eligible to apply for a limitation on appraised value under this subchapter;
- (13) the effect of the applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Education Code;
- (14) the projected market value of the qualified property of the applicant as determined by the comptroller;
- (15) the proposed limitation on appraised value for the qualified property of the applicant;
- (16) the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated;
- (17) the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated;
- (18) the projected effect on the Foundation School Program of payments to the district for each year of the agreement;
- (19) the projected future tax credits if the applicant also applies for school tax credits under Section 313.103; and
- (20) the total amount of taxes projected to be lost or gained by the district over the life of the agreement computed by subtracting the projected taxes stated in Subdivision (17) from the projected taxes stated in Subdivision (16).

Wages, salaries and benefits [313.026(6-8)]

After construction, the project will create five new jobs when fully operational. All five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission, where Oldham County is located was \$37,916 in 2008. The average manufacturing wage for the most recent four quarters (first, second third 2009, and fourth 2008) for Oldham County is \$26,468. During that same time period, the county annual average wage for all industries was \$28,691. In addition to an annual average salary of \$41,800, each qualifying position will receive benefits such as medical, dental and vision insurance, vacation time, sick leave and skills training. The project's total investment is \$290 million, resulting in a relative level of investment per qualifying job of \$58 million.

Ability of applicant to locate to another state and [313.026(9)]

According to Spinning Spur's application they "can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. Such locations include several counties in Texas and numerous other states within the U.S. However, after the facility is constructed, it is very difficult and costly to move to another location."

Number of new facilities in region [313.026(12)]

During the past two years, three projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Relationship of applicant's industry and jobs and Texas's economic growth plans [313.026(5)]

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]

Table 1 depicts the project's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Spinning Spur

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2011 | 200 | 270 | 470 | \$8,360,000 | \$21,140,000 | \$29,500,000 |
| 2012 | 5 | 23 | 28 | \$209,000 | \$3,791,000 | \$4,000,000 |
| 2013 | 5 | 19 | 24 | \$209,000 | \$3,491,000 | \$3,700,000 |
| 2014 | 5 | 9 | 14 | \$209,000 | \$2,891,000 | \$3,100,000 |
| 2015 | 5 | 7 | 12 | \$209,000 | \$2,491,000 | \$2,700,000 |
| 2016 | 5 | 7 | 12 | \$209,000 | \$2,191,000 | \$2,400,000 |
| 2017 | 5 | 4 | 9 | \$209,000 | \$1,991,000 | \$2,200,000 |
| 2018 | 5 | 6 | 11 | \$209,000 | \$1,791,000 | \$2,000,000 |
| 2019 | 5 | 7 | 12 | \$209,000 | \$2,091,000 | \$2,300,000 |
| 2020 | 5 | 9 | 14 | \$209,000 | \$1,991,000 | \$2,200,000 |
| 2021 | 5 | 9 | 14 | \$209,000 | \$2,191,000 | \$2,400,000 |
| 2022 | 5 | 7 | 12 | \$209,000 | \$2,491,000 | \$2,700,000 |
| 2023 | 5 | 10 | 15 | \$209,000 | \$2,491,000 | \$2,700,000 |
| 2024 | 5 | 6 | 11 | \$209,000 | \$2,191,000 | \$2,400,000 |
| 2025 | 5 | 9 | 14 | \$209,000 | \$2,691,000 | \$2,900,000 |

Source: CPA, REMI, Spinning Spur

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2008. Vega ISD's ad valorem tax base in 2008 was \$146 million. The statewide average wealth per WADA was estimated at \$352,755 for fiscal 2009-2010. During that same year, Vega ISD's estimated wealth per WADA was \$271,177. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Oldham County with all property tax incentives sought being granted using estimated market value from Spinning Spur's application. Spinning Spur has applied for a value limitation under Chapter 313, Tax Code and a tax abatement with Oldham County, but no decision regarding terms has been made. Table 3 illustrates the estimated tax impact of the project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought

| Year | Estimated Taxable value for I&S | Estimated Taxable value for M&O | Tax Rate ¹ | Vega ISD I&S Levy | Vega ISD M&O Levy | Vega ISD M&O and I&S Tax Levies (Before Credit Credited) | Vega ISD M&O and I&S Tax Levies (After Credit Credited) | Oldham County | School & County Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|-------------------|-------------------|--|---|---------------------|--------------------------------|
| 2010 | \$0 | \$0 | 0.0000 | \$0 | \$0 | \$0 | \$0 | 0.7470 | \$0 |
| 2011 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | | \$0 |
| 2012 | \$193,652,025 | \$193,652,025 | | \$0 | \$2,013,981 | \$2,013,981 | \$2,013,981 | \$1,446,581 | \$3,460,562 |
| 2013 | \$183,970,500 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$104,000 | \$1,374,260 | \$1,478,260 |
| 2014 | \$174,773,000 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$1,305,554 | \$1,357,554 |
| 2015 | \$166,035,326 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$1,240,284 | \$1,292,284 |
| 2016 | \$157,734,490 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$1,178,277 | \$1,230,277 |
| 2017 | \$149,848,650 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$1,119,369 | \$1,171,369 |
| 2018 | \$142,357,061 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$1,063,407 | \$1,115,407 |
| 2019 | \$135,240,012 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$1,010,243 | \$1,062,243 |
| 2020 | \$128,478,775 | \$10,000,000 | | \$0 | \$104,000 | \$104,000 | \$52,000 | \$959,736 | \$1,011,736 |
| 2021 | \$122,055,565 | \$122,055,565 | | \$0 | \$1,269,378 | \$1,269,378 | \$0 | \$911,755 | \$911,755 |
| 2022 | \$115,953,481 | \$115,953,481 | | \$0 | \$1,205,916 | \$1,205,916 | \$929,313 | \$866,173 | \$1,795,486 |
| 2023 | \$110,156,468 | \$110,156,468 | | \$0 | \$1,145,627 | \$1,145,627 | \$1,145,627 | \$822,869 | \$1,968,496 |
| 2024 | \$104,648,644 | \$104,648,644 | | \$0 | \$1,088,346 | \$1,088,346 | \$1,088,346 | \$781,725 | \$1,870,071 |
| 2025 | \$99,416,212 | \$99,416,212 | | \$0 | \$1,033,929 | \$1,033,929 | \$1,033,929 | \$742,639 | \$1,776,568 |
| | | | | | | Total | \$6,679,196 | \$14,822,872 | \$21,502,068 |

Source: CPA, Spinning Spur

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

| Year | Estimated Taxable value for I&S | Estimated Taxable value for M&O | Tax Rate ¹ | Vega ISD I&S Levy | Vega ISD M&O Levy | Vega ISD M&O and I&S Tax Levies | Oldham County | School & County Property Taxes | |
|------|---------------------------------|---------------------------------|-----------------------|-------------------|-------------------|---------------------------------|---------------------|--------------------------------|---------------------|
| | | | | 0.0000 | 1.0400 | | 0.7470 | | |
| 2010 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 2011 | \$0 | \$0 | | \$0 | \$0 | \$0 | \$0 | \$0 | |
| 2012 | \$193,652,025 | \$193,652,025 | | \$0 | \$2,013,981 | \$2,013,981 | \$1,446,581 | \$3,460,562 | |
| 2013 | \$183,970,500 | \$183,970,500 | | \$0 | \$1,913,293 | \$1,913,293 | \$1,374,260 | \$3,287,553 | |
| 2014 | \$174,773,000 | \$174,773,000 | | \$0 | \$1,817,639 | \$1,817,639 | \$1,305,554 | \$3,123,194 | |
| 2015 | \$166,035,326 | \$166,035,326 | | \$0 | \$1,726,767 | \$1,726,767 | \$1,240,284 | \$2,967,051 | |
| 2016 | \$157,734,490 | \$157,734,490 | | \$0 | \$1,640,439 | \$1,640,439 | \$1,178,277 | \$2,818,715 | |
| 2017 | \$149,848,650 | \$149,848,650 | | \$0 | \$1,558,426 | \$1,558,426 | \$1,119,369 | \$2,677,795 | |
| 2018 | \$142,357,061 | \$142,357,061 | | \$0 | \$1,480,513 | \$1,480,513 | \$1,063,407 | \$2,543,921 | |
| 2019 | \$135,240,012 | \$135,240,012 | | \$0 | \$1,406,496 | \$1,406,496 | \$1,010,243 | \$2,416,739 | |
| 2020 | \$128,478,775 | \$128,478,775 | | \$0 | \$1,336,179 | \$1,336,179 | \$959,736 | \$2,295,916 | |
| 2021 | \$122,055,565 | \$122,055,565 | | \$0 | \$1,269,378 | \$1,269,378 | \$911,755 | \$2,181,133 | |
| 2022 | \$115,953,481 | \$115,953,481 | | \$0 | \$1,205,916 | \$1,205,916 | \$866,173 | \$2,072,089 | |
| 2023 | \$110,156,468 | \$110,156,468 | | \$0 | \$1,145,627 | \$1,145,627 | \$822,869 | \$1,968,496 | |
| 2024 | \$104,648,644 | \$104,648,644 | | \$0 | \$1,088,346 | \$1,088,346 | \$781,725 | \$1,870,071 | |
| 2025 | \$99,416,212 | \$99,416,212 | | \$0 | \$1,033,929 | \$1,033,929 | \$742,639 | \$1,776,568 | |
| | | | | | | Total | \$20,636,930 | \$14,822,872 | \$35,459,802 |

Source: CPA, Spinning Spur

¹Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, and C provided by the applicant in the application. Schedule A shows proposed investment and tax expenditures. Schedule B is the projected market value of the qualified property and Schedule C contains employment information.

