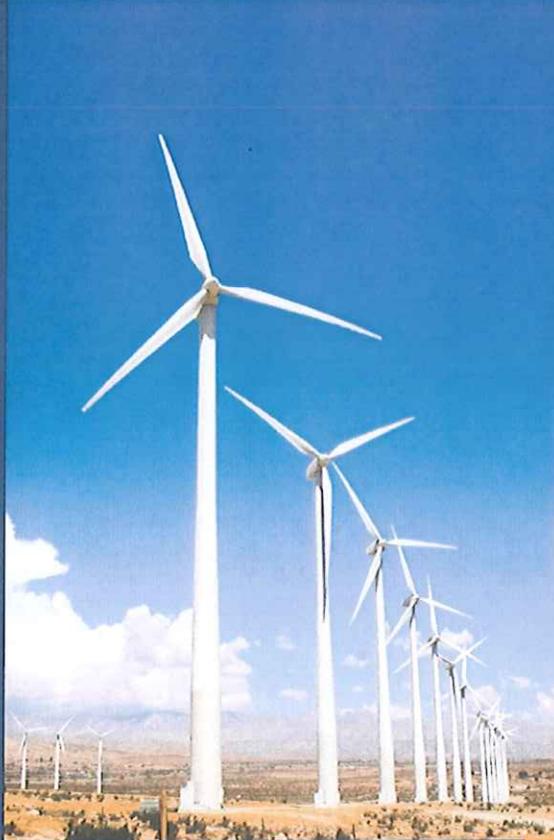


FINDINGS OF THE ARCHER CITY  
INDEPENDENT SCHOOL DISTRICT BOARD  
OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE  
APPLICATION SUBMITTED  
BY  
WINDTHORST-2, LLC



December 19, 2011

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FINDINGS  
OF THE  
ARCHER CITY INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
WINDTHORST-2, LLC

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DECEMBER 19, 2011

FINDINGS OF THE ARCHER CITY INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE  
TEXAS ECONOMIC DEVELOPMENT ACT  
ON THE APPLICATION SUBMITTED BY  
WINDTHORST-2, LLC

*STATE OF TEXAS* §

*COUNTY OF ARCHER* §

On the 19th day of December, 2011, a public meeting of the Board of Trustees of the Archer City Independent School District was held. 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 of Trustees took up and considered the application of the Windthorst-2, LLC (Windthorst-2) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Archer City Independent School District makes the following findings with respect to the application of Windthorst-2, and the economic impact of that application:

On August 3, 2011, the Superintendent of Schools of the Archer City Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts, received an Application from Windthorst-2 for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Windthorst-2 (Texas Taxpayer Id. 32041673214), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

The Board of Trustees has acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy.

Board Findings of the Archer City Independent School District

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Archer County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026 and a favorable recommendation was issued on September 14, 2011. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and 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 of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Archer City Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

The Board of Trustees has confirmed that the taxable value of property in the Archer City Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403, Government Code, is as stated in **Attachment F**.

After receipt of the Application, the District entered into negotiations with Windthorst-2, over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

**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 (ED Plan) submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code.**

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Windthorst-2 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 Archer County, Texas, is in need of long-term improvement.**

Based on information provided by the Comptroller's Office, Archer County is the 173<sup>rd</sup> largest in the state in terms of population. Population growth in Archer County was negative between 2008 and 2009. The state population grew by 2.0 percent between 2008 and 2009, while the population of Archer County decreased by 0.7 percent over the same period.

February 2011 employment for Archer County was down 2.4 percent from July 2010, below the state's 0.6 percent increase in total employment during the same period. The unemployment rate in Archer County was 6.4 percent in July 2011, less than the current state average of 8.4 percent.

Archer County continues to have a higher per capita personal income than the state as a whole. In terms of per capita income, Archer County's \$41,857 in 2009 ranked 24th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

Given its declining population, the Archer City area could benefit from increased economic activity. Archer County will benefit from economic activity like that associated with the Windthorst-2 project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$41,968 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Windthorst-2 indicates that total employment will be approximately three (3) new jobs, all of which will be qualifying jobs.**

In support of Finding 3, the economic impact evaluation states:

After construction, the project will create three new jobs when fully operational. All three 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 NORTEX Regional Planning Commission Region, where Archer County is located was \$38,153 in 2010. The annual average manufacturing wage for 2010 for Archer County is \$36,114. That same year, the county annual average wage for all industries was \$31,564. In addition to a salary of \$41,968, each qualifying position will receive benefits such as a group health benefit plan.

**Board Finding Number 4.**

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$20 million on the basis of the goal of three (3) new qualifying positions for the entire Windthorst-2 project.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is \$60 million, resulting in a relative level of investment per qualifying job of \$20 million.

**Board Finding Number 5.**

Based upon the information provided to the District with regard to the industry standard for staffing ratios of similar projects in the State of Texas, the District has determined that if the job creation requirement set forth in Texas Tax Code § 313.021(2)(A)(iv)(b) was applied, for the size and scope of the project described in the Application, the required number of jobs meets or exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

**Board Finding Number 6.**

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts Windthorst-2'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 project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Windthorst-2**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	5	7	12	\$216,346	\$383,654	\$600,000
2014	17	15	32	\$774,942	\$1,225,058	\$2,000,000
2015	3	1	4	\$125,904	\$474,096	\$600,000
2016	3	3	6	\$125,904	\$774,096	\$900,000
2017	3	0	3	\$125,904	\$474,096	\$600,000
2018	3	2	5	\$125,904	\$374,096	\$500,000
2019	3	1	4	\$125,904	\$374,096	\$500,000
2020	3	2	5	\$125,904	\$274,096	\$400,000
2021	3	2	5	\$125,904	\$474,096	\$600,000
2022	3	3	6	\$125,904	\$474,096	\$600,000
2023	3	1	4	\$125,904	\$274,096	\$400,000
2024	3	1	4	\$125,904	\$374,096	\$500,000
2025	3	3	6	\$125,904	\$574,096	\$700,000
2026	3	3	6	\$125,904	\$574,096	\$700,000
2027	3	7	10	\$125,904	\$1,074,096	\$1,200,000

Source: CPA, REMI, Windthorst-2, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Archer City ISD’s ad valorem tax base in 2010 was \$181 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Archer City ISD’s estimated wealth per WADA was \$221,995.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Archer County with all property tax incentives sought being granted using estimated market value from Windthorst-2’s application. Windthorst-2 has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the County. Table 3 illustrates the estimated tax impact of the Windthorst-2 project on the region if all taxes are assessed.

Board Findings of the Archer City Independent School District

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Archer City ISD I&S Levy	Archer City ISD M&O Levy	Archer City ISD M&O and I&S Tax Levies (Before Credit Credited)	Archer City ISD M&O and I&S Tax Levies (After Credit Credited)	Archer County	Estimated Total Property Taxes
				<b>0.0800</b>	<b>1.0400</b>			<b>0.6826</b>	
2013	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2014	\$15,000,000	\$15,000,000		\$12,000	\$156,000	\$168,000	\$168,000	\$32,762	\$200,762
2015	\$60,000,000	\$10,000,000		\$48,000	\$104,000	\$152,000	\$152,000	\$139,240	\$291,240
2016	\$57,000,000	\$10,000,000		\$45,600	\$104,000	\$149,600	\$142,171	\$140,059	\$282,231
2017	\$54,000,000	\$10,000,000		\$43,200	\$104,000	\$147,200	\$139,771	\$140,059	\$279,831
2018	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$137,371	\$135,759	\$273,131
2019	\$49,500,000	\$10,000,000		\$39,600	\$104,000	\$143,600	\$136,171	\$135,145	\$271,316
2020	\$48,000,000	\$10,000,000		\$38,400	\$104,000	\$142,400	\$134,971	\$140,878	\$275,850
2021	\$45,000,000	\$10,000,000		\$36,000	\$104,000	\$140,000	\$132,571	\$141,288	\$273,859
2022	\$42,000,000	\$10,000,000		\$33,600	\$104,000	\$137,600	\$130,171	\$143,336	\$273,507
2023	\$39,000,000	\$39,000,000		\$31,200	\$405,600	\$436,800	\$436,800	\$138,421	\$575,221
2024	\$37,500,000	\$37,500,000		\$30,000	\$390,000	\$420,000	\$420,000	\$255,956	\$675,956
2025	\$36,000,000	\$36,000,000		\$28,800	\$374,400	\$403,200	\$403,200	\$245,718	\$648,918
2026	\$33,000,000	\$33,000,000		\$26,400	\$343,200	\$369,600	\$369,600	\$225,242	\$594,842
2027	\$30,000,000	\$30,000,000		\$24,000	\$312,000	\$336,000	\$336,000	\$204,765	\$540,765
						<b>Total</b>	<b>\$3,238,800</b>	<b>\$2,218,629</b>	<b>\$5,457,429</b>

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Windthorst-2, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Archer City ISD I&S Levy	Archer City ISD M&O Levy	Archer City ISD M&O and I&S Tax Levies	Archer County	Estimated Total Property Taxes	
				<b>0.0800</b>	<b>1.0400</b>		<b>0.6826</b>		
2013	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
2014	\$15,000,000	\$15,000,000		\$12,000	\$156,000	\$168,000	\$102,383	\$270,383	
2015	\$60,000,000	\$60,000,000		\$48,000	\$624,000	\$672,000	\$409,530	\$1,081,530	
2016	\$57,000,000	\$57,000,000		\$45,600	\$592,800	\$638,400	\$389,054	\$1,027,454	
2017	\$54,000,000	\$54,000,000		\$43,200	\$561,600	\$604,800	\$368,577	\$973,377	
2018	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2019	\$49,500,000	\$49,500,000		\$39,600	\$514,800	\$554,400	\$337,862	\$892,262	
2020	\$48,000,000	\$48,000,000		\$38,400	\$499,200	\$537,600	\$327,624	\$865,224	
2021	\$45,000,000	\$45,000,000		\$36,000	\$468,000	\$504,000	\$307,148	\$811,148	
2022	\$42,000,000	\$42,000,000		\$33,600	\$436,800	\$470,400	\$286,671	\$757,071	
2023	\$39,000,000	\$39,000,000		\$31,200	\$405,600	\$436,800	\$266,195	\$702,995	
2024	\$37,500,000	\$37,500,000		\$30,000	\$390,000	\$420,000	\$255,956	\$675,956	
2025	\$36,000,000	\$36,000,000		\$28,800	\$374,400	\$403,200	\$245,718	\$648,918	
2026	\$33,000,000	\$33,000,000		\$26,400	\$343,200	\$369,600	\$225,242	\$594,842	
2027	\$30,000,000	\$30,000,000		\$24,000	\$312,000	\$336,000	\$204,765	\$540,765	
						<b>Total</b>	<b>\$6,686,400</b>	<b>\$4,074,824</b>	<b>\$10,761,224</b>

Source: CPA, Windthorst-2, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 7.**

**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.**

The Windthorst-2 project remains fully taxable for debt services taxes, with ACISD currently levying a \$0.080 I&S rate. The value of the Windthorst-2 project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA. At its peak taxable value, the project adds 31 percent to ACISD's current tax base, which should assist the District in meeting its debt service obligations. The increased property tax base would raise ACISD's wealth per ADA above the \$350,000 per ADA provided by the Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA) programs, providing a net benefit for the District's taxpayers.

**Board Finding Number 8.**

**The effect of the applicant's proposal, if approved, on the number or size of needed school district instructional facilities is not expected to increase the District's facility needs, with current trends suggest little underlying enrollment growth based on the impact of the Windthorst-2 project.**

The summary of financial impact prepared by Moak, Casey & Associates, Inc., indicates that there will be little to no impact on school facilities created by the addition of a wind energy project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Archer City ISD as stated in **Attachment D**.

**Board Finding Number 9.**

**The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.**

In support of Finding 8, the economic impact evaluation states:

According to Windthorst-2's application, "Windthorst-2, LLC and its parent companies Own Energy, INC. and Horn Wind, LLC have the ability to be relocated to other wind

development areas within Texas and outside of Texas, but the project with its permanent 20+ year life is located only on the assigned property...”

**Board Finding Number 10.**

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

**Board Finding Number 11.**

**The Board of Trustees hired consultants to review and verify the information in the Application from Windthorst-2. Based upon the consultants’ review, the Board has determined that the information provided by the Applicant is true and correct.**

**Board Finding Number 12.**

**The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Ten Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.054(a).**

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2010 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2010 industrial value for Archer City ISD is \$17.5 million. Archer City ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Archer City ISD is classified as a “rural” district on the basis of its population characteristics. Given that the value of industrial property in Archer City ISD exceeds \$1 million but is less than \$90 million, it is classified as a Category III district which can offer a minimum value limitation of \$10 million.

**Board Finding Number 13.**

The Applicant (Taxpayer Id. 32041673214) 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.

**Board Finding Number 14.**

**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 report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first year the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Revenue protection measures are in place for the duration of the Agreement.

**Board Finding Number 15.**

**Considering the purpose and effect of the law and the terms of the Agreement, that 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 the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Archer City Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the Archer City Independent School District.

Board Findings of the Archer City Independent School District

Dated the 19th day of December 2011.