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$18,514,656. The estimated gross 13 year M&O tax benefit, is \$13,957,734.

Attachment 3 is an economic overview of Oldham County.

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

Attachments

1. Schedules A, B, and C provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

SCHEDULE A-3676 (Temporary - July 2009): INVESTMENT & TAXES

| PROPERTY INVESTMENT AMOUNTS (\$) | | | | | | | | | | TAX INFORMATION | | |
|--|--|---|--|--|---|---|--|------------------------------------|--|--|--|---|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | | Column F: Estimate of total annual expenditures subject to state sales tax | Column G: Estimate of total annual expenditures made in Texas NOT subject to sales tax | Column H: Estimate of Franchise tax due from (or attributable to) the applicant |
| Year | Investment made before filing application with district (neither qualified property nor eligible to become qualified investment) | Investment made after filing application with district, but before application approval (eligible to become qualified property) | Investment made after application approval and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) | Column A: Taxable Personal Property: the amount of new investment (original cost) placed in service during this year | Column B: Building or nonresidential component of building (annual amount only) | Column C: Sum of A and B- Qualifying investment (during the qualifying time period) | Column D: Other investment that is not qualified investment but investment affecting economic impact and total value | Column E: Total Investment (A+B+D) | Column F: Estimate of total annual expenditures subject to state sales tax | Column G: Estimate of total annual expenditures made in Texas NOT subject to sales tax | Column H: Estimate of Franchise tax due from (or attributable to) the applicant | |
| 1 | Investment made before filing application with district (neither qualified property nor eligible to become qualified investment) | Investment made after filing application with district, but before application approval (eligible to become qualified property) | Investment made after application approval and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) | 257,900,000 | 561,250 | 258,461,250 | 32,200,000 | 290,661,250 | 26,335,501 | 36,325,795 | - | |
| 2 | Complete tax years of qualifying time period | | | - | - | - | - | - | - | - | - | |
| 3 | | | | - | - | - | - | - | - | - | 165,000 | |
| 4 | | | | - | - | - | - | - | - | - | 170,000 | |
| 5 | | | | - | - | - | - | - | - | - | 175,000 | |
| 6 | | | | - | - | - | - | - | - | - | 181,000 | |
| 7 | | | | - | - | - | - | - | - | - | 186,000 | |
| 8 | | | | - | - | - | - | - | - | - | 191,000 | |
| 9 | | | | - | - | - | - | - | - | - | 196,000 | |
| 10 | | | | - | - | - | - | - | - | - | 202,000 | |
| 11 | | | | - | - | - | - | - | - | - | 207,000 | |
| 12 | | | | - | - | - | - | - | - | - | 205,000 | |
| 13 | | | | - | - | - | - | - | - | - | 211,000 | |
| 14 | | | | - | - | - | - | - | - | - | 219,000 | |
| 15 | | | | - | - | - | - | - | - | - | 224,000 | |

Qualifying Time Period usually begins with the approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment, as defined in Tax Code §31.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in building or nonresidential component of buildings that the applicant considers qualified investment under Tax Code §31.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonresidential components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

* For planning, construction and operation of the facility.

Note: Information related to taxes in Columns F through H, for the year preceding the first complete year of the qualifying time period, need not be broken out by the time periods used for the requested investment information in Columns A through E. Note: For advanced clean energy projects, nuclear projects, projects with delayed qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 24 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation of any time during the application review period.

SCHEDULE B-3676 (Temporary - July 2009): ESTIMATED MARKET AND TAXABLE VALUE

All figures here are to be cumulative

| | Year | Qualified Property | | | | Reductions from market value (exemptions, etc) | | Estimated Taxable Value | |
|--|-------------|--|---|--|---|--|---|---|-------------|
| | | Column A: Estimated Market Value of Land | Column B: Estimated Total Market Value of new buildings or other new improvements | Column C: Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement" | D: Due to pollution control property (estimated or actual as appropriate) | E: Due to other exemptions | F: Estimated total taxable value for I&S: (A+B+C)-(D+E) | G: Estimated total taxable value for M&C: (Column F amount with the limitation value in years 3-10) | |
| | pts- year 1 | N/A | - | - | N/A | N/A | N/A | - | - |
| Complete tax years of qualifying time period Tax Credit Period (with 50% cap on credit) Credit Settle-Up Period Post-Settle-Up Period | 1 | 2011 | 452,025 | 183,200,000 | N/A | N/A | N/A | 183,652,025 | 183,652,025 |
| | 2 | 2012 | N/A | 183,540,000 | N/A | N/A | N/A | 183,970,500 | 10,000,000 |
| | 3 | 2013 | N/A | 430,500 | 174,383,000 | N/A | N/A | 174,773,000 | 10,000,000 |
| | 4 | 2014 | N/A | 390,478 | 165,644,850 | N/A | N/A | 166,035,328 | 10,000,000 |
| | 5 | 2015 | N/A | 371,862 | 167,302,908 | N/A | N/A | 167,734,490 | 10,000,000 |
| | 6 | 2016 | N/A | 354,173 | 149,494,477 | N/A | N/A | 149,848,650 | 10,000,000 |
| | 7 | 2017 | N/A | 337,308 | 142,019,753 | N/A | N/A | 142,357,061 | 10,000,000 |
| | 8 | 2018 | N/A | 321,246 | 134,918,768 | N/A | N/A | 135,240,012 | 10,000,000 |
| | 9 | 2019 | N/A | 305,948 | 128,172,827 | N/A | N/A | 128,478,776 | 10,000,000 |
| | 10 | 2020 | N/A | 291,379 | 121,764,166 | N/A | N/A | 122,055,565 | 115,953,481 |
| | 11 | 2021 | N/A | 277,504 | 115,975,977 | N/A | N/A | 110,156,468 | 104,848,844 |
| | 12 | 2022 | N/A | 264,280 | 109,892,178 | N/A | N/A | 109,892,178 | 98,418,212 |
| | 13 | 2023 | N/A | 251,076 | 104,397,589 | N/A | N/A | 104,397,589 | 98,418,212 |
| | 14 | 2024 | N/A | 238,522 | 99,177,890 | N/A | N/A | 99,177,890 | 98,418,212 |
| | 15 | 2025 | N/A | 238,522 | 99,177,890 | N/A | N/A | 99,177,890 | 98,418,212 |

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 18, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

Note: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

Applicant Name Spinning Spur Wind LLC
 ISD Name Vega ISD

SCHEDULE C-3676 (Temporary - July 2009): EMPLOYMENT INFORMATION

| | Year | Tax Year (fill in actual tax year) | Existing Jobs | | | Construction | | Permanent New Jobs | | Qualifying Jobs | |
|--|--|--|--|--|--|---|--|---|--|-----------------|----------|
| | | | Column A: Number of permanent existing full time jobs prior to application | Column B: Number of Construction FTE's or man- hours (specify) | Column C: Average annual wage rates for construction workers | Column D: Total number of permanent full- time new jobs applicant commits to create | Column E: Average annual wage rate for all permanent new jobs for each year | Column F: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) | Column G: Avg. annual wage of qualifying jobs | | |
| | pre-year 1 | 0 | | | | | | | | | |
| Tax Credit Period (with 50% cap on credit) | Complete tax years of qualifying time period | 1 | 200 | \$41,800 | 0 | \$ | 0 | \$ | 0 | \$ | |
| | | 2 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 3 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 4 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 5 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 6 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 7 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 8 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 9 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 10 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 11 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 12 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 13 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 14 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |
| | | 15 | 0 | \$41,800 | 5 | | 5 | | 5 | | \$41,800 |

The information on this schedule is required pursuant to the provisions of HB 3676, 81st Legislature, effective June 19, 2009. Additionally, the Comptroller is authorized by 34 TAC § 9.1057(b) to request information from the school district or applicant that is reasonably necessary to complete the recommendation or economic impact evaluation at any time during the application review period.

[Note: Section 313.024(d) Tax Code requires that, to be eligible for a limitation, 60 percent of all new jobs must be qualifying jobs.

Note: Applicants to school districts subject to Subchapter C because of demographic characteristics [see §913.051(a)(2)] must meet the regional wage standard described in 313.051(b).

Attachment 2



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

**Robert Scott
Commissioner**

May 20, 2010

Mr. Robert Wood
Director, Local Government Assistance and Economic Development
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Spinning Spur Wind, LLC, project for the Vega Independent School District (VISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe their assumptions are valid and their estimates of the impact of the Spinning Spur Wind, LLC, project on VISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Helen Daniels". The signature is written in a cursive, flowing style.

Helen Daniels
Director of State Funding

HD/hd

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Spinning Spur Wind, LLC**

Prepared by

Randy McDowell, RTSBA

School Financial Consultant

&

Neal Brown

School Finance Specialist, Region 16 ESC

Vega ISD Financial Impact of Chapter 313 Agreement

Summary of Vega ISD Financial Impact of the Limited Appraised Value Application from Spinning Spur Wind, LLC

Introduction

Spinning Spur Wind, LLC, applied for a property value limitation from Vega Independent School District under Chapter 313 of the Tax Code. The application was submitted on February 12, 2010 and subsequently approved for consideration by the Vega ISD Board of Trustees. Spinning Spur Wind, LLC (“Spinning Spur”), is requesting the property value limitation as a “renewable energy electric generation” company as listed in Sec. 313.024.(b) of the Tax Code.

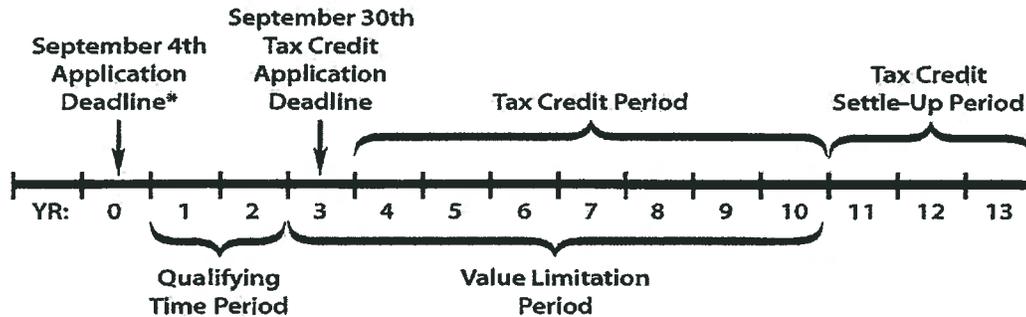
“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

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

Vega ISD Financial Impact of Chapter 313 Agreement

Timeline for Companies Applying for Tax Credit (in 3rd Year) After June 15, 2007

Appraised Value Limitation and Credit Under Tax Code Chapter 313



* Companies may apply throughout the year by agreement with the school district.
Sept. 4th is the deadline for applications with agreements commencing in the following tax year.

The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement ("LAVA" or "Agreement"). The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Vega ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of greater than \$1 million and less than \$90 million, thus Vega ISD has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Vega ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Vega ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The "Additional Value from Spinning Spur" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Vega ISD.

TABLE I- Calculation of Taxable Value:

| Tax Year | Additional Value from Spinning Spur | Minimum Qualified Investment | Abated Value | Taxable Value |
|--------------|--|------------------------------------|-----------------|------------------|
| Jan. 1, 2011 | 0 | n/a | 0 | 0 |
| Jan. 1, 2012 | 193,652,025 | n/a | 0 | 193,652,025 |
| Jan. 1, 2013 | 183,970,500 | (10,000,000) | 173,970,500 | 10,000,000 |
| Jan. 1, 2014 | 174,773,000 | (10,000,000) | 164,773,000 | 10,000,000 |
| Jan. 1, 2015 | 166,035,326 | (10,000,000) | 156,035,326 | 10,000,000 |
| Jan. 1, 2016 | 157,734,490 | (10,000,000) | 147,734,490 | 10,000,000 |
| Jan. 1, 2017 | 149,848,650 | (10,000,000) | 139,848,650 | 10,000,000 |
| Jan. 1, 2018 | 142,357,061 | (10,000,000) | 132,357,061 | 10,000,000 |
| Jan. 1, 2019 | 135,240,012 | (10,000,000) | 125,240,012 | 10,000,000 |
| Jan. 1, 2020 | 128,478,775 | (10,000,000) | 118,478,775 | 10,000,000 |
| Jan. 1, 2021 | 122,055,565 | n/a | 0 | 122,055,565 |
| Jan. 1, 2022 | 115,953,481 | n/a | 0 | 115,953,481 |
| Jan. 1, 2023 | 110,156,468 | n/a | 0 | 110,156,468 |

Vega ISD Financial Impact of Chapter 313 Agreement

Spinning Spur Wind, LLC Tax Benefit from Agreement

The projected amount of the net tax savings for Spinning Spur is \$13.8 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

TABLE II- Computation of Net Tax Savings:

| Fiscal Year | Taxes w/o Agreement | Tax Savings with Agreement | Tax Credits | Payment of District's Revenue Losses | Net Tax Savings |
|------------------|---------------------|----------------------------|------------------|--------------------------------------|-------------------|
| 2011-2012 | 0 | 0 | n/a | 0 | 0 |
| 2012-2013 | 2,013,981 | 0 | n/a | 0 | 0 |
| 2013-2014 | 1,913,293 | 1,809,293 | n/a | (150,801) | 1,658,492 |
| 2014-2015 | 1,817,639 | 1,713,639 | 52,000 | 0 | 1,765,639 |
| 2015-2016 | 1,726,767 | 1,622,767 | 52,000 | 0 | 1,674,767 |
| 2016-2017 | 1,640,439 | 1,536,439 | 52,000 | 0 | 1,588,439 |
| 2017-2018 | 1,558,426 | 1,454,426 | 52,000 | 0 | 1,506,426 |
| 2018-2019 | 1,480,513 | 1,376,513 | 52,000 | 0 | 1,428,513 |
| 2019-2020 | 1,406,496 | 1,302,496 | 52,000 | 0 | 1,354,496 |
| 2020-2021 | 1,336,179 | 1,232,179 | 52,000 | 0 | 1,284,179 |
| 2021-2022 | 1,269,378 | 0 | 1,269,378 | 0 | 1,269,378 |
| 2022-2023 | 1,205,916 | 0 | 276,603 | 0 | 276,603 |
| 2023-2024 | 1,145,627 | 0 | 0 | 0 | 0 |
| Totals | 18,514,656 | 12,047,753 | 1,909,981 | (150,801) | 13,806,933 |

Vega ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Vega ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2009-2010 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2009
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- A constant taxable value was used with no projected increase or decrease, except as it related to the requested LAVA. The district's 2009 taxable value was used as a baseline for all projections. A previous LAVA agreement that the district entered into does have an impact on the district's taxable values during the life of this agreement.
- The district's enrollment is projected to remain constant; therefore, the projected ADA and WADA for school year 2009-2010 was used for the life of the agreement.