*ARCHER CITY INDEPENDENT SCHOOL DISTRICT*

By:   
Steve Tucker III, President Board of Trustees

**ATTEST:**

By:   
LaRee Cowan, Secretary Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 5, 2011

President and Members  
Board of Trustees  
Archer City Independent School District  
P.O. Box 926  
Archer City, Texas 76351

*Re: Recommendations and Findings of the firm Concerning Application of Windthorst-2, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes*

Dear President Tucker and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Archer City Independent School District, with respect to the pending Application of Windthorst-2, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

As a result of the foregoing it is our recommendation that the Board of Trustees approve the Application of Windthorst-2, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey".

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

Phone 512-485-7878

400 W. 15<sup>th</sup> Street • Suite 1410 • Austin, TX 78701-1648

Fax 512-485-7888

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

**LESLIE McCOLLOM**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, LABOR AND EMPLOYMENT  
TEXAS BOARD OF LEGAL SPECIALIZATION

**JUSTIN DEMERATH**

November 30, 2011

President and Members  
Board of Trustees  
Archer City Independent School District  
P.O. Box 926  
Archer City, Texas 76351

*Re: Recommendations and Findings of the Firm Concerning Application of  
Windthorst-2, LLC for Limitation on Appraised Value of Property for School  
District Maintenance and Operations Taxes*

Dear President Tucker and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Archer City Independent School District, with respect to the pending Application of Windthorst-2, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Windthorst-2, LLC. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
3. The Applicant has the current means and ability to complete the proposed project.

Letter to Archer City ISD  
November 30, 2011  
Page 2 of 2

4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

As a result of the foregoing conclusions it is our recommendation that the Board of Trustees approve the Application of Windthorst-2, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kevin O'Hanlon', written over a light blue horizontal line.

Kevin O'Hanlon  
For the Firm

Attachment A

Application



# Application for Appraised Value Limitation on Qualified Property

(Tax Code, Chapter 313, Subchapter B or C)

**Form 50-296**  
(Revised May 2010)

**INSTRUCTIONS:** This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application.

This notice must include:

- the date on which the school district received the application;
- the date the school district determined that the application was complete;
- the date the school board decided to consider the application; and
- a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

The governing body may, at its discretion, allow the applicant to supplement or amend the application after the filing date, subject to the restrictions in 34 TAC Chapter 9, Subchapter F.

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

### Authorized School District Representative

Date application received by district

7/15/2011

First Name

Randel

Last Name

Beaver

Title

Superintendent

School District Name

Archer City ISD

Street Address

PO Box 929, 600 S. Ash

Mailing Address

PO Box 929, 600 S. Ash

City

Archer City

State

TX

ZIP

76351

Phone Number

(940) 574-4536 Ext. 22

Fax Number

(940) 574-4051

Mobile Number (optional)

n/a

E-mail Address

randel.beaver@esc9.net

I authorize the consultant to provide and obtain information related to this application.....  Yes  No

Will consultant be primary contact? .....  Yes  No



Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name **Kevin**

Last Name **O'Hanlon**

Title  
**Attorney**

Firm Name  
**O'Hanlon, McCollom & Demerath, PC**

Street Address  
**808 West Avenue**

Mailing Address  
**808 West Avenue**

City  
**Austin**

State **TX**

ZIP **78701**

Phone Number  
**(512) 494-9949**

Fax Number  
**(512) 494-9919**

Mobile Number (Optional)  
**n/a**

E-mail Address  
**kohanlon@808west.com; mhanley@808west.com**

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

Signature (Authorized School District Representative)  
*Handwritten signature: Randall Beaman*

Date

July 28, 2011

Has the district determined this application complete? .....  Yes  No

If yes, date determined complete. August 2, 2011

Have you completed the school finance documents required by TAC 9.1054(c)(3)? .....  Yes  No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Date application received by the ISD	1 of 16	✓
2 Certification page signed and dated by authorized school district representative	2 of 16	✓
3 Date application deemed complete by ISD	2 of 16	✓
4 Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	✓
5 Completed company checklist	12 of 16	✓
6 School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	

**APPLICANT INFORMATION - CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name

**Jimmy**

Last Name

**Horn**

Title

**Windthorst-2, LLC Representative [ Manager ]**

Organization

**Windthorst-2, LLC [ and its parent company - Horn Wind, LLC ]**

Street Address

**45 Main Street, Suite 538**

Mailing Address

**45 Main Street, Suite 538**

City

**Brooklyn**

State

**NY**

ZIP

**11201**

Phone Number

**(940) 642-9781**

Fax Number

**(646) 607-4482**

Mobile Number (optional)

**n/a**

Business e-mail Address

**horn.wind@yahoo.com**

Will a company official other than the authorized business representative be responsible for responding to future information requests? .....  Yes  No

If yes, please fill out contact information for that person.

First Name

**Nathan**

Last Name

**Vajdos**

Title

**Project Manager [ Project Manager ]**

Organization

**Windthorst-2, LLC [ and its parent company - Own Energy, Inc. ]**

Street Address

**45 Main Street, Suite 538**

Mailing Address

**45 Main Street, Suite 538**

City

**Brooklyn**

State

**NY**

ZIP

**11201**

Phone Number

**(210) 831-5144**

Fax Number

**(646) 607-4482**

Mobile Number (optional)

**n/a**

E-mail Address

**nathan.vajdos@ownenergy.net**

I authorize the consultant to provide and obtain information related to this application.....  Yes  No

Will consultant be primary contact? .....  Yes  No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name \_\_\_\_\_ Last Name \_\_\_\_\_

Title \_\_\_\_\_

Firm Name \_\_\_\_\_

Street Address \_\_\_\_\_

Mailing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ ZIP \_\_\_\_\_

Phone Number \_\_\_\_\_ Fax Number \_\_\_\_\_

Business email Address \_\_\_\_\_

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

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

Signature (Authorized Business Representative (Applicant))

Date

*[Handwritten Signature]*

07/14/2011

GIVEN under my hand and seal of office this 14 day of July, 2011



Archer County  
Notary Public, State of Texas

(Notary Seal) *Rose M. Holland*

My commission expires 6-24-2013

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.

**FEES AND PAYMENTS**

Enclosed is proof of application fee paid to the school district.

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

Please answer only either A OR B:

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

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

**BUSINESS APPLICANT INFORMATION**

Legal Name under which application is made

Windthorst-2, LLC [parent companies include Own Energy, Inc. and Horn Wind, LLC]

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

32041673214

NAICS code

221119

Is the applicant a party to any other Chapter 313 agreements?  Yes  No

If yes, please list name of school district and year of agreement.

Parent companies, Own Energy & Horn Wind, are party to the 2008 Archer City agreement. Horn Wind, LLC is party to the 2010 Midway ISD agreement.

**APPLICANT BUSINESS STRUCTURE**

Registered to do business in Texas with the Texas Secretary of State?  Yes  No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

Limited liability company

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?  Yes  No  
If so, please attach documentation of the combined group membership and contact information.

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

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  NA  Yes  No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology
(7) nuclear electric power generation
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

PROJECT DESCRIPTION

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

See Appendix A. Also see Appendices B-F for other relevant information.

Describe the ability of your company to locate or relocate in another state or another region of the state.

The Ability oof Windthorst-2, LLC to relocate is described in Appendix A.

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- New Jobs, Relocation from Out-of-State, Consolidation, Construct New Facility, Expansion, Relocation within Texas, New Business / Start-up, Expand Existing Facility, Purchase Machinery & Equipment

PROJECTED TIMELINE

Begin Construction August 2013, Construction Complete July 2014, Purchase Machinery & Equipment May 2013, Begin Hiring New Employees July 2013, Fully Operational July 2014

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?

When do you anticipate the new buildings or improvements will be placed in service? July 2014



**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
_____	_____
_____	_____
_____	_____
Total	_____

Will other incentives be offered by local units of government?  Yes  No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

Archer County Tax Abatement is in progress and is expected to be established in November 2011.

**THE PROPERTY**

Identify county or counties in which the proposed project will be located Archer County

Central Appraisal District (CAD) that will be responsible for appraising the property Archer County

Will this CAD be acting on behalf of another CAD to appraise this property?  Yes  No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Archer County 100% City: n/a  
(Name and percent of project) (Name and percent of project)

Hospital District: n/a Water District: n/a  
(Name and percent of project) (Name and percent of project)

Other (describe): n/a Other (describe): n/a  
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD?  Yes  No  
If not, please provide additional information on the project scope and size to assist in the economic analysis.



INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$10,000,000

What is the amount of appraised value limitation for which you are applying? \$10,000,000

What is your total estimated qualified investment? \$60,000,000

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? December 31, 2011

What is the anticipated date of the beginning of the qualifying time period? January 1, 2013

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$60,000,000

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

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 during the qualifying time period? Yes No

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:

(1) in or on the new building or other new improvement for which you are applying? Yes No

(2) 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? Yes No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? Yes No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose 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? Yes No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? Yes No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? Yes No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements - with vicinity map.

Land

Is the land on which you propose new construction or improvements 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? Yes No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements?

Will the applicant own the land by the date of agreement execution? Yes No

Will the project be on leased land? Yes No



QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

- 1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach 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. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? [ ] Yes [x] No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. n/a (Market Value) (Tax Year)

Is any of the existing property subject to a value limitation agreement under Tax Code 313? [ ] Yes [x] No

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 limitation? [x] Yes [ ] No

WAGE AND EMPLOYMENT INFORMATION

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

The last complete calendar quarter before application review start date is the:

- [ ] First Quarter [x] Second Quarter [ ] Third Quarter [ ] Fourth Quarter of 2011 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? 0

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application.

n/a

Total number of new jobs that will have been created when fully operational 3

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? [ ] Yes [x] No

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? [x] Yes [ ] No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 3

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).



Application for Appraised Value Limitation on Qualified Property

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$668

110% of the county average weekly wage for manufacturing jobs in the county is \$764

110% of the county average weekly wage for manufacturing jobs in the region is \$807

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$41,968

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$41,968

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No

Will each qualifying job require at least 1,600 of work a year? Yes No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No

Will any of the qualifying jobs be retained jobs? Yes No

Will any of the qualifying jobs be created to replace a previous employee? Yes No

Will any required qualifying jobs be filled by employees of contractors? Yes No

If yes, what percent?

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

See Appendix D

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No

Is Schedule A completed and signed for all years and attached? Yes No

Is Schedule B completed and signed for all years and attached? Yes No

Is Schedule C (Application) completed and signed for all years and attached? Yes No

Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

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.

## CONFIDENTIALITY NOTICE

**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:

- 1) it 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 a list of the documents for which confidentiality is sought and for each document lists the 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 and will be posted on the internet.

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 submitted 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 and will be posted on the internet.

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.

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.

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS		
Checklist	Page X of 16	Check Completed
1 Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓ Pg. 4
2 Proof of Payment of Application Fee (Attachment)	5 of 16	✓ Pg. 31
3 For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓ N/A
4 Detailed description of the project	6 of 16	✓ Pgs. 24-27
5 If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓ N/A
6 Description of Qualified Investment (Attachment)	8 of 16	✓ Pgs. 20-22
7 Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓ Pgs. 23-24
8 Description of Qualified Property (Attachment)	8 of 16	✓ Pgs. 20-22
9 Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓ Pgs. 23-24
10 Description of Land (Attachment)	9 of 16	✓ Pgs. 34-36
11 A detailed map showing location of the land with vicinity map.	9 of 16	✓ Pgs. 37-39
12 A description of all existing (if any) improvements (Attachment)	9 of 16	✓ N/A
13 Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	✓ Pgs. 47-49
14 Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓ Pgs. 50-55
15 Description of Benefits	10 of 16	✓ Pgs. 52a
16 Economic Impact (if applicable)	10 of 16	✓ Pg. 60
17 Schedule A completed and signed	13 of 16	✓ Pg. 13
18 Schedule B completed and signed	14 of 16	✓ Pg. 14
19 Schedule C (Application) completed and signed	15 of 16	✓ Pg. 15
20 Schedule D completed and signed	16 of 16	✓ Pg. 16
21 Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓ Pg. 39
22 Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓ Pg. 40
23 Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓ Pg. 40
24 Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓ Pg. 44

\*To be submitted with application or before date of final application approval by school board.

Schedule A (Rev. May 2010): Investment

Form 50-296

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B (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)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)  Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)  Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)  Investment made after final board approval of application 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  Value Limitation Period  Continue to Maintain Viable Presence  Post-Settle-Up Period  Post-Settle-Up Period	1	2013-14	2013	\$ -	\$ -	\$ -	\$ -
	2	2014-15	2014	\$ 15,000,000.00	\$ 300,000.00	\$ 15,300,000.00	\$ -
	3	2015-16	2015	\$ 45,000,000.00	\$ -	\$ 45,000,000.00	\$ -
	4	2016-17	2016	\$ -	\$ -	\$ -	\$ -
	5	2017-18	2017	\$ -	\$ -	\$ -	\$ -
	6	2018-19	2018	\$ -	\$ -	\$ -	\$ -
	7	2019-20	2019	\$ -	\$ -	\$ -	\$ -
	8	2020-21	2020	\$ -	\$ -	\$ -	\$ -
	9	2021-22	2021	\$ -	\$ -	\$ -	\$ -
	10	2022-23	2022	\$ -	\$ -	\$ -	\$ -
	11	2023-24	2023	\$ -	\$ -	\$ -	\$ -
	12	2024-25	2024	\$ -	\$ -	\$ -	\$ -
	13	2025-26	2025	\$ -	\$ -	\$ -	\$ -
	14	2026-27	2026	\$ -	\$ -	\$ -	\$ -
	15	2027-28	2027	\$ -	\$ -	\$ -	\$ -

Qualifying Time Period usually begins with the final board 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: 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).

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

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

Notes: 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. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

AUGUST 26, 2011

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

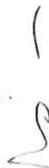
**Schedule B (Rev. May 2010): Estimated Market And Taxable Value**

Applicant Name  
ISD Name  
Windthorst-2, LLC  
Archer City ISD

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&C - after all reductions	
	pre-year 1	2012/2013	2012	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	1	2013/2014	2013	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	2	2014/2015	2014	\$300,000	\$15,000,000	\$0	\$0	\$0	\$15,000,000	\$15,000,000
	3	2015/2016	2015	\$300,000	\$60,000,000	\$0	\$50,000,000	\$0	\$60,000,000	\$10,000,000
	4	2016/2017	2016	\$300,000	\$57,000,000	\$0	\$47,000,000	\$0	\$57,000,000	\$10,000,000
	5	2017/2018	2017	\$300,000	\$54,000,000	\$0	\$44,000,000	\$0	\$54,000,000	\$10,000,000
	6	2018/2019	2018	\$300,000	\$51,000,000	\$0	\$41,000,000	\$0	\$51,000,000	\$10,000,000
	7	2019/2020	2019	\$300,000	\$49,500,000	\$0	\$39,500,000	\$0	\$49,500,000	\$10,000,000
	8	2020/2021	2020	\$300,000	\$48,000,000	\$0	\$38,000,000	\$0	\$48,000,000	\$10,000,000
	9	2021/2022	2021	\$300,000	\$45,000,000	\$0	\$35,000,000	\$0	\$45,000,000	\$10,000,000
	10	2022/2023	2022	\$300,000	\$42,000,000	\$0	\$32,000,000	\$0	\$42,000,000	\$10,000,000
	11	2023/2024	2023	\$300,000	\$39,000,000	\$0	\$0	\$0	\$39,000,000	\$39,000,000
	12	2024/2025	2024	\$300,000	\$37,500,000	\$0	\$0	\$0	\$37,500,000	\$37,500,000
	13	2025/2026	2025	\$300,000	\$36,000,000	\$0	\$0	\$0	\$36,000,000	\$36,000,000
	14	2026/2027	2026	\$300,000	\$33,000,000	\$0	\$0	\$0	\$33,000,000	\$33,000,000
	15	2027/2028	2027	\$300,000	\$30,000,000	\$0	\$0	\$0	\$30,000,000	\$30,000,000
Tax Credit Period (with 50% cap on credit)										
	Complete tax years of qualifying time period									
	Value Limitation Period									
Credit Settle-Up Period	Continue to Maintain Viable Presence									
Post-Settle-Up Period										
Post-Settle-Up Period										

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.


  
 DATE July 30, 2017

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

**Schedule C- Application: Employment Information**

Applicant Name  
ISD Name

Windthorst-2, LLC  
Archer City ISD

Form 50-296

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
			Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant create (cumulative)	Column D: Average annual wage rate for all new jobs	Column E: Number of qualifying jobs applicant meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
pre-year 1	2012/2013	2012	0	\$0	0	\$0	0	\$0
Complete tax years of qualifying time period	1	2013/2014	10,000 man hours	\$45,000	0	\$0	0	\$0
	2	2014/2015	30,000 man hours	\$45,000	3	\$41,968	3	\$41,968
Tax Credit Period (with 50% cap on credit)	3	2015/2016			3	\$41,968	3	\$41,968
	4	2016/2017			3	\$41,968	3	\$41,968
	5	2017/2018			3	\$41,968	3	\$41,968
	6	2018/2019			3	\$41,968	3	\$41,968
	7	2019/2020			3	\$41,968	3	\$41,968
	8	2020/2021			3	\$41,968	3	\$41,968
	9	2021/2022			3	\$41,968	3	\$41,968
	10	2022/2023			3	\$41,968	3	\$41,968
	11	2023/2024			3	\$41,968	3	\$41,968
	12	2024/2025			3	\$41,968	3	\$41,968
	13	2025/2026			3	\$41,968	3	\$41,968
	14	2026/2027			3	\$41,968	3	\$41,968
	15	2027/2028			3	\$41,968	3	\$41,968

Notes: For job definitions see TAC §9.1051(14) and Tax Code §313.021(3).

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter these amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE \_\_\_\_\_ DATE July 7, 2027

Schedule D: (Rev. May 2010): Other Tax Information

Form 50-296

Applicant Name

ISD Name

				Sales Tax Information			Franchise Tax				Other Property Tax Abatements Sought			
Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other					
			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	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2012	0	0	0	0%	0%	0%	0%					
Complete tax years of qualifying time period	1	2013-14	\$ 6,492,302	\$ 8,807,698	0	0%	0%	0%	0%					
	2	2014-15	\$ 19,095,005	\$ 25,904,995	0	68%	0%	0%	0%					
Value Limitation Period	3	2015-16	0	0	\$ 5,000	66%	0%	0%	0%					
	4	2016-17	0	0	\$ 5,000	64%	0%	0%	0%					
	5	2017-18	0	0	\$ 5,000	62%	0%	0%	0%					
	6	2018-19	0	0	\$ 5,000	61%	0%	0%	0%					
	7	2019-20	0	0	\$ 5,000	60%	0%	0%	0%					
	8	2020-21	0	0	\$ 5,000	57%	0%	0%	0%					
	9	2021-22	0	0	\$ 5,000	54%	0%	0%	0%					
	10	2022-23	0	0	\$ 5,000	50%	0%	0%	0%					
	11	2023-24	0	0	\$ 5,000	48%	0%	0%	0%					
	12	2024-25	0	0	\$ 5,000	0%	0%	0%	0%					
Credit Settle-Up Period	13	2025-26	0	0	\$ 5,000	0%	0%	0%	0%					
	14	2026-27	0	0	\$ 5,000	0%	0%	0%	0%					
Post-Settle-Up Period	15	2027-28	0	0	\$ 5,000	0%	0%	0%	0%					

\*For planning, construction and operation of the facility.

August 26, 2011

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

# Appendix Summary

## **Appendix A: Investment.**

1. Description of Property
2. Improvements
3. Project Layout and Vicinity Map
  - a. Detailed Project Layout Map (Turbines)
  - b. Vicinity Map of Project
4. Company's Ability to Relocate
5. Scope of Project
6. Construction Timeline
7. Registration to do Business in Texas
8. Proof of Application Fee

## **Appendix B: Qualified Property**

1. Description of Qualified Property - See Appendix A-1
2. Proposed Improvements - See Appendix A-2
3. Map of Qualified Property - See Appendix A-3
4. Land Information
  - a. Legal Description of Land
  - b. Appraisal Parcel Number
  - c. Owner
  - d. Tax Value of the Land
5. Vicinity Map of Project
6. Reinvestment Zone Map
7. Reinvestment Zone Order (Establishment)
  - a. Order Establishing the Zone
  - b. Guidelines and Criteria of Reinvestment Zone

## **Appendix C: Request Minimum Job Waiver**

1. Number of Jobs Necessary for Industry Standard Operation
2. Minimum Job Waiver Request Form
3. Supporting Letter - FPL (October 2007)
4. Supporting Letter - Cummings Westlake LLC

## **Appendix D: Conditional Requirements for ‘Qualifying Jobs’**

1. TWC- New Jobs Meet Qualifications
2. 2010 Manufacturing Wages – NORTEX Region
3. Quarterly Employment & Wage
4. Rural School District Requirements 313.051
5. Business Development Smart Jobs 481.151

## **Appendix E: Economic Profile of Archer Co.**

1. Basic Assessment-Economic Profile of Archer Co.
- 2 Archer County TWC Narrative Profile 2011

## **Appendix F: Other Applicable Info**

1. Other Applicable Info

# Appendix A

## Investment

1. Description of Property
2. Improvements
3. Project Layout and Vicinity Map
  - a. Detailed Project Layout Map (Turbines)
  - b. Vicinity Map of Project
4. Company's Ability to Relocate
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6. Construction Timeline
7. Registered to do Business in Texas
8. Proof of Application Fee

## A1 - Description of all property as defined by tax code 303.021(2)

Per Tax Form 50-296, the following will describe the property and the assets to be placed in service on said property of a project to install and operate a 40 Megawatt industrial wind farm for a minimum of 20 year project life for the purpose of profitably generating electricity for sell. All assets will reside on said property for the duration of the project life.

For purposes of simplification, the below terms described in full, hereafter will fully carry the meaning denoted below but will be referred to in their shorted form.

'Wind Farm': The 40 MW-nameplate capacity industrial wind farm located in Archer County and in the Windthorst-2 Reinvestment Zone. Designation: Windthorst-2 Wind Farm.

'Reinvestment Zone': The reinvestment zone was established by the Commissioners Court of Archer County on July 11, 2011. Zone establishment is in accordance with Tex. Tax Code 312.401.

'Land Property(s)': The designated land tracts leased from land owners by Windthorst-2, LLC and used in the Windthorst-2 wind farm project. This term will also refer to any existing improvements to the land prior to the wind leases and use in the Windthorst-2 project and will be included in this term 'land property'.

'Improvements': The additions of proposed and installed improvements to the land as well as any other personal property to be added to or that resides on the land for the soul use in the operation of the Wind Farm. This term will include new roads, other infrastructure, transmission and the windmills (towers and turbines).

The Windthorst-2 wind farm project is a 40 MW nameplate capacity industrial wind farm located in South-central Archer County and in the Windthorst-2 Reinvestment Zone. The Land Property(s) used for the Wind Farm are leased land comprised entirely of rural farm land.

This project, the Wind Farm, comprised of Land Property(s) and Improvements meets the requirements of Tax Code 313.021(2): Qualified property as denoted below.

- a)
  - i. The land is located in a reinvestment zone created under chapter 312.
  - ii. The new improvements do/did not exist before the date owner applied for a limitation of appraised value under subchapter for code section 313.
  - iii. The project is not subject to any other tax abatements entered into by a school district under chapter 312.
  - iv. The new improvements will at least meet the minimum amount required for the qualifying investment for Section 312.023 of \$10 million, rural, Category III. And a new job creation quantity waiver is being filed to reduce the number of new jobs required based on the industry standards for wind farm operation. The project does and will meet this Category III requirement with the waiver approval.
- b) & c) The new Improvements (including tangible personal property) are not subject to a tax abatement agreement entered into by a school district under Chapter 312. In addition, all new

Improvements (including new equipment) will be placed in service for the first time on this project.

## **The Land**

The Land (Land Property(s)) is described as rural farm land bases about. There are no major structures on the land with the exception of a few houses and barns.

Each piece of leased land used in the Wind Farm project is within the Reinvestment Zone.

- A map of the Reinvestment Zone is included in Appendix B6.
- Documentation on the Reinvestment Zone is presented in Appendix B7.
- The order establishing the Windthorst-2 Reinvestment Zone is in Appendix B7.

## **Land Legal Descriptions**

Detailed Legal Land Descriptions are presented in Appendix B4.

## A2 - Proposed Improvement and Personal Property

For this items classification, all turbines will be classified as business personal property. All other assets and structures including towers, roads, transmission equipment and lines will be classified as proposed Improvements and specified as permanent fixtures.

Installation of the above items is scheduled as follows:

Gravel roads to each tower installation location will be built and current roads will be upgraded in the 3 to 6 month period immediately prior to the beginning of turbine installation.

Towers and turbines will be installed during a 4 to 6 month window immediately preceding the testing and Commercial Operation Date of the Wind Farm. At this time, the Commercial Operation Date is set for July of 2014. This date may change dues to unforeseen circumstances or delays.

At the actual Commercial Operation Date, all construction will be complete on the Windthorst-2 Project. All turbines will be installed by the end of the qualifying time period, currently set for the end of 2014.

With all turbines installed, the Wind Farm will be rates at 40MW-nameplate and have a market and taxable value of about \$60 million. The project life is expected at 25 years.

The turbines (with towers) will constitute approximately \$48 million of the project value. All other Improvements are estimated at \$12 million in value for a total value of \$60 million. Each asset is defined and timed in Form 50-296 Schedules A, B, and C.

### **Detailed maps of the actual or proposed location of the land and proposed improvements**

Detailed maps of the land, Improvements and Reinvestment Zone are shown in Appendices A and B.