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

Vega ISD Financial Impact of Chapter 313 Agreement

The tables displayed below (Table III, IV, V) are provided to show the school's financial impact as a result of the LAVA. These scenarios were computed to compare the District's revenue without the additional taxable value of Spinning Spur (Table III), the addition of Spinning Spur taxable values without a Chapter 313 Agreement (Table IV), and the addition of Spinning Spur taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues without Spinning Spur:

| Fiscal Year | M&O Taxes | | | | Hold | M&O | Total |
|-------------|---------------|------------|-----------|-----------|-----------|-----------|-----------|
| | Total Taxable | Compressed | State | Recapture | Harmless | Taxes > | District |
| | Value | Rate | Revenue | Amount | Revenue | Comp Rate | Revenue |
| 2011-2012 | 111,978,484 | 1,045,095 | 1,619,805 | 0 | 2,664,900 | 274,114 | 2,939,014 |
| 2012-2013 | 114,646,507 | 1,069,996 | 1,594,904 | 0 | 2,664,900 | 273,606 | 2,938,506 |
| 2013-2014 | 117,181,128 | 1,093,651 | 1,571,249 | 0 | 2,664,900 | 273,147 | 2,938,047 |
| 2014-2015 | 119,589,018 | 1,116,124 | 1,548,776 | 0 | 2,664,900 | 272,730 | 2,937,630 |
| 2015-2016 | 121,876,514 | 1,137,474 | 1,527,426 | 0 | 2,664,900 | 272,351 | 2,937,251 |
| 2016-2017 | 124,049,635 | 1,157,755 | 1,507,145 | 0 | 2,664,900 | 272,004 | 2,936,904 |
| 2017-2018 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 334,645 | 2,999,545 |
| 2018-2019 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2019-2020 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2020-2021 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2021-2022 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2022-2023 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2023-2024 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |

TABLE IV- District Revenues with Spinning Spur without Chapter 313 Agreement:

| Fiscal Year | M&O Taxes | | | | Hold | M&O | Total |
|-------------|---------------|------------|-----------|-----------|-----------|-----------|-----------|
| | Total Taxable | Compressed | State | Recapture | Harmless | Taxes > | District |
| | Value | Rate | Revenue | Amount | Revenue | Comp Rate | Revenue |
| 2011-2012 | 111,978,484 | 1,045,095 | 1,619,805 | 0 | 2,664,900 | 274,114 | 2,939,014 |
| 2012-2013 | 308,298,532 | 2,877,350 | 0 | 212,450 | 2,664,900 | 735,761 | 3,400,661 |
| 2013-2014 | 301,151,628 | 2,810,648 | 448,474 | 594,222 | 2,664,900 | 261,044 | 2,925,944 |
| 2014-2015 | 294,362,018 | 2,747,281 | 443,763 | 526,144 | 2,664,900 | 261,214 | 2,926,114 |
| 2015-2016 | 287,911,840 | 2,687,081 | 439,218 | 461,400 | 2,664,900 | 261,383 | 2,926,283 |
| 2016-2017 | 281,784,125 | 2,629,891 | 434,834 | 399,825 | 2,664,900 | 261,551 | 2,926,451 |
| 2017-2018 | 305,187,582 | 2,848,316 | 193,990 | 377,406 | 2,664,900 | 289,434 | 2,954,334 |
| 2018-2019 | 297,695,993 | 2,778,397 | 450,153 | 563,650 | 2,664,900 | 260,679 | 2,925,579 |
| 2019-2020 | 290,578,944 | 2,711,973 | 445,279 | 492,353 | 2,664,900 | 260,850 | 2,925,750 |
| 2020-2021 | 283,817,707 | 2,648,871 | 440,575 | 424,546 | 2,664,900 | 261,021 | 2,925,921 |
| 2021-2022 | 277,394,497 | 2,588,923 | 436,035 | 360,057 | 2,664,900 | 261,191 | 2,926,091 |
| 2022-2023 | 271,292,413 | 2,531,972 | 431,652 | 298,724 | 2,664,900 | 261,360 | 2,926,260 |
| 2023-2024 | 265,495,400 | 2,477,869 | 427,421 | 240,389 | 2,664,900 | 261,529 | 2,926,429 |

Vega ISD Financial Impact of Chapter 313 Agreement

TABLE V – District Revenues with Spinning Spur with Chapter 313 Agreement:

| Fiscal Year | M&O Taxes | | | | Hold Harmless Revenue | M&O Taxes > | | Total District Revenue |
|-------------|---------------------|---------------|---------------|------------------|-----------------------|-------------|-----------------------------|------------------------|
| | Total Taxable Value | Comp Rate | | Recapture Amount | | Comp Rate | Payment for District Losses | |
| | | After Credits | State Revenue | | | | | |
| 2011-2012 | 111,978,484 | 1,045,095 | 1,819,805 | 0 | 2,664,900 | 274,114 | 0 | 2,939,014 |
| 2012-2013 | 308,298,532 | 2,877,350 | 0 | 212,450 | 2,664,900 | 735,761 | 0 | 3,400,661 |
| 2013-2014 | 127,181,128 | 1,186,981 | 1,728,868 | 250,949 | 2,664,900 | 110,243 | 150,801 | 2,925,944 |
| 2014-2015 | 129,589,018 | 1,209,454 | 1,455,446 | 0 | 2,664,900 | 272,298 | 0 | 2,937,198 |
| 2015-2016 | 131,876,514 | 1,230,804 | 1,434,096 | 0 | 2,664,900 | 271,856 | 0 | 2,936,856 |
| 2016-2017 | 134,049,635 | 1,251,085 | 1,413,815 | 0 | 2,664,900 | 271,643 | 0 | 2,936,543 |
| 2017-2018 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 329,617 | 0 | 2,994,517 |
| 2018-2019 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 |
| 2019-2020 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 |
| 2020-2021 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 |
| 2021-2022 | 277,394,497 | 2,588,923 | 75,977 | 0 | 2,664,900 | 448,355 | 0 | 3,113,255 |
| 2022-2023 | 271,292,413 | 2,531,972 | 431,652 | 298,724 | 2,664,900 | 261,360 | 0 | 2,926,260 |
| 2023-2024 | 265,495,400 | 2,477,869 | 427,421 | 240,389 | 2,664,900 | 261,529 | 0 | 2,926,429 |

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of the loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

Vega ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

| Campus | # of Regular Classrooms | Building Capacity | Current Enrollment | Enrollment Growth Available |
|------------------|-------------------------|-------------------|--------------------|-----------------------------|
| Vega Elem. (K-6) | 10 | 220 | 139 | 81 |
| Vega High (7-12) | 16 | 352 | 156 | 196 |
| Total | 26 | 572 | 295 | 277 |

The building capacities are based on 22 students per classroom for the elementary campuses, and also for the high school.

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus the new five positions equates to 2.5 new students.

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

Vega ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Spinning Spur Wind would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Spinning Spur is projected to benefit from a \$13.4 million tax savings over the thirteen year period of this agreement. Spinning Spur Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

Attachment 3

Oldham County

Population

Total county population in 2008 for Oldham County: 2,062, up 0.0 percent from 2007. State population increased 2.0 percent in the same time period. Oldham County was the state's 236th largest county in population in 2008 and the 171st fastest growing county from 2007 to 2008. Oldham County's population in 2008 was 81.7 percent Anglo (above the state average of 47.4 percent), 2.7 percent African-American (below the state average of 11.3 percent) and 13.0 percent Hispanic (below the state average of 36.5 percent). 2008 population of the largest cities and places in Oldham County:

| | | | |
|-------|-----|---------|-----|
| Vega: | 871 | Adrian: | 149 |
|-------|-----|---------|-----|

Economy and Income

Employment

March 2010 total employment in Oldham County: 861, down 1.8 percent from March 2009. State total employment increased 1.3 percent during the same period.

(April 2010 employment data will be available May 21, 2010).

March 2010 Oldham County unemployment rate: 6.6 percent, up from 5.6 percent in March 2009. The statewide unemployment rate for March 2010 was 8.2 percent, up from 7.0 percent in March 2009.

March 2010 unemployment rate in the city of: NA

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates.)

Income

Oldham County's ranking in per capita personal income in 2008: 150th with an average per capita income of \$29,986, down 6.8 percent from 2007. Statewide average per capita personal income was \$37,809 in 2008, up 2.6 percent from 2007.

Industry

Agricultural cash values in Oldham County averaged \$71.63 million annually from 2005 to 2008. County total agricultural values in 2008 were down 22.4 percent from 2007. Major agriculture related commodities in Oldham County during 2008 included:

| | | | | |
|--------|---------|-------|----------|------------|
| Horses | Sorghum | Wheat | Fed Beef | Beef Total |
|--------|---------|-------|----------|------------|

2009 oil and gas production in Oldham County: 197,130.0 barrels of oil and 117,989.0 Mcf of gas. In February 2010, there were 23 producing oil wells and 7 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 4th quarter 2010 is currently targeted for release in mid-June 2010.)