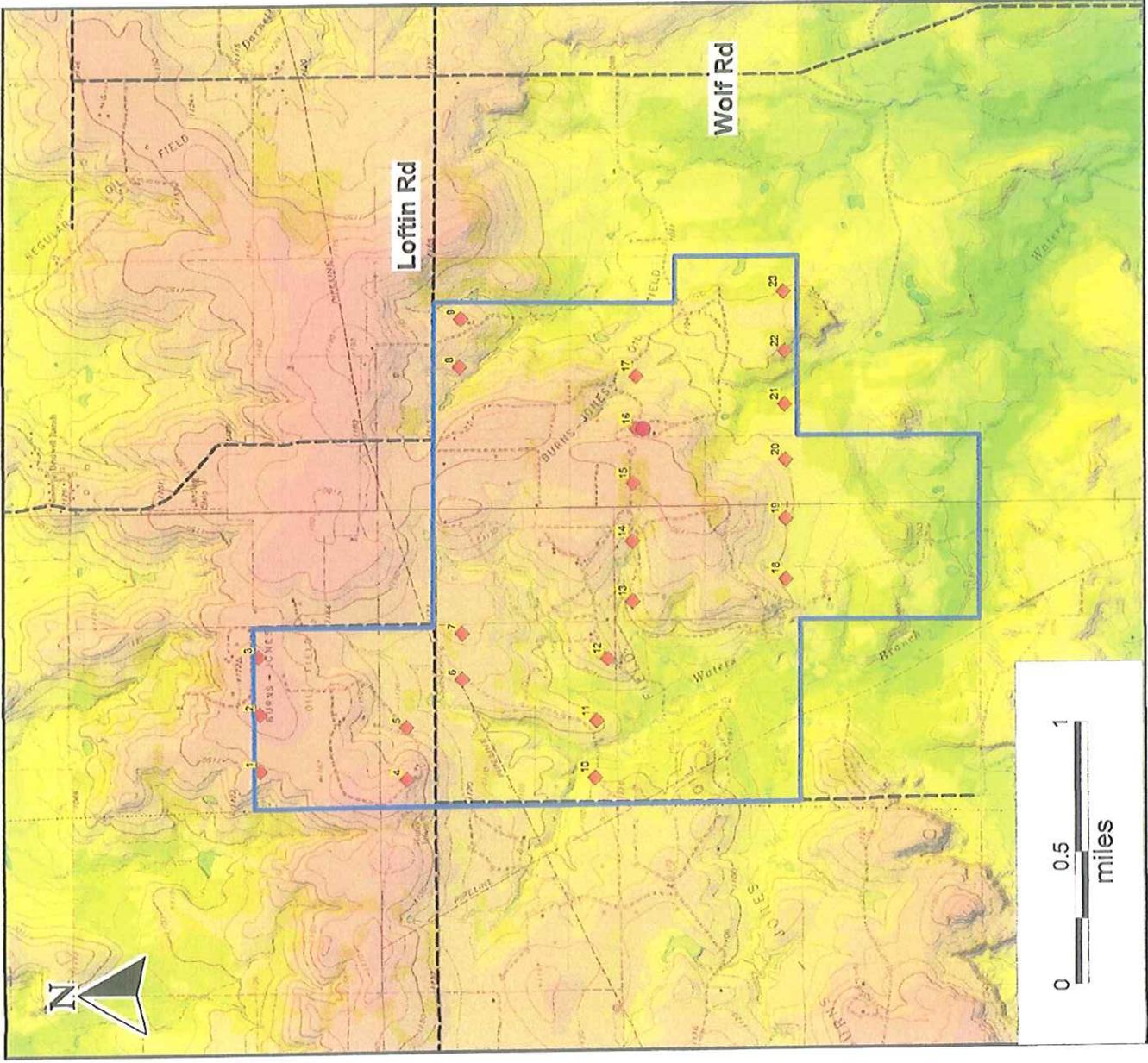
**OwnEnergy™**  
**Windthorst 2**  
**Archer County, TX**

Date: 7/13/2011

**Legend**

-  Core Project Footprint
-  Preliminary Turbine Array  
-> 23- 1.8 MW Turbines
-  Met Tower Location
-  Roads

NOTE: The turbine array shown in this map is preliminary. All turbine locations may change once onsite wind data is collected, at which point turbines can be micrositied.



Topographic Map- US Geological Survey, Department of the Interior / USGS  
 Transmission- Ventyx, Velocity Suite  
 Elevation-National Elevation Dataset (1/3 Arc Second)

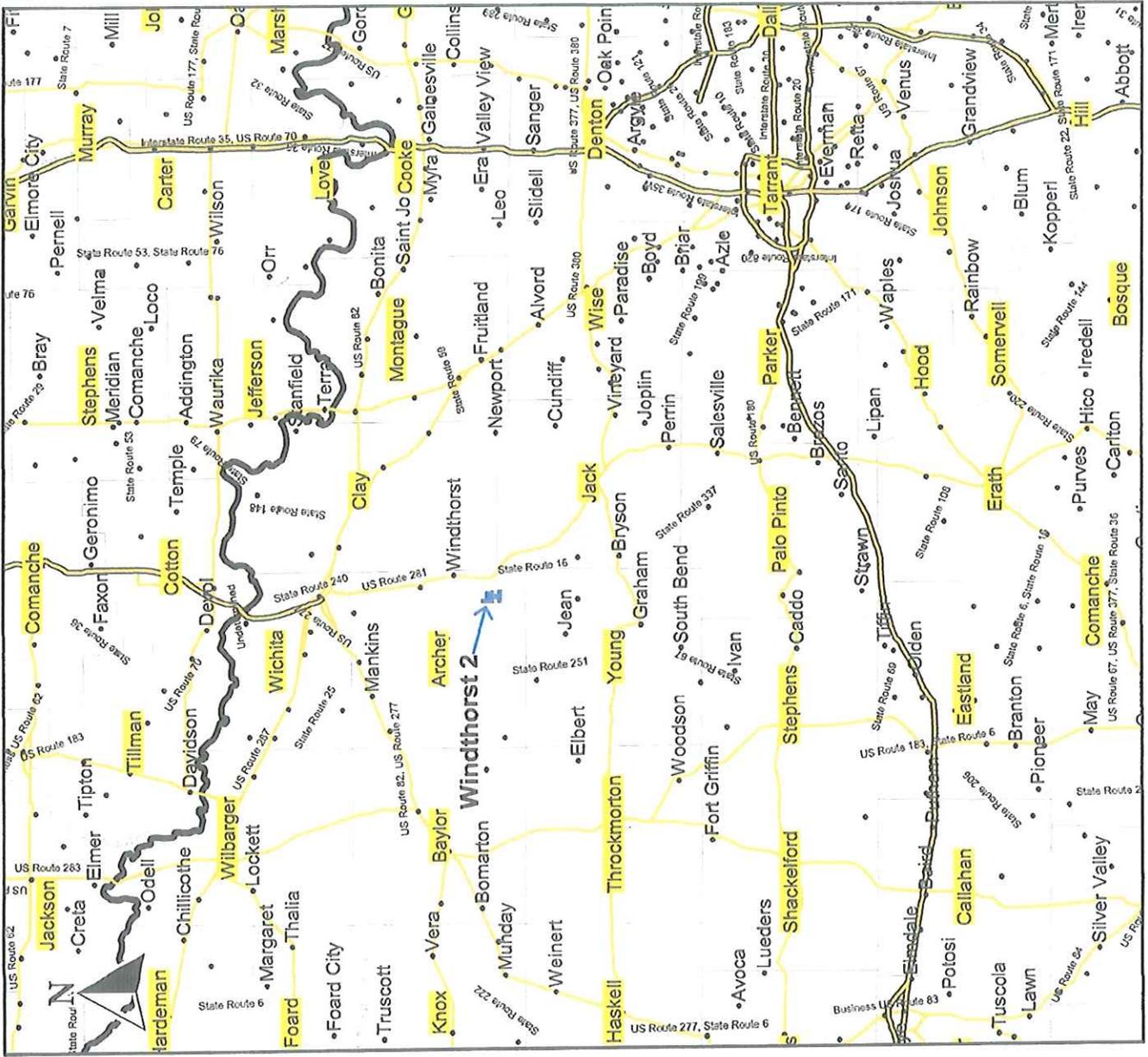


# Windthorst 2 Archer County, TX

Date: 7/13/2011

## Legend

- Windthorst 2
- County Boundaries
- Roads
- State Boundary
- Cities



## A4 – Company’s Ability to Relocate

The ability of the company to relocate to another state or another region of the state:

Windthorst-2, LLC and its parent companies Own Energy, INC. and Horn Wind, LLC have the ability to be relocated to other wind development areas with Texas and outside of Texas, but the project with its permanent 20+ year life is located only on the assigned property and will create and sustain the jobs denoted in Appendix D.

## A5 - Scope of Project

Per Tax Form 50-296 the following will describe in detail the scope of the proposed project including the type and planned use of real and tangible personal property, the nature of the business, and a timeline for construction (also found in Schedule A, B, & C), and any other relevant information.

Shortened terms will be used from formal long descriptions denoted above.

The Project, hereafter referred to as a the Wind Farm, will consist of a wind powered electric generating facility to be located entirely within the Windthorst-2 Reinvestment Zone and shall consist of buildings and structures and other improvements, fixed machinery, equipment and process units including one or more electrical substations, underground and overhead electrical distribution and transmission facilities, wind turbine generators, electric transformers, appurtenant electric equipment, communication cables, data collection facilities, meteorological towers, and roads to be installed, added upgraded or used on the Subject Tracts, referred to as the Land Property(s), by or for the owner.

The Project will have a total of operating capacity of approximately 40 megawatts. The Project will include twenty-three (23) 1.8 megawatt wind turbine generators or similar equipment capable of producing the approximate generating capacity referred to above.

The nature of the Windthorst-2 wind project (Wind Farm) and the parent companies, Own Energy, Inc. and Horn Wind, LLC, is to develop, construct and operate industrial level wind farm for the purpose of generating and selling electricity for a profit. This Wind Farm will create permanent jobs for Archer County and Archer City ISD that will be the source of tax dollar generation for the county and school district.

The timing for construction is as follows. Schedules A, B, and C have the best estimate capital investment schedule for the Wind Farm construction and operation. Construction of the Wind Farm is expected to be substantially complete not later than August, 2014. These completion deadlines may be extended to the end of the 2014 year, if necessity requires.

Plans and Specifications, Governmental Requirements and Workmanship: All improvements to the real property which are a part of the Wind Farm and all equipment and personal property installed as a part of the Wind Farm, shall be constructed and installed in accordance with plans and specifications prepared and certified by an engineer or architect licensed within one of the states of the United States of America and in accordance with all regulations of any governmental agency or entity having jurisdiction over any aspect of the construction of the Wind Farm or its operations.

All facilities and equipment related to the Wind Farm shall be located in Archer County. Windthorst-2 agrees to create not less than 3 new permanent jobs in connection with the construction of the Wind Farm; either through direct employment or through employment by contractors or service providers engaged to provide goods or services in connection with the Wind Farm. These new jobs will be located on the Wind Farm site and will not be able to be moved off-site during the lifespan of the Wind Farm.

## A6 - Investment - Project Outlay and Timeline

This Investment schedule is our best estimate for the timing and amounts of capital outlays. The tower and housing for the turbine is considered a permanent fixture/structure. The turbines and related equipment is classified as business/tangible personal property. The below values are shown in Millions of Dollars (\$ mil).

<b>\$ Millions</b>	<b>Price per Unit (\$ Mil)</b>	<b>Qty</b>	<b>Permanent Fixture-New Building, Etc</b>	<b>Tangible Personal Property</b>	<b>Timing</b>
Turbines	1.45	23		33.35	Jan 2014 to July 2014
Towers	0.65	23	14.95		Nov 2013 to May 2014
Distribution / Transmission	2.75	All	2.75		Sept 2013 to May 2014
Substation	1.50	All	1.50		Oct 2013 to Aug 2014
Roads/Access	1.50	All	1.50		Aug 2013 to Feb 2014
Erect/Install	5.50	All	5.50		Nov 2013 to July 2014
Misc.	0.50	All	0.50		Jan 2013 to Aug 2014
Leases/Contracts	0.25	All	0.25		Jan 2010 to Aug 2014
			<b>26.95</b>	<b>33.35</b>	

**Total Value: \$60.3 Million**



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

Windthorst-2, LLC  
File Number: 801258028

The undersigned, as Secretary of State of Texas, hereby certifies that an Application for Registration for the above named Foreign Limited Liability Company (LLC) to transact business in this State has been received in this office and has been found to conform to the applicable provisions of law.

ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the authority of the entity to transact business in this State from and after the effective date shown below for the purpose or purposes set forth in the application under the name of

Windthorst-2, LLC

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 04/16/2010

Effective: 04/16/2010



A handwritten signature in cursive script, appearing to read "Hope Andrade".

Hope Andrade  
Secretary of State

Randel Beaver, Superintendent  
Archer City ISD  
P.O Box 929, 600 S. Ash  
Archer City, TX 76351

August 01, 2011

Jimmy Horn, Representative  
Windthorst-2, LLC  
45 Main Street, Suite 538  
Brooklyn, NY 11201

Dear Mr. Beaver and Archer City ISD School Board:

Windthorst-2, LLC request on behalf of our Windthorst-2 Wind Project acknowledgment with your signature below that Archer City ISD has receive the first \$20,000 Application Fee for application for Appraisal Value Limitation - Texas Tax Form 50-296.

Page 5 of Form 50-296 requests proof of Application Fee and the below signature is your acknowledgment that Archer City ISD has received an Application Fee for this process and thus the 'Proof of Application Fee' has been satisfied.

Windthorst-2 Wind Project Definition: The Project will include twenty-five (25) wind turbines to reach the 40MW expected wind farm capacity rating.

Please, consider this request for your acknowledgment that 'Proof of Application Fee' has been completed with your signature below:

Thank you for your time.

Please denote agreement via Signature here:

Sincerely,



Jimmy Horn  
Management Representative  
Windthorst-2, LLC

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**PART III. FEES AND EXPENSES**

- 3.1. The fee shall be \$60,000 for the term of the Agreement, inclusive of expenses.
- 3.2. Fees shall be paid as follows:
  - 3.2.1. An initial amount of \$20,000 to be paid upon execution of this Contract, but only after receipt of the Company's application fee;
  - 3.2.2. A second payment of \$20,000 shall be due upon completion of required school finance analysis, participation agreement and findings-of-fact document; and
  - 3.2.3. A third payment of \$20,000 shall be due upon completion of board action on the proposed Value Limitation.
- 3.3. All payments shall be due upon receipt of an invoice.

**PART IV. NOTICES AND MAILINGS**

Invoices, payments, and other official communications shall be considered delivered if mailed to the following, or to such other address as may be designated, in writing, from time to time:

- 4.1. If to Consultant:
  - Mr. Daniel T. Casey, Partner
  - MOAK, CASEY & ASSOCIATES, INC.
  - 400 W. 15<sup>th</sup> Street, Suite 1410
  - Austin, Texas 78701

- 4.2. If to Client:
  - Mr. Randel Beaver
  - Superintendent
  - ARCHER CITY ISD
  - 600 South Ash Street
  - P.O. Box 926
  - Archer City, Texas 76351

DISTRICT:  
ARCHER CITY ISD

CONSULTANT:  
MOAK, CASEY & ASSOCIATES, INC.

\_\_\_\_\_

\_\_\_\_\_ Daniel T. Casey  
Partner

Date: \_\_\_\_\_

Date: \_\_\_\_\_

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

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

## Appendix B

### Qualified Property

1. Description of Qualified Property - See Appendix A-1
2. Proposed Improvements - See Appendix A-2
3. Map of Qualified Property - See Appendix A-3
4. Land Information
  - a. Legal Description of Land
  - b. Appraisal Parcel Number
  - c. Owner
  - d. Tax Value of the Land
5. Vicinity Map of Project
6. Reinvestment Zone Map
7. Reinvestment Zone Order (Establishment)
  - a. Order Establishing the Zone
  - b. Guidelines and Criteria for Reinvestment Zone

# Appendix B

## **Appendix B1, B2 & B3: Description the Property and Improvements**

B1 - Description of Qualified Property - See Appendix A-1

B2 - Proposed Improvements - See Appendix A-2

B3 - Map of Qualified Property - See Appendix A-3

# Appendix B

## Appendix B4: Land Legal Information

### B4- Land Legal Information

Below is the legal description of the land included within the Windthorst-2 Project Reinvestment Zone. The following page also includes the Legal Description of the Land along with Appraisal Parcel Number, Landowner, Acreage and the Taxable Value of the Land.

Tex. Em. & Land Co. Survey	All of Abstract 460
	All of Abstract 519
	All of Abstracts 521 through 525
	All of Abstract 530
	All of Abstract 532
	All of Abstracts 542 through 544
	All of Abstracts 549 through 551
	All of Abstracts 556 through 557
	All of Abstracts 568 through 570
SA&MG RR Survey	West 320 acres of Abstract 444
T J LANGLEY sub.	East 640 acres of Blocks 1 through 9

**Detailed Land Legal Information**

- a. Legal Description of Land
- b. Owner
- c. Acreage
- d. Current Taxable Value
- e. Detailed Map with Vicinity Map is in the Following Attachment

<b><u>Parcel</u></b>	<b><u>Owner</u></b>	<b><u>Acreage</u></b>	<b><u>Taxable Value</u></b>
<u>Tex. Em. &amp; Land Co.</u>			
<u>Tex. Em. &amp; Land Co. (cont.)</u>			
A-460	Charlie McMurtry	320	\$23,336
A-519	Don Hornady	80-240	\$5,840-\$17,520
A-521	Don Hornady	160-80-80	\$11,680-\$5,840-\$5,840
A-522	Don Hornady	40-140-70-70	\$2,920-\$10,220-\$5,110-\$5,110
A-523	Amaco Pipeline	10	\$5,000
	*Jeff McCaskill	310	\$22,630
A-524	*R & R Koetter	320	\$51,880
A-525	Jewel Bolton	60	\$4,380
	*Jack Loftin	158	\$11,530
	*Jack Loftin (Home)	2	\$11,480
	*Gary Smith	60	\$4,380
	Jerry Bolton	13.334	\$970
	*Gary Smith	13.333	\$970
	*S A Smith	13.333	\$970
A-530	ATC Tower	7.2	\$2,860
	Charles Schroeder	310	\$22,630
A-532	Don Hornady	270-50	\$19,710-\$3,650
A-542	York Estate	213.334	\$15,570
	York Estate	106.666	\$7,790
A-543	Don Hornady	320	\$23,360
A-544	Wayne French	320	\$23,360
A-549	Max Martin	320	\$23,360
A-550	*Brad Berend	160	\$11,680
	*Shane Berend	160	\$11,680
A-551	*Brad Berend	80	\$5,840
	*Shane Berend	80	\$5,840
	*Edward Wolf	160	\$11,680

A-556	Jewel Bolton	10.688	\$780
	*Jack Loftin	291.67	\$21,290
	*Gary Smith	10.688	\$780
	Jerry Bolton	2.377	\$170
	*Gary Smith	2.374	\$170
	*Gary Smith	2.374	\$170
A-557	Charlie McMurtry	320	\$23,360
A-568	Charles Schroeder	320	\$23,360
A-569	Bruce Wittenton	320	\$23,360
A-570	Charles Schroeder	160	\$11,680
A-570	Charles Schroeder	160	\$11,680
SA7MG RR CO	Max Mattin	320	\$23,360
T J LONGLEY sub.	Don Hornady	320-320	\$23,360-\$23,360

\* Land with an asterisk is land that is under wind lease with Windthorst-2, LLC. The remaining land in the above table without asterisks is land in the reinvestment zone that is not under lease yet, but is being pursued to expand this project above 40MWs.

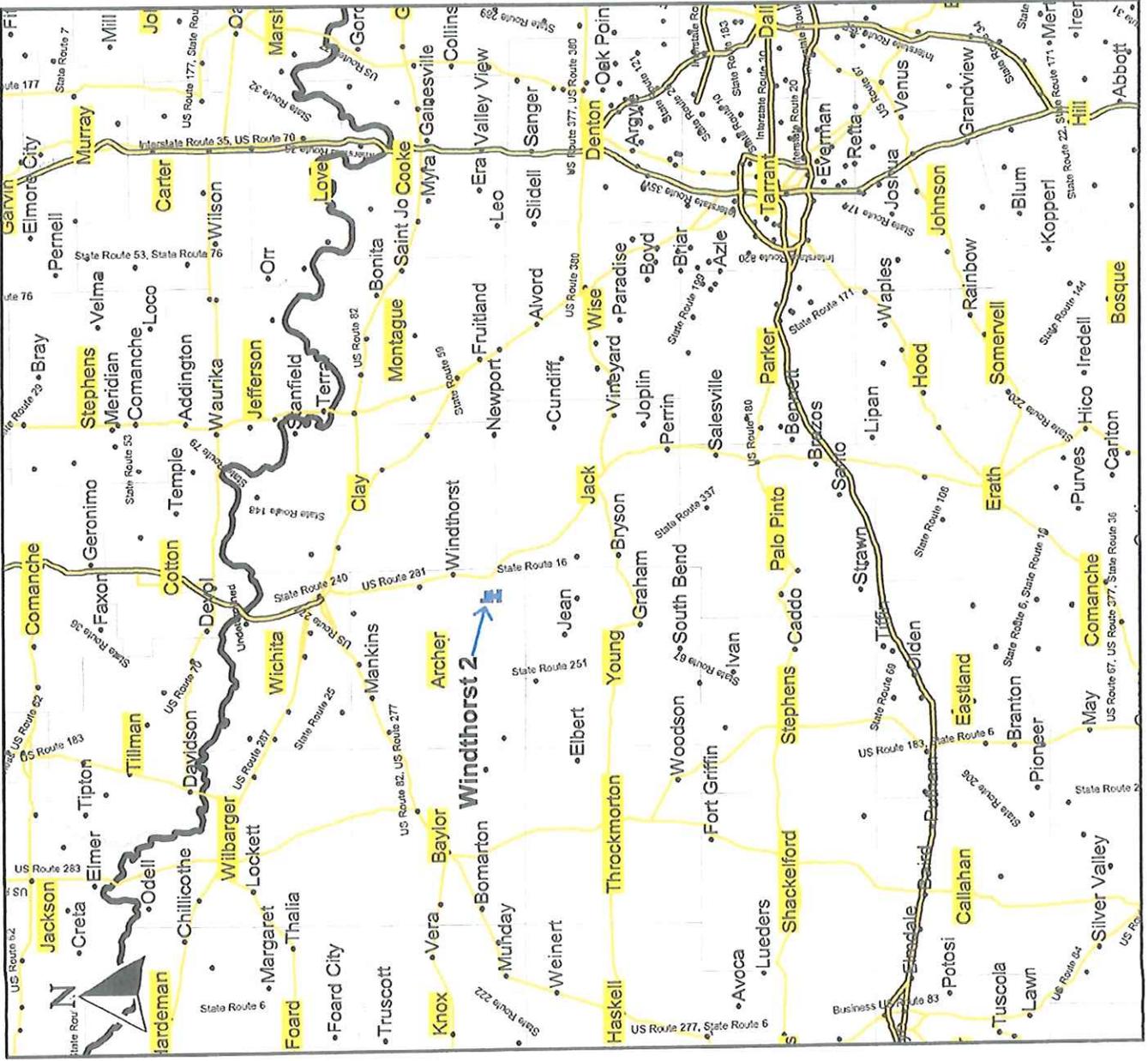


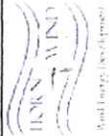
# Windthorst 2 Archer County, TX

Date: 7/13/2011

## Legend

- Windthorst 2
- County Boundaries
- Roads
- State Boundary
- Cities





OWN Energy



Wind Energy Development

# Windthorst 2

## Archer County, TX

Date: 5/19/2011

### Legend

Leased Land

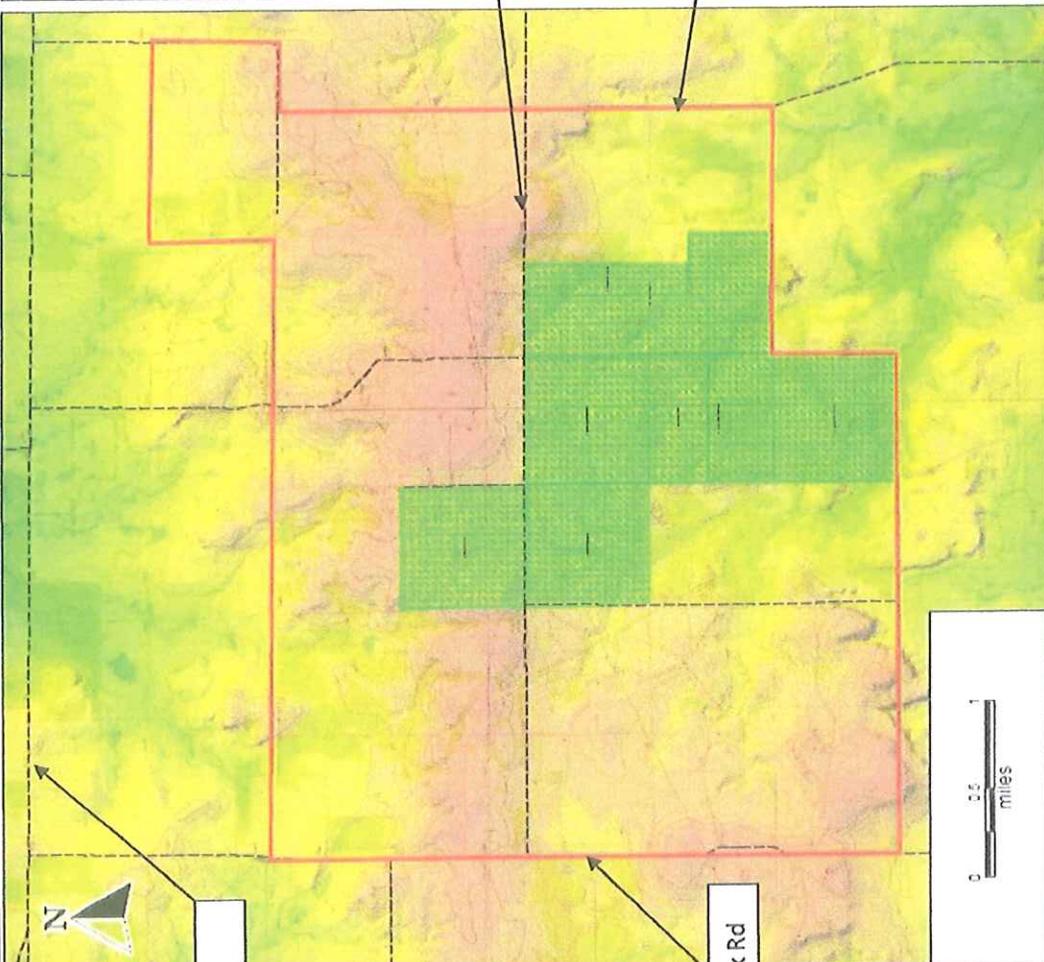
Reinvestment Zone

Roads

Loftin Rd

Wolf Rd

Background Map- Elevation  
Green->Yellow->Orange->Red  
Lower->Higher Elevation



FM 2581

Prideaux Rd



**ORDER DESIGNATING THE WINDTHORST 2  
REINVESTMENT ZONE  
July 11, 2011**

AN ORDER OF THE COMMISSIONERS COURT OF ARCHER COUNTY, TEXAS  
MAKING CERTAIN FINDINGS OF FACT AND DESIGNATING THE WINDTHORST 2  
REINVESTMENT ZONE.