Quarterly (July through September 2009)

Taxable sales in Oldham County during the third quarter 2009: \$1.40 million, up 3.0 percent from the same quarter in 2008.

Taxable sales during the third quarter 2009 in the city of:

| | |
|---------|---|
| Vega: | \$682,746.00, down 3.8 percent from the same quarter in 2008. |
| Adrian: | \$170,881.00, up 33.6 percent from the same quarter in 2008. |

Taxable Sales through end of 3rd quarter 2009 (through September 30, 2009)

Taxable sales in Oldham County through the third quarter of 2009: \$3.70 million, down 1.8 percent from the same period in 2008.

Taxable sales through the third quarter of 2009 in the city of:

| | |
|---------|---|
| Vega: | \$1.82 million, down 10.2 percent from the same period in 2008. |
| Adrian: | \$392,700.00, up 19.2 percent from the same period in 2008. |

Annual (2008)

Taxable sales in Oldham County during 2008: \$4.88 million, down 0.9 percent from 2007.

Oldham County sent an estimated \$305,070.50 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2008.

Taxable sales during 2008 in the city of:

| | |
|---------|--|
| Vega: | \$2.62 million, up 7.3 percent from 2007. |
| Adrian: | \$427,872.00, down 12.7 percent from 2007. |

Sales Tax - Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of April 2010 is currently scheduled for June 11, 2010.)

Monthly.

Statewide payments based on the sales activity month of March 2010: \$567.08 million, up 4.7 percent from March 2009.

Payments to all cities in Oldham County based on the sales activity month of March 2010: \$5,931.69, up 12.1 percent from March 2009.

Payment based on the sales activity month of March 2010 to the city of:

| | |
|---------|--|
| Vega: | \$5,214.55, up 12.4 percent from March 2009. |
| Adrian: | \$717.14, up 9.9 percent from March 2009. |

Fiscal Year

Statewide payments based on sales activity months from September through March 2010: \$3.31 billion, down 6.8 percent from the same period in 2009.

Payments to all cities in Oldham County based on sales activity months from September through March 2010: \$30,345.84, down 13.8 percent from fiscal 2009.

Payments based on sales activity months from September through March 2010 to the city of:

Vega: \$26,242.85, up 1.1 percent from fiscal 2009.
Adrian: \$4,102.99, down 55.7 percent from fiscal 2009.

January 2010 through March 2010 (Sales Activity Year-To-Date)

Statewide payments based on sales activity months through March 2010: \$1.37 billion, down 1.4 percent from the same period in 2009.

Payments to all cities in Oldham County based on sales activity months through March 2010: \$13,522.76, up 7.0 percent from the same period in 2009.

Payments based on sales activity months through March 2010 to the city of:

Vega: \$11,823.64, up 6.8 percent from the same period in 2009.
Adrian: \$1,699.12, up 8.7 percent from the same period in 2009.

12 months ending in March 2010

Statewide payments based on sales activity in the 12 months ending in March 2010: \$5.57 billion, down 7.3 percent from the previous 12-month period.

Payments to all cities in Oldham County based on sales activity in the 12 months ending in March 2010: \$53,730.76, down 17.8 percent from the previous 12-month period.

Payments based on sales activity in the 12 months ending in March 2010 to the city of:

Vega: \$44,853.13, up 1.7 percent from the previous 12-month period.
Adrian: \$8,877.63, down 58.3 percent from the previous 12-month period.

Annual (2009)

Statewide payments based on sales activity months in 2009: \$5.6 billion, down 7.3 percent from 2008.

Payments to all cities in Oldham County based on sales activity months in 2009: \$52,846.36, down 22.6 percent from 2008.

Payment based on sales activity months in 2009 to the city of:

Vega: \$44,104.34, down 6.3 percent from 2008.
Adrian: \$8,742.02, down 58.8 percent from 2008.

Property Tax

As of January 2007, property values in Oldham County: \$319.2 million, up 26.7 percent from January 2006 values. The property tax base per person in Oldham County is \$153,845, above the statewide average of \$78,684. About 4.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Oldham County's ranking in state expenditures by county in fiscal year 2008: 205th. State expenditures in the county for FY2008: \$20.80 million, down 43.0 percent from FY2007.

In Oldham County, 5 state agencies provide a total of 24 jobs and \$787,544.00 in annualized wages (as of 4th quarter 2009).

Major state agencies in the county (as of fourth quarter 2009):

Department of Transportation
Department of Public Safety
AgriLife Extension Service
Department of Family and Protective Services

Higher Education

Community colleges in Oldham County fall 2009 enrollment:

None.

Oldham County is in the service area of the following:

Amarillo College with a fall 2009 enrollment of 10,945. Counties in the service area include:

Carson County
Castro County
Deaf Smith County
Moore County
Oldham County
Parmer County
Potter County
Randall County
Swisher County

Institutions of higher education in Oldham County fall 2009 enrollment:

None.

School Districts

Oldham County had 4 school districts with 8 schools and 825 students in the 2008-09 school year.

(Statewide, the average teacher salary in school year 2008-09 was \$47,158. The percentage of students, statewide, meeting the 2009 TAKS passing standard for all 2008-09 TAKS tests was 74 percent.)

Adrian ISD had 132 students in the 2008-09 school year. The average teacher salary was \$40,996. The percentage of students meeting the 2009 TAKS passing standard for all tests was 89 percent.

Boys Ranch ISD had 319 students in the 2008-09 school year. The average teacher salary was \$46,225. The percentage of students meeting the 2009 TAKS passing standard for all tests was 55 percent.

Vega ISD had 281 students in the 2008-09 school year. The average teacher salary was \$44,136. The percentage of students meeting the 2009 TAKS passing standard for all tests was 88 percent.

Wildorado ISD had 93 students in the 2008-09 school year. The average teacher salary was \$38,121. The percentage of students meeting the 2009 TAKS passing standard for all tests was 83 percent.

TAB E

Vega ISD Financial Impact of Chapter 313 Agreement

Summary of the District's Financial Impact of Chapter 313 Agreement with Spinning Spur Wind, LLC

Prepared by

Randy McDowell, RTSBA

School Financial Consultant

&

Neal Brown

School Finance Specialist, Region 16 ESC

Vega ISD Financial Impact of Chapter 313 Agreement

Summary of Vega ISD Financial Impact of the Limited Appraised Value Application from Spinning Spur Wind, LLC

Introduction

Spinning Spur Wind, LLC, applied for a property value limitation from Vega Independent School District under Chapter 313 of the Tax Code. The application was submitted on February 12, 2010 and subsequently approved for consideration by the Vega ISD Board of Trustees. Spinning Spur Wind, LLC ("Spinning Spur"), is requesting the property value limitation as a "renewable energy electric generation" company as listed in Sec. 313.024.(b) of the Tax Code.

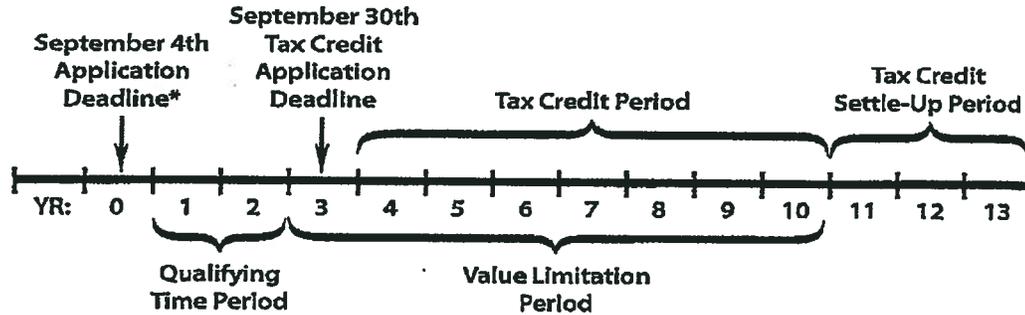
"The Economic Development Act", Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

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

Vega ISD Financial Impact of Chapter 313 Agreement

Timeline for Companies Applying for Tax Credit (in 3rd Year) After June 15, 2007

Appraised Value Limitation and Credit Under Tax Code Chapter 313



* Companies may apply throughout the year by agreement with the school district. Sept. 4th is the deadline for applications with agreements commencing in the following tax year.

The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement ("LAVA" or "Agreement"). The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Vega ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of greater than \$1 million and less than \$90 million, thus Vega ISD has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Vega ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Vega ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The "Additional Value from Spinning Spur" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Vega ISD.