WHEREAS, on October 5, 2007 the Commissioners Court of Archer County, Texas (sometimes hereinafter referred to as the "Commissioners Court") adopted a resolution or order electing to participate in tax abatement and initially adopted guidelines and criteria for any tax abatement that is granted by the Commissioners Court; and

WHEREAS, on December 27, 2010, the Commissioners Court readopted guidelines and criteria for tax abatement; and

WHEREAS, the Commissioners Court scheduled a public hearing on the advisability of designating the tracts of land described below (hereinafter the "Subject Lands") as a reinvestment zone pursuant to TEX. TAX CODE §312.401 to be held beginning at 9:45 a.m. on Monday, July 11, 2011 in the Commissioners Courtroom located at the Archer County Annex, 112 E. Walnut, Archer City, Texas; and

WHEREAS, the Subject Lands are more particularly described as follows:

All of the following T.E.&L Co. Surveys located in Archer County, Texas: No. 1835, Abstract No. 519; No. 1836, Abstract No. 520; No. 1837, Abstract No. 521; No. 1838, Abstract No. 522; No. 1839, Abstract No. 523; No. 1840, Abstract No. 524; No. 1841, Abstract No. 525; No. 1842, Abstract No. 460; No. 1843, Abstract No. 526; No. 1844, Abstract No. 527; No. 1845, Abstract No. 528; No. 1846, Abstract No. 529; No. 1847, Abstract No. 530; No. 1848, Abstract No. 531; No. 1849, Abstract No. 532; No. 1861, Abstract No. 542; No. 1862, Abstract No. 543; No. 1863, Abstract No. 544; No. 1868, Abstract No. 549; No. 1869, Abstract No. 550; No. 1870, Abstract No. 551; No. 1875, Abstract No. 556; No. 1876, Abstract No. 557; No. 1884, Abstract No. 564; No. 1885, Abstract No. 565; No. 1886, Abstract No. 566; No. 1887, Abstract No. 567; No. 1888, Abstract No. 568; No. 1889, Abstract No. 569; No. 1890, Abstract No. 570; all of Section 77, Block 4, Clark & Plumb Survey, Archer County, Texas; the East one-half of Section 80, Block 4, Clark & Plumb Survey in Archer County, Texas and the Northwest 320 acres of the S.A.&M.G. RR Survey, Abstract 444, Archer County, Texas; and

WHEREAS, notice of said public hearing was published in the Archer County News, a newspaper of general circulation in the area where the Subject Lands are located, as shown by the publisher's affidavit and clipping from said newspaper which is attached to this order as Exhibit A; and

WHEREAS, the date on which the foregoing notice was published in the Archer County News was not later than the seventh day before July 11, 1011; and

WHEREAS, notice of the public hearing was also delivered in writing to the President of the Board of Trustees of the Archer City Independent School District and to the President of the Board of Trustees of the Windthorst Independent School District, as shown by the notices and receipts which are attached hereto as Exhibits B and C, respectively; and

WHEREAS, the two individuals to whom notice of the written notice of public hearing was given are the presiding officers, respectively, of the Archer City Independent School District and the Windthorst Independent School District; and

WHEREAS, the Archer City Independent School District and the Windthorst Independent School District are the only taxing units, other than Archer County, that include the Subject Lands in their boundaries; and

WHEREAS, the Subject Lands are not in the taxing jurisdiction of a municipality; and

WHEREAS, based upon the information available to it, including information presented at the public hearing referred to above and at prior meetings of the Commissioners Court, the Commissioners Court has determined, and hereby finds and concludes:

(1) that the erection of wind powered electric generating facilities on the Subject Lands is feasible and practical and would be a benefit to the Subject Lands and to Archer County, Texas during the course of, and after the expiration of, a tax abatement agreement entered by Archer County, Texas pursuant to Chapter 312 of the Texas Tax Code;

(2) that the designation of the Subject Lands as a reinvestment zone will attract major investment in the zone that will be a benefit to the Subject Lands and will contribute to the economic development of Archer County, Texas;

(3) that the designation of the Subject Lands as a reinvestment zone is consistent with the tax abatement guidelines and criteria adopted by the Commissioners Court on December 27, 2010;

(4) that this order was approved by a majority of the Commissioners Court at a meeting held on July 11, 2011 which was open to the public, was preceded by proper notice, as required by Chapter 551 of the Texas Government Code (the Open Meetings Act) and other applicable law, and at which a quorum of the members of the Commissioners Court were present;

(5) that the action of the Commissioners Court in approving this order followed the public hearing on the advisability of designating the Subject Lands as a reinvestment zone

referred to above at which all persons desiring to speak on the subject were allowed to do so;

(6) that all recitals set forth above are hereby adopted as additional findings of fact and conclusions of law by the Commissioners Court; and

(7) that the following orders should be entered:

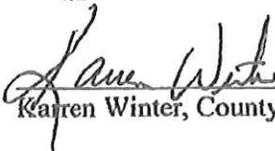
IT IS ORDERED, BY THE COMMISSIONER'S COURT OF ARCHER COUNTY, TEXAS:

1. That the Subject Lands located in Archer County, Texas be, and such tracts hereby are, designated as the Windthorst 2 Reinvestment Zone and are hereby declared eligible for property tax abatement as authorized by the tax abatement guidelines and criteria heretofore adopted by the Commissioner's Court on December 27, 2010.

2. That the foregoing designation shall be effective for a period of five years from the date of this order; provided that such designation may be renewed by appropriate action of the Commissioners Court at a future date.

PASSED AND APPROVED on the 11<sup>th</sup> day of July, 2011.



  
Karen Winter, County Clerk

  
Gary Beesinger, County Judge

  
Richard Shelley,  
Commissioner, Precinct 1

  
Darin Wolf,  
Commissioner, Precinct 2

  
Pat Martin, III,  
Commissioner, Precinct 3



Darryl Lightfoot,  
Commissioner, Precinct 4

# The State of Texas

## County of Archer

4th Central Texas - Created 1858 - Organized 1880

### ARCHER COUNTY, TEXAS TAX REINVESTMENT ZONE GUIDELINES & CRITERIA

1. The Archer County Commissioner's Court shall have the right, granted under Texas Statutes to approve or disapprove the creation of any recommended Tax Reinvestment Zone.
2. The Tax Reinvestment Zone must be reasonably likely to contribute to the retention or expansion of primary employment or attract major capital investment that will benefit the County's economic development.
3. The Tax Reinvestment Zone authorization granted by the Commissioner's Court must meet all criteria established by the authorizing legislation.
4. The Tax Reinvestment Zone must not require extraordinary capital improvement financing by the County.
5. The Tax Reinvestment Zone applicant must have a successful business operating history of at least one year in the community or municipal references establishing successful operations or capital investor (s) with established record (s) of successful business operations.
6. In order to receive tax abatement consideration, The Tax Reinvestment Zone applicant must initially employ a minimum of four (4) employees.
7. The Tax Reinvestment Zone applicant must have a secondary impact on the local economy, through the use of local contractors, or utilization of retail or service related businesses.
8. Designation and creation of a Tax Reinvestment Zone shall not exceed the maximum period allowed by law of ten years.
9. Designation of a Tax Reinvestment Zone will allow for an abatement of taxes on property improvements in the Tax Reinvestment Zone for not less than ten, nor more than one hundred percent.
10. The Commissioner's Court reserves the right to negotiate any other provisions for the creation of a Tax Reinvestment Zone with an individual applicant allowed by law.

MODIFIED AND APPROVED THIS THE 13TH DAY OF NOVEMBER, 2007, BY THE COMMISSIONERS COURT OF ARCHER COUNTY, TEXAS.

Gary W. Boesinger  
COUNTY JUDGE

Darin Holf  
COMMISSIONER, PRECINCT #2

W. W. Galt  
COMMISSIONER, PRECINCT #1

David Lyttle  
COMMISSIONER, PRECINCT #3

Attest: Kare Wink  
COUNTY CLERK

Dave Lyttle  
COMMISSIONER, PRECINCT #4

## Appendix C

### Request Minimum Job Waiver

1. Number of Jobs Necessary for Industry Standard Operation
2. Minimum Job Waiver Request Form
3. Supporting Letter - FPL Energy (October 2007)
4. Supporting Letter - Cummings Westlake LLC

# Appendix C

## Appendix C1: New Job Creation and Limitations

Summary: This appendix specifies the standards number of jobs required to operate an industrial wind farm based on the number of turbines installed. It will be used as a basis for the request for a governing body waiver for the minimum job creation amount.

The Windthorst-2 wind project specifications are as follows:

40 megawatt-nameplate.

This will include 23 1.8 megawatt wind turbines, depending upon turbine size to reach the 40 megawatt maximum capacity rating. The following jobs will be created as full time positions and will continue throughout the full 20+ years of the project life. Some overlapping of duties may occur, but a minimum of 3 jobs will always exist during the projects life.

Windthorst-2 wind farm salaries starting Yr 2014

	<u>Position</u>	<u>Salary</u>	<u>Industry Standard</u>
2 Jobs	Turbine/Plant Technicians	\$41,968/yr (\$807/wk)	\$27K to \$40K w/exp
1 job	Site Manager	>\$41,968	>\$40K

Total jobs created with at least 80% meeting the 110% wage rate requirement will be created. In addition, a number of temporary jobs will exist during the initial construction period.

The above positions are based on the industry standard of 1 maintenance/plant technician for every 15 wind turbines plus a Site Manager.

For this Appraisal Value Limitation Form 50-296, the **Windthorst-2 project is applying for a Minimum Job Waiver based on the industry standard job creation number.** Three permanent jobs are needed to operate the 40 megawatt wind farm, which is less than the 10 jobs for rural school districts requirements.

Randel Beaver, Superintendent  
Archer City ISD  
P.O Box 929, 600 S. Ash  
Archer City, TX 76351

August 01, 2011

Jimmy Horn, Representative  
Windthorst-2, LLC  
45 Main Street, Suite 538  
Brooklyn, NY 11201

Dear Mr. Beaver and Archer City ISD School Board:

Windthorst-2, LLC request on behalf of the Windthorst-2 project a waiver for the minimum jobs creation requirement as provided under Tax Code 313.0025 for our Application for Appraisal Value Limitation-Texas Tax Form 50-296.

Page 9 of Form 50-296 allows for the submission of a minimum jobs waiver request. Industry standards show the need for only 3 jobs for the wind project of 40 Megawatts. This standard is documented on the attached letter from FPL and Cummings, wind industry leaders, in Appendices C3 & C4. The Windthorst-2 project job breakdown is outlined below.

Project: 40MW-nameplate (23 turbines)

Positions

2 Jobs Turbine/Plant Technicians  
1 Job Site Manager

The project will include 23 wind turbines to reach the 40MW capacity rating. The jobs will be created as full time positions and will continue through the full project life. The above positions are based on the industry standard of 1 Turbine/Plant Technician for every 15 wind turbines plus a Site Manager.

Please, consider this request for your governing body to waive the minimum job creation requirement for the Windthorst-2 project's Application for Appraisal Value Limitation.

Thank you for your time.

Please denote decision to accept or decline below.

Sincerely,

  
\_\_\_\_\_  
Jimmy Horn  
Management Representative  
Windthorst-2, LLC

Signature: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Decision: \_\_\_\_\_



**FPL Energy**

October 22, 2007

VIA E-MAIL

Amalia Hanley  
O'HANLON, McCOLLOM & DEMERATH  
Attorneys-at-law  
808 West Ave.  
Austin, Texas 78701

Dear Mali,

Included in our Applications for Appraised Value Limitation on Qualified Property, Texas Form HB-1200, for Coyote Wind, LLC ("Coyote") and Wolf Ridge Wind, LLC ("Wolf") was a statement in Step 5: Economic Impact, Question 3 – Estimate the average weekly wage rate for qualifying jobholders that declared Coyote and Wolf's average weekly wage rate was "Greater than 110% of the average weekly manufacturing wages." This statement was included because the weekly wages for both Coyote and Wolf are estimated to be greater than the Texas Tax Code, Chapter 313 requirement of wages greater than 110% of the county average weekly wage for manufacturing jobs in the county where the jobs are located.

At the time of completion of Form HB-1200, Coyote and Wolf had obsolete information as to the current average weekly wage for both Borden County (Coyote) and Cooke County (Wolf). Therefore, the statement was added so that the applications would not be rejected on account of the obsolete number that would have been included on the Form.

As to the number of qualifying full-time jobs, wind farm projects typically involve a considerable number of part-time jobs during the construction phase. Once construction is complete, a lesser number of highly-skilled technicians are required for the long-term operation of the wind farm. Coyote and Wolf typically estimate, that after completion of construction of the wind farm, approximately one full-time skilled technician may support approximately fifteen turbines.

In addition to the technicians discussed above, other project related full-time employees include a site leader, a plant technician, and a high voltage technician.

Note that these are only estimates and these figures may vary based on location, site conditions, the size of the turbines and the size of the wind farm, and manufacturer service and support levels.

Please contact me if you have any additional questions with respect to the applications for Coyote and Wolf.

Best regards,

Kevin O'Steen, CPA

---

## CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-3611 713-266-4456 713-266-2333 (Fax)

October 31, 2007

Mr. Travis James  
Texas Perspectives  
1310 S. 1<sup>st</sup> Street, Suite 105  
Austin, TX 78704

Re: Wind Project Job Creation – Wildhorse Mountain Wind, LLC

Dear Mr. James:

Our clients have been asked to provide background information on the creation of full-time jobs by a wind project. Wind projects create a large number of construction jobs but require a small number of highly skilled technicians to operate a wind project once 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. Based upon a survey of our clients who are experienced developers and operators of large scale wind projects, we find that industry standard for permanent employment is one full-time employee for every fifteen turbines. This number can and does vary depending upon the turbine selected and 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.

If you have questions, would you please contact me at 713-266-4456, extension 1 or by email at [dcummings@cwlo.net](mailto:dcummings@cwlo.net)?

Sincerely,



D. Dale Cummings

## Appendix D

### Conditional Requirements for 'Qualifying Jobs' 80% meet 'Qualifying Jobs'

1. TWC - New Jobs Meet Qualifications
2. 2010 Manufacturing Wages – NORTEX Region
3. Quarterly Employment & Wages
  - a. 2010 Archer County - All Industries
  - b. 2010 Archer County - Manufacturing
4. Rural School District Requirements 313.051
5. Business Development Smart Jobs 481.151

## Appendix D1: - Condition Requirements for 'Qualifying Jobs'.

### **Texas Work Force - New jobs meet qualification**

Summary: This appendix is information about and the meeting of qualifications for the 'Qualifying Jobs' requirement on Form 50-296, page 9 & 10.

To meet specification for 'Qualifying Jobs', the below requirements must be met:

(X) "Qualifying job" means a permanent full-time job that:

- (A) requires at least 1,600 hours of work a year;
- (B) is not transferred from one area in this state to another area in this state;
- (C) is not created to replace a previous employee;
- (D) is covered by a **group health benefit plan** (as defined by Section 481.151, Government Code) for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and
- (E) **pays at least 110 percent of the county average weekly wage for manufacturing jobs** in the county where the job is located per Tax Code Section 313.051 (b).

(Ref: Tax Code Section 313.021)

#### Requirements A, B & C:

The 40MW wind farm will create at least 3 full-time jobs. At least 80% of these jobs will meet the qualifications of 'Qualifying Jobs'. The project is a permanent fixture with a 20 year expected life. The required number and specifications for these wind project jobs are detailed in Appendix C1: Number of jobs necessary for industry. Also, Appendix C2: Minimum Job Waiver and the following two support letters in Appendices C3 and C4 document industry operating standards from wind industry leaders.

All of the newly created jobs will be full-time (at least 1600 hours) and will have been created in the area. None of these new jobs will be created to replace previous employees. No jobs will be transferred in from other areas of the state.

#### Requirements D & E: Group Health Benefits Plan and Wage Requirement

Government Code 481.151 specifies the requirements to meet a 'Qualifying Job'.

Specifications from Gov Code 481.151:

(Item 6) "Group Health Benefit Plan" means:

- (A) a health plan provided by a health maintenance organization established under the Texas Health Maintenance Organization Act (Chapter 20A, Vernon's Texas Insurance Code);
- (B) a health benefit plan approved by the commissioner of insurance; or

(C) a self-funded or self-insured employee welfare benefit plan that provides health benefits and is established in accordance with the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.), as amended.

(Item 17) "Qualified job" means a job for which an application has been submitted and that:

(A) pays at least 100 percent of the county average weekly wage; and

(B) is covered by a group health benefit plan for which the business offers to pay at least 50 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage.

(Ref: Gov Code, 481.151, item 6 & 17)

Tax Form 50-296 (Ref: Tax Code Section 313.021) is more stringent than Gov Code 481.151 but both requirements are met as defined below.

Requirement D, Health Benefits Plan, will be fulfilled as specified in Form 50-296, Page 10.

Requirement E, the 110 percent of Manufacturing Job Wage Rate requirements is fulfilled as specified per Form 50-296, Page 10. The 2010 Archer County and NORTEX RPC wage rates are detailed below and on the following attachments. The 2010 1st, 2nd, 3rd and 4th Qtr Wage results from these attachments are shown below:

<u>NORTEX RPC Average weekly wage (Manufacturing): \$711/week</u>	
$\$734/\text{weekly} \times 52 = \$38,153$	$\$38,153 \times 110\% = \$41,968$
<u>Clay County Average weekly wage (Manufacturing): \$558/week</u>	
$\$607/\text{week} \times 52 = \$31,564$	$\$31,564 \times 110\% = \$34,720$
<u>Clay County Average weekly wage (All Industries): \$575/week</u>	
$\$694/\text{week} \times 52 = \$36,088$	$\$36,088 \times 110\% = \$39,697$

	<u>Position</u>	<u>Salary</u>	<u>Industry Standard</u>
2 jobs	Turbine/Plant Technicians	<u>\$41,968/yr (\$807/wk)</u>	\$27K to \$40K with/exp
1 job	Site Manager	\$41,968/yr	> 40K

As shown here, a total of 3 jobs will be created with at least 80% meeting the 110% wage rate requirement and fulfilling the Health Benefit Plan requirement.

**Quarterly Employment and Wages (QCEW) Attached**  
**2010 Manufacturing Wages – NORTEX Region Attached**

---

## Employee Benefits

- Medical Coverage - Preferred Provider Organization ("PPO") and Exclusive Provider Organization ("EPO") Plans
- Dental Plan
- Vision Plan
- Prescription Drug Benefits
- Flexible Spending Accounts ("FSA's")
- Life Insurance
- Disability Plans
- Paid Holidays
- Paid Vacation
- 401(k) Retirement Savings Plan
- Retiree Medical Benefit Plan

**2010 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>		
<u>1. Panhandle Regional Planning Commission</u>	\$18.60	\$38,683
<u>2. South Plains Association of Governments</u>	\$16.21	\$33,717
<u>3. NORTEX Regional Planning Commission</u>	\$18.34	\$38,153
<u>4. North Central Texas Council of Governments</u>	\$23.45	\$48,777
<u>5. Ark-Tex Council of Governments</u>	\$15.49	\$32,224
<u>6. East Texas Council of Governments</u>	\$17.63	\$36,672
<u>7. West Central Texas Council of Governments</u>	\$17.48	\$36,352
<u>8. Rio Grande Council of Governments</u>	\$15.71	\$32,683
<u>9. Permian Basin Regional Planning Commission</u>	\$19.90	\$41,398
<u>10. Concho Valley Council of Governments</u>	\$15.33	\$31,891
<u>11. Heart of Texas Council of Governments</u>	\$17.91	\$37,257
<u>12. Capital Area Council of Governments</u>	\$25.37	\$52,778
<u>13. Brazos Valley Council of Governments</u>	\$15.24	\$31,705
<u>14. Deep East Texas Council of Governments</u>	\$15.71	\$32,682
<u>15. South East Texas Regional Planning Commission</u>	\$27.56	\$57,333
<u>16. Houston-Galveston Area Council</u>	\$24.52	\$51,002
<u>17. Golden Crescent Regional Planning Commission</u>	\$20.07	\$41,738
<u>18. Alamo Area Council of Governments</u>	\$17.28	\$35,952
<u>19. South Texas Development Council</u>	\$13.27	\$27,601
<u>20. Coastal Bend Council of Governments</u>	\$21.55	\$44,822
<u>21. Lower Rio Grande Valley Development Council</u>	\$14.35	\$29,846
<u>22. Texoma Council of Governments</u>	\$18.10	\$37,651
<u>23. Central Texas Council of Governments</u>	\$17.21	\$35,788
<u>24. Middle Rio Grande Development Council</u>	\$13.21	\$27,471

Source: Texas Occupational Employment and Wages

Data published: June 2011

Data published annually, next update will be June 2012.

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

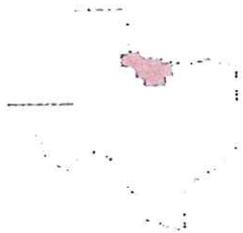
Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.

Data intended for TAC 313 purposes only.



*Nortex  
Regional  
Planning  
Commission*

#### About Us



Nortex Regional Planning Commission (NRPC) is a region-wide voluntary association of local governments. Its service area is 9,461 square miles and contains approximately 224,336 people. NRPC's mission is to serve its members as the instrument of local government cooperation and coordination for the purpose of improving the health, safety, and general welfare of their citizens. NRPC is the entity through which local governments consider issues and cooperate in addressing area wide problems. NRPC is governed by an Executive Committee comprised of local elected officials, representing member government bodies within the region.

History of COG  
Nortex Regional Planning Commission (NRPC) was formed January 27, 1966, under the authority provided by Article 1011m, V.A.C.S., of the 59th Texas Legislature, authorizing counties, cities, and political subdivisions of the State of Texas to establish regional planning commissions. The counties of Archer, Clay, and Wichita established Nortex in 1966. Since its inception, NRPC has worked well in conjunction with local as well as state and federal governments. Past initiatives have been in the area of emergency medical services, alcohol abuse, maternal infant healthcare, and housing. Current programs have afforded NRPC the responsibility of implementing regional programs addressing aging, employment, 9-1-1 emergency services, solid waste, community development, etc. Since the 1980's NRPC has the instrument for reviewing grant applications that originate in the Nortex region. This insures that projects awarded with federal and/or state dollars are consistent with local and area wide plans. This review process promotes an efficient use of taxpayer's dollars.

#### Functions

The general purpose of Nortex Regional Planning Commission (NRPC) is to plan for the unified, far-reaching development of the North Texas region, eliminate duplication of services, and promote economy and efficiency through coordination. Regional services include: Providing technical assistance to local member governments in economic development, community development, demographics, planning, grant applications, and other areas. Administering federal or state programs that benefit from regional cooperation such as economic development, 9-1-1 emergency service, criminal justice, and drug enforcement, community development, solid waste, employment and training, and services to the elderly. Coordinating federal, state, and local projects or issues that cross the boundaries of individual governments.

## Quarterly Employment and Wages (QCEW)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Archer County	Private	00	0	10	Total, All Industries	\$551
2010	2nd Qtr	Archer County	Private	00	0	10	Total, All Industries	\$610
2010	3rd Qtr	Archer County	Private	00	0	10	Total, All Industries	\$607
2010	4th Qtr	Archer County	Private	00	0	10	Total, All Industries	\$660

$$2428/4 = 607 * 52 \text{ weeks} = 31,564 \times 110\% = 34,720.40$$

## Quarterly Employment and Wages (QCEW)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Archer County	Private	31	2	31-33	Manufacturing	\$520
2010	2nd Qtr	Archer County	Private	31	2	31-33	Manufacturing	\$1,159
2010	3rd Qtr	Archer County	Private	31	2	31-33	Manufacturing	\$542
2010	4th Qtr	Archer County	Private	31	2	31-33	Manufacturing	\$557

$$2778/4 = 694.50 * 52 \text{ weeks} = 36,114 \times 110\% = 39,725.40$$

2010 Manufacturing Wages by COG

$$38,153 / 52 \text{ weeks} = 734 \times 110\% = 807$$

SUBCHAPTER C. LIMITATION ON APPRAISED VALUE OF PROPERTY IN CERTAIN  
RURAL SCHOOL DISTRICTS

For expiration of this subchapter, see Sec. 313.007

§ 313.051. APPLICABILITY.

Text of section effective January 1, 2008

(a) This subchapter applies only to a school district that has territory in:

(1) a strategic investment area, as defined by Section 171.721; or

(2) a county:

(A) that has a population of less than 50,000;

and

(B) in which, from 1990 to 2000, according to the federal decennial census, the population:

(i) remained the same;

(ii) decreased; or

(iii) increased, but at a rate of not more than three percent per annum.

(a-1) Notwithstanding Subsection (a), if on January 1, 2002, this subchapter applied to a school district in whose territory is located a federal nuclear facility, this subchapter continues to apply to the school district regardless of whether the school district ceased or ceases to be described by Subsection (a) after that date.