TABLE I- Calculation of Taxable Value

| Tax Year | Additional Value from Spinning Spur | Minimum Qualified Investment | Abated Value | Taxable Value |
|--------------|-------------------------------------|------------------------------|--------------|---------------|
| Jan. 1, 2011 | 0 | n/a | 0 | 0 |
| Jan. 1, 2012 | 193,652,025 | n/a | 0 | 193,652,025 |
| Jan. 1, 2013 | 183,970,500 | (10,000,000) | 173,970,500 | 10,000,000 |
| Jan. 1, 2014 | 174,773,000 | (10,000,000) | 164,773,000 | 10,000,000 |
| Jan. 1, 2015 | 166,035,326 | (10,000,000) | 156,035,326 | 10,000,000 |
| Jan. 1, 2016 | 157,734,490 | (10,000,000) | 147,734,490 | 10,000,000 |
| Jan. 1, 2017 | 149,848,650 | (10,000,000) | 139,848,650 | 10,000,000 |
| Jan. 1, 2018 | 142,357,061 | (10,000,000) | 132,357,061 | 10,000,000 |
| Jan. 1, 2019 | 135,240,012 | (10,000,000) | 125,240,012 | 10,000,000 |
| Jan. 1, 2020 | 128,478,775 | (10,000,000) | 118,478,775 | 10,000,000 |
| Jan. 1, 2021 | 122,055,565 | n/a | 0 | 122,055,565 |
| Jan. 1, 2022 | 115,953,481 | n/a | 0 | 115,953,481 |
| Jan. 1, 2023 | 110,156,468 | n/a | 0 | 110,156,468 |

Vega ISD Financial Impact of Chapter 313 Agreement

Spinning Spur Wind, LLC Tax Benefit from Agreement

The projected amount of the net tax savings for Spinning Spur is \$13.8 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

TABLE II- Computation of Net Tax Savings

| Fiscal Year | Taxes w/o Agreement | Tax Savings with Agreement | Tax Credits | Payment of District's Revenue Losses | Net Tax Savings |
|---------------|---------------------|----------------------------|------------------|--------------------------------------|-------------------|
| 2011-2012 | 0 | 0 | n/a | 0 | 0 |
| 2012-2013 | 2,013,981 | 0 | n/a | 0 | 0 |
| 2013-2014 | 1,913,293 | 1,809,293 | n/a | (150,801) | 1,658,492 |
| 2014-2015 | 1,817,639 | 1,713,639 | 52,000 | 0 | 1,765,639 |
| 2015-2016 | 1,726,767 | 1,622,767 | 52,000 | 0 | 1,674,767 |
| 2016-2017 | 1,640,439 | 1,536,439 | 52,000 | 0 | 1,588,439 |
| 2017-2018 | 1,558,426 | 1,454,426 | 52,000 | 0 | 1,506,426 |
| 2018-2019 | 1,480,513 | 1,376,513 | 52,000 | 0 | 1,428,513 |
| 2019-2020 | 1,406,496 | 1,302,496 | 52,000 | 0 | 1,354,496 |
| 2020-2021 | 1,336,179 | 1,232,179 | 52,000 | 0 | 1,284,179 |
| 2021-2022 | 1,269,378 | 0 | 1,269,378 | 0 | 1,269,378 |
| 2022-2023 | 1,205,916 | 0 | 276,603 | 0 | 276,603 |
| 2023-2024 | 1,145,627 | 0 | 0 | 0 | 0 |
| Totals | 18,514,656 | 12,047,753 | 1,909,981 | (150,801) | 13,806,933 |

Vega ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Vega ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2009-2010 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2009
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- A constant taxable value was used with no projected increase or decrease, except as it related to the requested LAVA. The district's 2009 taxable value was used as a baseline for all projections. A previous LAVA agreement that the district entered into does have an impact on the district's taxable values during the life of this agreement.
- The district's enrollment is projected to remain constant; therefore, the projected ADA and WADA for school year 2009-2010 was used for the life of the agreement.

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

Vega ISD Financial Impact of Chapter 313 Agreement

The tables displayed below (Table III, IV, V) are provided to show the school's financial impact as a result of the LAVA. These scenarios were computed to compare the District's revenue without the additional taxable value of Spinning Spur (Table III), the addition of Spinning Spur taxable values without a Chapter 313 Agreement (Table IV), and the addition of Spinning Spur taxable values with a Chapter 313 Agreement (Table V).

TABLE III - District Revenues without Spinning Spur

| Fiscal Year | M&O Taxes | | | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Total District Revenue |
|-------------|---------------------|-----------------|---------------|------------------|-----------------------|-----------------------|------------------------|
| | Total Taxable Value | Compressed Rate | State Revenue | | | | |
| 2011-2012 | 111,978,484 | 1,045,095 | 1,619,805 | 0 | 2,664,900 | 273,114 | 2,938,014 |
| 2012-2013 | 114,646,507 | 1,068,996 | 1,594,904 | 0 | 2,664,900 | 273,608 | 2,938,506 |
| 2013-2014 | 117,181,128 | 1,098,651 | 1,571,249 | 0 | 2,664,900 | 273,147 | 2,938,047 |
| 2014-2015 | 119,589,018 | 1,116,124 | 1,548,776 | 0 | 2,664,900 | 272,730 | 2,937,630 |
| 2015-2016 | 121,876,512 | 1,137,474 | 1,527,426 | 0 | 2,664,900 | 272,351 | 2,937,251 |
| 2016-2017 | 124,049,835 | 1,157,755 | 1,507,145 | 0 | 2,664,900 | 272,004 | 2,936,904 |
| 2017-2018 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 334,645 | 2,999,545 |
| 2018-2019 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2019-2020 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2020-2021 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2021-2022 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2022-2023 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |
| 2023-2024 | 155,338,932 | 1,449,778 | 1,215,122 | 0 | 2,664,900 | 267,239 | 2,932,139 |

TABLE IV - District Revenues with Spinning Spur without Chapter 313 Agreement

| Fiscal Year | M&O Taxes | | | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Total District Revenue |
|-------------|---------------------|-----------------|---------------|------------------|-----------------------|-----------------------|------------------------|
| | Total Taxable Value | Compressed Rate | State Revenue | | | | |
| 2011-2012 | 111,978,484 | 1,045,095 | 1,619,805 | 0 | 2,664,900 | 273,114 | 2,938,014 |
| 2012-2013 | 308,298,532 | 2,877,350 | 0 | 212,450 | 2,664,900 | 735,761 | 3,400,661 |
| 2013-2014 | 301,151,628 | 2,810,648 | 448,474 | 594,222 | 2,664,900 | 261,044 | 2,925,944 |
| 2014-2015 | 294,362,018 | 2,747,281 | 443,763 | 526,144 | 2,664,900 | 261,214 | 2,926,114 |
| 2015-2016 | 287,911,840 | 2,687,081 | 439,218 | 461,400 | 2,664,900 | 261,383 | 2,926,283 |
| 2016-2017 | 281,784,125 | 2,629,891 | 434,834 | 399,825 | 2,664,900 | 261,551 | 2,926,451 |
| 2017-2018 | 305,187,582 | 2,848,316 | 193,990 | 377,406 | 2,664,900 | 289,434 | 2,954,334 |
| 2018-2019 | 297,695,993 | 2,778,397 | 450,153 | 563,650 | 2,664,900 | 260,679 | 2,925,579 |
| 2019-2020 | 290,578,944 | 2,711,978 | 445,279 | 492,353 | 2,664,900 | 260,850 | 2,925,750 |
| 2020-2021 | 283,817,707 | 2,648,871 | 440,575 | 424,546 | 2,664,900 | 261,021 | 2,925,921 |
| 2021-2022 | 277,394,497 | 2,688,926 | 436,035 | 360,057 | 2,664,900 | 261,191 | 2,926,091 |
| 2022-2023 | 271,292,413 | 2,531,972 | 431,652 | 298,724 | 2,664,900 | 261,360 | 2,926,260 |
| 2023-2024 | 265,495,400 | 2,477,869 | 427,421 | 240,889 | 2,664,900 | 261,529 | 2,926,429 |

Vega ISD Financial Impact of Chapter 313 Agreement

TABLE V – District Revenues with Spinning Spur with Chapter 313 Agreement

| Fiscal Year | M&O Taxes | | | | Hold Harmless Revenue | M&O Taxes > | | Payment for District Losses | Total District Revenue |
|-------------|---------------------|-------------------------|---------------|------------------|-----------------------|-------------|-----------------------------|-----------------------------|------------------------|
| | Total Taxable Value | Comp Rate After Credits | State Revenue | Recapture Amount | | Comp Rate | Payment for District Losses | | |
| 2011-2012 | 111,978,484 | 1,045,085 | 1,619,805 | 0 | 2,664,900 | 274,154 | 0 | 2,939,014 | |
| 2012-2013 | 308,298,532 | 2,877,360 | 0 | 212,450 | 2,664,900 | 735,761 | 0 | 3,400,661 | |
| 2013-2014 | 277,331,123 | 1,863,981 | 1,728,868 | 250,949 | 2,664,900 | 110,243 | 150,801 | 2,925,941 | |
| 2014-2015 | 129,589,018 | 1,209,454 | 1,455,446 | 0 | 2,664,900 | 272,298 | 0 | 2,937,198 | |
| 2015-2016 | 131,876,518 | 1,230,804 | 1,434,098 | 0 | 2,664,900 | 271,956 | 0 | 2,936,856 | |
| 2016-2017 | 134,049,635 | 1,251,085 | 1,413,815 | 0 | 2,664,900 | 271,643 | 0 | 2,936,543 | |
| 2017-2018 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 | |
| 2018-2019 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 | |
| 2019-2020 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 | |
| 2020-2021 | 165,338,932 | 1,543,108 | 1,121,792 | 0 | 2,664,900 | 267,239 | 0 | 2,932,139 | |
| 2021-2022 | 277,394,497 | 2,588,923 | 176,977 | 0 | 2,664,900 | 448,355 | 0 | 3,113,255 | |
| 2022-2023 | 271,292,413 | 2,531,972 | 431,652 | 298,724 | 2,664,900 | 281,360 | 0 | 2,926,260 | |
| 2023-2024 | 285,495,400 | 2,477,869 | 273,421 | 240,389 | 2,664,900 | 261,529 | 0 | 2,926,429 | |

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of the loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

Vega ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII - Campus Capacity and Available Growth

| Campus | # of Regular Classrooms | Building Capacity | Current Enrollment | Enrollment Growth Available |
|------------------|-------------------------|-------------------|--------------------|-----------------------------|
| Vega Elem (K-6) | 10 | 220 | 139 | 81 |
| Vega High (7-12) | 16 | 352 | 156 | 196 |
| Total | 26 | 572 | 295 | 277 |

The building capacities are based on 22 students per classroom for the elementary campuses, and also for the high school.

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus the new five positions equates to 2.5 new students.

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

Vega ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Spinning Spur Wind would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Spinning Spur is projected to benefit from a \$13.4 million tax savings over the thirteen year period of this agreement. Spinning Spur Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

TAB
F

DATE: 06/30/2010
 TIME: 10:58:23

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 ISD SUMMARY WORKSHEET
 180-902/Vega Isd

PAGE: 001
 REPT: PFS265
 VRSN: W

| CATEGORY | LOCAL TAX ROLL VALUE | 2009 WTD MEAN RATIO | 2009 FTD VALUE ESTIMATE | 2009 VALUE ASSIGNED |
|-----------------------------|----------------------|---------------------|-------------------------|---------------------|
| A. SINGLE-FAMILY RESIDENCES | 889,200 | 1.0564 | 841,727 | 889,200 |
| B. MULTIFAMILY RESIDENCES | 0 | N/A | 0 | 0 |
| C. VACANT LOTS | 6,600 | N/A | 6,600 | 6,600 |
| D. RURAL REAL (TAXABLE) | 11,147,400 | 1.0915 | 10,212,619 | 11,147,400 |
| F1. COMMERCIAL REAL | 246,100 | N/A | 246,100 | 246,100 |
| F2. INDUSTRIAL REAL | 2,109,900 | N/A | 2,109,900 | 2,109,900 |
| G. OIL, GAS, MINERALS | 0 | N/A | 0 | 0 |
| J. UTILITIES | 306,400 | N/A | 306,400 | 306,400 |
| L1. COMMERCIAL PERSONAL | 1,844,100 | 1.0032 | 1,838,218 | 1,844,100 |
| L2. INDUSTRIAL PERSONAL | 405,600 | N/A | 405,600 | 405,600 |
| M. MOBILE HOMES | 0 | N/A | 0 | 0 |
| N. INTANGIBLE PERS/UNCERT | 0 | N/A | 0 | 0 |
| O. RESIDENTIAL INVENTORY | 0 | N/A | 0 | 0 |
| S. SPECIAL INVENTORY | 0 | N/A | 0 | 0 |
| SUBTOTAL | 16,955,300 | | 15,967,164 | 16,955,300 |
| LESS TOTAL DEDUCTIONS | 1,367,443 | | 1,289,042 | 1,367,443 |
| TOTAL TAXABLE VALUE | 15,587,857 | | 14,678,122 | 15,587,857 |

| CATEGORY D DETAIL | LOCAL TAX ROLL | RATIO | FTD VALUE |
|---|----------------|--------|------------|
| MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP | 4,481,800 | 1.0545 | 4,250,166 |
| PROD VALUE QUALIFIED ACRES | 6,665,600 | 1.1179 | 5,962,453 |
| TAXABLE VALUE | 11,147,400 | | 10,212,619 |

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 06/30/2010
 TIME: 10:58:23

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 FINAL VALUES WORKSHEET
 053/Deaf Smith
 180-902/Vega ISD

PAGE: 002
 REPT: PFS265
 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

| T1 | T2 | T3 | T4 | T5 | T6 |
|------------|--|------------|---|------------|------------|
| 15,877,857 | 15,587,857 | 15,877,857 | 15,587,857 | 15,698,145 | 15,698,145 |
| | LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION | | 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | |
| | <u>290,000</u> | | <u>0</u> | | |

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE INVALID, BUT LOCAL VALUE WAS CERTIFIED BECAUSE LOCAL VALUE IS GREATER THAN PTD VALUE

DATE: 06/30/2010
 TIME: 10:58:23

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 ISD SUMMARY WORKSHEET
 180/Oldham
 180-902/Vega ISD

PAGE: 003
 REPT: PTS265
 VRSN: W

| CATEGORY | LOCAL TAX ROLL VALUE | 2009 WTD MEAN RATIO | 2009 PTD VALUE ESTIMATE | 2009 VALUE ASSIGNED |
|-----------------------------|----------------------|---------------------|-------------------------|---------------------|
| A. SINGLE-FAMILY RESIDENCES | 24,927,730 | 1.0341 | 24,105,725 | 24,927,730 |
| B. MULTIFAMILY RESIDENCES | 0 | N/A | 0 | 0 |
| C. VACANT LOTS | 596,290 | N/A | 596,290 | 596,290 |
| D. RURAL REAL (TAXABLE) | 27,755,260 | 1.0829 | 25,630,925 | 27,755,260 |
| F1. COMMERCIAL REAL | 5,250,180 | .9213 | 5,698,665 | 5,250,180 |
| F2. INDUSTRIAL REAL | 59,943,240 | N/A | 59,943,240 | 59,943,240 |
| G. OIL, GAS, MINERALS | 13,387,980 | 1.0735 | 12,471,337 | 13,387,980 |
| J. UTILITIES | 5,626,400 | 1.2751 | 4,412,517 | 5,626,400 |
| L1. COMMERCIAL PERSONAL | 2,539,141 | N/A | 2,539,141 | 2,539,141 |
| L2. INDUSTRIAL PERSONAL | 10,712,520 | N/A | 10,712,520 | 10,712,520 |
| M. MOBILE HOMES | 370,420 | N/A | 370,420 | 370,420 |
| N. INTANGIBLE PERS/UNCERT | 0 | N/A | 0 | 0 |
| O. RESIDENTIAL INVENTORY | 0 | N/A | 0 | 0 |
| S. SPECIAL INVENTORY | 72,930 | N/A | 72,930 | 72,930 |
| SUBTOTAL | 151,182,091 | | 146,553,710 | 151,182,091 |
| LESS TOTAL DEDUCTIONS | 58,614,895 | | 58,340,281 | 58,614,895 |
| TOTAL TAXABLE VALUE | 92,567,196 | | 88,213,429 | 92,567,196 T2 |

| CATEGORY D DETAIL | LOCAL TAX ROLL | RATIO | PTD VALUE |
|---|----------------|--------|------------|
| MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP | 11,055,392 | 1.0741 | 10,292,703 |
| PROD VALUE QUALIFIED ACRES | 16,699,868 | 1.0888 | 15,338,222 |
| TAXABLE VALUE | 27,755,260 | | 25,630,925 |

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

DATE: 06/30/2010
 TIME: 10:58:23

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 FINAL VALUES WORKSHEET
 180/Oldham
 180-902/Vega ISD

PAGE: 004
 REPT: PTS265
 VRSN: W

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

| T1 | T2 | T3 | T4 | T5 | T6 |
|------------|--|------------|---|------------|------------|
| 95,674,330 | 92,567,196 | 95,674,330 | 92,567,196 | 93,059,888 | 93,059,888 |
| | LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION | | 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | |
| | <u>3,107,134</u> | | <u>0</u> | | |

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
 T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE INVALID, BUT LOCAL VALUE WAS CERTIFIED BECAUSE LOCAL VALUE IS GREATER THAN PTD VALUE

DATE: 06/30/2010
 TIME: 10:58:23

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2009 ISD SUMMARY WORKSHEET
 180-902/Vega ISD
 SCHOOL DISTRICT TOTALS

PAGE: 005
 REPT: PTS265
 VRSN: W

| CATEGORY | LOCAL TAX ROLL VALUE | 2009 WTD MEAN RATIO | 2009 PTD VALUE ESTIMATE | 2009 VALUE ASSIGNED |
|-----------------------------|----------------------|---------------------|-------------------------|---------------------|
| A. SINGLE-FAMILY RESIDENCES | 25,816,930 | 1.0349 | 24,947,452 | 25,816,930 |
| B. MULTIFAMILY RESIDENCES | 0 | N/A | 0 | 0 |
| C. VACANT LOTS | 602,890 | N/A | 602,890 | 602,890 |
| D. RURAL REAL (TAXABLE) | 38,902,660 | 1.0853 | 35,843,544 | 38,902,660 |
| F1. COMMERCIAL REAL | 5,496,280 | .9246 | 5,944,765 | 5,496,280 |
| F2. INDUSTRIAL REAL | 62,053,140 | N/A | 62,053,140 | 62,053,140 |
| G. OIL, GAS, MINERALS | 13,387,980 | 1.0735 | 12,471,337 | 13,387,980 |
| J. UTILITIES | 5,932,800 | 1.2572 | 4,718,917 | 5,932,800 |
| L1. COMMERCIAL PERSONAL | 4,383,241 | 1.0013 | 4,377,359 | 4,383,241 |
| L2. INDUSTRIAL PERSONAL | 11,118,120 | N/A | 11,118,120 | 11,118,120 |
| M. MOBILE HOMES | 370,420 | N/A | 370,420 | 370,420 |
| N. INTANGIBLE PERS/UNCERT | 0 | N/A | 0 | 0 |
| O. RESIDENTIAL INVENTORY | 0 | N/A | 0 | 0 |
| S. SPECIAL INVENTORY | 72,930 | N/A | 72,930 | 72,930 |
| SUBTOTAL | 168,137,391 | | 162,520,874 | 168,137,391 |
| LESS TOTAL DEDUCTIONS | 59,982,338 | | 59,629,323 | 59,982,338 |
| TOTAL TAXABLE VALUE | 108,155,053 | | 102,891,551 | 108,155,053 T2 |

| CATEGORY D DETAIL | LOCAL TAX ROLL | RATIO | PTD VALUE |
|----------------------------|----------------|--------|------------|
| MARKET VALUE NON-QUALIFIED | | | |
| ACRES & FARM/RANCH IMP | 15,537,192 | 1.0584 | 14,542,869 |
| PROD VALUE QUALIFIED ACRES | 23,365,468 | 1.0969 | 21,300,675 |
| TAXABLE VALUE | 38,902,660 | | 35,843,544 |

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
 SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

**** END OF REPORT ****

TAB
G

**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 (EOCAL), 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 (10th) 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 (10th) 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 (13th) 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 an 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.

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 (3rd) through the tenth (10th) 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~~

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 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

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

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 _____ day of _____, 20__.

SPINNING SPUR WIND LLC
Texas Taxpayer ID No. 32040632831

By: _____
Walter Hornaday, President

Date: _____

VEGA INDEPENDENT SCHOOL DISTRICT

By _____
Larry Richardson, President

Date: _____

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 LEC, or a valid assignee pursuant to this Agreement.

**EXHIBIT A
to
SCHEDULE 2.3**

MAP OF QUALIFIED PROPERTY/PROJECT AREA

DRAFT

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.

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S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 13, 2010

Ms. Margo Knox
Superintendent
Vega Independent School District
200 Longhorn Drive
Vega, Texas 79092

Re: Proposed "Limitation on Appraised Value Agreement by and between Vega Independent School District and Spinning Spur Wind LLC"

Dear Superintendent Knox:

This office has been provided the proposed "Limitation on Appraised Value Agreement by and between Vega Independent School District and Spinning Spur Wind LLC" (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

If you need additional information or have questions, please contact me at (512) 463-3973.

Sincerely,

A handwritten signature in black ink that reads "R B Wood".

Robert B. Wood
Director
Local Government Assistance & Economic Development

cc: James Wester, Underwood, Wilson, Berry, Stein & Johnson, P. C.
Melissa Miller, Spinning Spur Wind LLC

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Vega Independent School District

Office Of The Superintendent

Box 190

Vega, Texas 79092

806-267-2123

October 18, 2010

Melissa Miller, Project Manager
Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, Texas 78701

VIA FAX 512.440.0277

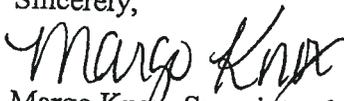
Re: Request for Extension on Application of Spinning Spur Wind, LLC
For a Limited Assessed Valuation Agreement

Dear Ms. Miller:

Please be advised that at a properly called meeting of the Vega Independent School District Board of Trustees on October 15, 2010, the Board took action on the request for an extension to consider the application of Spinning Spur Wind, LLC for a Limited Assessed Valuation Agreement with Vega ISD. The District approved the request, and has granted the extension on the application up to an additional 71 day period (*i.e.*, Monday December 31, 2010). The Board's action will be reflected in the Minutes of this meeting.

If you have any further questions concerning your extension, please do not hesitate to contact me or James Wester or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,



Margo Knox, Superintendent

Vega Independent School District

Box 190
Vega, Texas 79092
806-267-2123

July 22, 2010

Melissa Miller, Project Manager
Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, Texas 78701

VIA FAX 512.440.0277

Re: Request for Extension on Application of Spinning Spur Wind, LLC
For a Limited Assessed Valuation Agreement

Dear Ms. Miller:

Please be advised that at a properly called meeting of the Vega Independent School District Board of Trustees on July 19, 2010, the Board took action on the request for an extension to consider the application of Spinning Spur Wind, LLC for a Limited Assessed Valuation Agreement with Vega ISD. The District approved the request, and has granted the extension on the application up to an additional 90 day period (*i.e.*, Thursday, October 21, 2010). The Board's action will be reflected in the Minutes of this meeting.

If you have any further questions concerning your extension, please do not hesitate to contact me or James Wester or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,


Margo Knox, Superintendent

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823 Congress Avenue
Fifth Floor
Austin, Texas 78701
TEL: 512.440.0306
FAX: 512.440.0277
www.cielowind.com

Exhibit E

Step 3, Question 7 (a)

February 9, 2010

Ms. Margo Knox, Superintendent
Vega Independent School District
200 Longhorn Dr.
Vega, Texas 79092

Re: Chapter 313 Job Waiver Request

Dear Ms. Knox,

This letter is to advise you that Spinning Spur Wind LLC is amending its Chapter 313 Application for Appraised Value Limitation on Qualified Property by requesting a waiver of the requirement to create ten full time jobs. House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-l) to permit a school district's board of trustees to make a finding that the job requirement could be waived if the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Spinning Spur Wind LLC requests that the Vega ISD's Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. Based on the industry standard, the size and scope of this project will require five (5) permanent jobs.

As background information on the creation of full-time jobs by a wind projects, wind projects create a large number of full-time, temporary jobs during the construction phase (1st year), but require a small number of highly skilled technicians to operate a wind project once construction operations cease and commercial operations start.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the Project. The industry standard for permanent employment is one full-time employee for every fifteen-twenty (15 – 20) turbines, although this number varies depending on the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations.

Sincerely,

A handwritten signature in black ink, appearing to read "Melissa Miller".

Melissa Miller

Project Manager. Cielo Wind Services Inc.