(b) The governing body of a school district to which this subchapter applies may enter into an agreement in the same manner as a school district to which Subchapter B applies may do so under Subchapter B, subject to Sections 313.052-313.054. Except as otherwise provided by this subchapter, the provisions of Subchapter B apply to a school district to which this subchapter applies. For purposes of this subchapter, a property owner is required to create only at least 10 new jobs on the owner's qualified property. At least 80 percent of all the new jobs created must be qualifying jobs as defined by Section 313.021(3), except that, for a school district described by Subsection (a)(2), each qualifying job must pay at least 110 percent of the average weekly wage for manufacturing jobs in the region designated for the regional planning commission, council of governments, or similar regional planning agency created under Chapter 391, Local Government Code, in which the district is located.

Added by Acts 2001, 77th Leg., ch. 1505, § 1, eff. Jan. 1, 2002.

Amended by Acts 2006, 79th Leg., 3rd C.S., ch. 1, § 16(e), eff. Jan. 1, 2008.

Acts 2009, 81st Leg., R.S., Ch. 1186, Sec. 11, eff. June 19, 2009.

SUBCHAPTER J. BUSINESS DEVELOPMENT?SMART JOBS FUND PROGRAM

7481.151. Definitions

Text of section effective until December 31, 2001

In this subchapter:

(1) "County average weekly wage" means the average weekly wage paid by all employers in a county that are covered by unemployment compensation insurance, as determined by the Texas Workforce Commission for the most recent period for which data is available.

(2) "Employee" means an individual who performs services for another under a contract of hire, whether express or implied, or oral or written.

(3) "Employer" means a person that employs one or more employees.

(4) "Executive director" means the executive director of the department.

(5) "Existing employer" means an employer that:

(A) has been liable to pay contributions under Subtitle A, Title 4, Labor Code, for more than one year;

(B) has employees; and

(C) is in compliance with the reporting and payment requirements of Subtitle A, Title 4, Labor Code, as determined by the Texas Workforce Commission.

(6) "Group health benefit plan" means:

(A) a health plan provided by a health maintenance organization established under the Texas Health Maintenance Organization Act (Chapter 20A, Vernon's Texas Insurance Code);

(B) a health benefit plan approved by the commissioner of insurance; or

(C) a self-funded or self-insured employee welfare benefit plan that provides health benefits and is established in accordance with the Employee Retirement Income Security Act of 1974 (29 U.S.C. Section 1001 et seq.), as amended.

(7) "In-kind contribution" means a noncash contribution of goods and services provided by an employer as all or part of the employer's matching share of a grant or project.

(8) "Job" means employment on a basis customarily considered full-time for the applicable occupation and industry.

(9) "Large business" means a business entity that employs at least 500 employees.

(10) "Medium business" means a business entity that employs more than 99 but fewer than 500 employees.

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(11) "Micro-business" means a business entity that employs not more than 20 employees.

(12) "Minority employer" means a business entity at least 51 percent of which is owned by minority group members or, in the case of a corporation, at least 51 percent of the shares of which are owned by minority group members and that:

(A) is managed and, in daily operations, is controlled by minority group members; and

(B) is a domestic business entity with a home or branch office located in this state and is not a branch or subsidiary of a foreign corporation or other foreign business entity.

(13) "Minority group members" include:

(A) African-Americans;

(B) American Indians;

(C) Asian-Americans;

(D) Mexican-Americans and other Americans of Hispanic origin; and

(E) women.

(14) "Program" means the smart jobs fund program created under this subchapter.

(15) "Project" means a specific employment training project developed and implemented under this subchapter.

(16) "Provider" means a person that provides employment-related training. The term includes employers, employer associations, labor organizations, community-based organizations, training consultants, public and private schools, technical institutes, junior or community colleges, senior colleges, universities, and proprietary schools, as defined by Section 132.001, Education Code.

(17) "Qualified job" means a job for which an application has been submitted and that:

(A) pays at least 100 percent of the county average weekly wage; and

(B) is covered by a group health benefit plan for which the business offers to pay at least 50 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage.

(18) "Small business" means a business entity that employs more than 20 but fewer than 100 employees.

(19) "Trainee" means a participant in a project funded under this subchapter.

(20) "Wages" means all forms of compensation or remuneration, excluding benefits, payable for a specific period to an employee for personal services rendered by that employee.

Added by Acts 1993, 73rd Leg., ch. 1, § 2.01, eff. Sept. 1, 1993. Amended by Acts 1995, 74th Leg., ch. 260, § 29, eff. May 30, 1995; Acts 1997, 75th Leg., ch. 1041, § 35, eff. Sept. 1, 1997.

Amended by Acts 1999, 76th Leg., ch. 1485, § 1.01, eff. Sept. 1, 1999.

§ 481.152. Smart Jobs Fund Program; Purpose; Administration

Text of section effective until December 31, 2001

(a) The smart jobs fund program is created in the department as a work force development incentive program to enhance employment opportunities for residents of this state and to increase the job skills of the existing work force by providing job training assistance to businesses operating in, or relocating to, this state.

(b) The program shall award grants for the creation and retention of qualified jobs. At least 60 percent of the money spent under the program shall be used for projects that assist existing employers. At least 20 percent shall be used for employers that relocate operations to this state.

(c) The governing board by rule shall develop and adopt a scoring system that evaluates the economic impact of grant applications and reflects the criteria set forth in this subchapter. The executive director shall use the scoring system and a competitive process to award grants. It is the intent of the legislature that, to the greatest extent practicable:

(1) money from the smart jobs fund be spent:

(A) in all areas of this state; and

(B) in approximate proportion to each region's share of the state's population, civilian labor force, unemployed, and submission of grant applications for qualified jobs; and

(2) grants shall be awarded to micro-businesses, small businesses, medium businesses, large businesses, and minority employers in a manner proportionate to the number of persons employed by those categories of businesses.

(d) The governing board and the department shall determine appropriate means to accomplish the goals of the program. As necessary to implement those goals, the governing board and the department may work in conjunction with the Texas Workforce Commission and the comptroller.

(e) The department shall administer the program.

(f) The executive director may employ personnel as necessary to administer the program.

(g) In implementing provisions under this subchapter regarding the classification of this state into regions, the department shall use the uniform service regions established by the comptroller under Section 120, Article V, Chapter 19, Acts of the 72nd Legislature, 1st Called Session, 1991 (the General Appropriations Act).

Added by Acts 1993, 73rd Leg., ch. 1, § 2.01, eff. Sept. 1, 1993.

Amended by Acts 1999, 76th Leg., ch. 1485, § 1.02, eff. Sept. 1, 1999.

## Appendix E

# Economic Profile of Archer County

1. Basic Economic Profile of Archer County (assessment)
2. Archer County TWC Narrative Profile 2011

# Appendix E

## Appendix E1: Basic Economic Profile Summary of Archer County

Following is the attached TWC County Narrative Profile 2011

Summary: The appendix provides additional information for the descriptive question, "Describe the current economic conditions of the region of the state where the property is located". Below is a brief profile and the following page contains the full TWC Archer County Narrative Profile for 2011.

### Brief Basic Economic Profile Summary for Archer County

Based on the most recent data, the local economy for Archer County and its 9,172 residents is in need of improvements on several fronts. County per capita income for 2005 was \$29,838, about 90% percent of the statewide average of \$32,460. Average weekly wages are substantially below those for the state, with a County average of \$570 for the first quarter of 2008, compared with a statewide average weekly wage of \$885. Archer County average weekly wages are only two-thirds of the state wide average.

During the same period of mild economic growth (between the 4th quarter of 2009 and the 4th quarter of 2010), gross retail sales in Archer County increased 5.4 percent. The percentage increase in gross retail sales in the County exceeded the average for the state, which was an increase of 2.7 percent for the same 12 month period. (The economic information presented is taken from a recent Texas Workforce Commission County Narrative Profile for Archer County.)

Average 2010 overall Archer Country All Industries wage rate of \$607/wk is depressed compared to the Regional NORTEX Manufacturing wage rate of \$734/wk and Texas wage rate of \$915/wk. The Archer Country Manufacturing sector wage rates at \$694/wk has shown to be a little stronger than the All Industries wage rate, but still weak compared to the average regional and state wage rates. This higher County Manufacturing wage rate though is considerably inflated due to Q2 of 2010 being \$1,159, which is 200% of any of the three preceding or subsequent quarters.

The following is data taken from the Texas Workforce Commission website:

Archer County 2010 Average Weekly Wage (All Industries): \$607/week

Archer County 2010 Average Weekly Wage (Manufacturing): \$694/week

NORTEX Region 2010 Average Weekly Wage (Manufacturing): \$734/week

State of Texas 2010 Average Weekly Wage (All Industries): \$915/week

**The Complete 2011 TWC Archer County Narrative Profile is on the following pages.**

# County Narrative Profile

## Archer County Report

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### What are County Narrative Profiles?

The Labor Market and Career Information (LMCI) department of the Texas Workforce Commission (TWC) has developed the County Narrative Profile (CNP) as a tool for presenting Texas county based statistical data in an easy-to-read narrative format. This CNP module is one of many analytical tools available from the SOCRATES labor market information system. The narrative approach is an alternative to looking through stacks of tables and charts which can be confusing and difficult to understand or interpret. It allows the user to easily request an easy to understand report on one or more of the 254 counties in Texas. To review all the current TWC's initiatives and services, link to: <http://www.twc.state.tx.us>

### Geography

**Regional Information:** The Archer County region (FIPS code:48009) had an estimated population of 9,172 in 2008. The region consists of 926 square miles with a **population density** of 9.90 residents per square mile compared to a statewide density of 91.95. This county ranked 174<sup>th</sup> in 2000 population compared to all 254 counties in Texas. Archer County is a member of TWC's North Texas Local Workforce Development region. This area is a **metropolitan** county. This county also ranked 117<sup>th</sup> in size by square miles when compared to all counties in Texas. The Archer County area is assigned to the following district(s): Texas Representative District(s) of 69 and State Senatorial District(s) of 30. The area is in the U.S. Congressional District(s) of: 13. The county seat is Archer City and the county's **major city, town or place** is Wichita Falls. See Texas Online at <http://www.state.tx.us/portal/tol/en/gov/11/1> for State and local updates. Archer County is classified as a metropolitan county by virtue of either its close relationship with a significant central city or lack thereof. Using 2000 Census population data, roughly 86.05 percent of all Texas population could be found in the 76 metropolitan counties defined by the federal Office of Management and Budget (OMB) for 2003. In 1993 the county was classified as a metropolitan county. Texas has established a network of 24 **Councils of Government** (COGs) to assist local governments in planning for common needs and to coordinate regional economic development activity. Archer County falls within the North Texas Regional Planning Commission region. For additional information and links to the COG regions see [www.txregionalcouncil.org/](http://www.txregionalcouncil.org/).

The Office of the State Climatologist in College Station, under the guidance of the National Oceanic and Atmospheric Administration, maintains 10-year intervals of weather compilations. For most recent interval as of January 1, 1993, the **rainfall** in the region averages 29.3 inches per year compared to the Texas average of 30.1 inches per year. The average **growing season** in the Archer County region is 220 days. Texas is so climatically diverse that statewide averages are generally irrelevant as a means of comparison. The **average temperature** in January gathered by the Office of the State Climatologist ranges from 29 degrees to an average for July of 98 degrees. The Texas Department of Agriculture estimates the **freeze dates** range from Nov 6 to Mar 31. Current and past climate information can be found at <http://www.farmersalmanac.com/weather/uszone5.html> and <http://lwf.ncdc.noaa.gov/oa/ncdc.html>.

Natural amenities of the area, according to the U.S. Department of Interior, reflect an overall percent of **surface water** of 1.7 percent compared to 2.5 percent statewide. The land surface form topography for the region is described as irregular plains. Considerably more detailed information can be found at: <http://www.tpwd.state.tx.us/texaswater/sb1/> and [http://www.netstate.com/states/geography/tx\\_geography.htm](http://www.netstate.com/states/geography/tx_geography.htm).

**Local Workforce Boards:** Archer County is a member of the TWC North Texas local workforce board area. In order to contact the board or TWC's Tele Center by phone, call 1-800-939-6631. Local addresses, references  
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to specific needs and services can be found at the North Texas web site at <http://www.twc.state.tx.us/dirs/wdas/wda03.html>. For further information on all Local Workforce Board go to <http://www.twc.state.tx.us/dirs/wdbs/wdbmap.html>.

North Texas <http://www.twc.state.tx.us/dirs/wdas/wda03.html>

In order to contact a board or TWC's Tele Center by phone, call 1-800-939-6631.

## Population

County population estimates are updated periodically by the Texas State Data Center – Office of the State Demographer at the University of Texas at San Antonio. County estimates are primarily based on the 100 percent population counts from the latest April, 2000 decennial census and are calculated to reveal population change up to a current date, in this case January 2008. These estimation methodologies utilize information on births, deaths and elementary school enrollment to estimate population. In this method, migration of the school-age population is assumed to be indicative of migration in the total population (with adjustments being made for the historical differences between the school-age migration rate and the total population's rate of migration). Data on public school enrollment from the Texas Education Agency and data from the Texas State Data Center's survey of private schools in Texas are used to estimate change in the school-age population. Data on institutional populations were obtained from applicable institutions, while data on other special populations, such as the elderly population were obtained from the U.S. Bureau of the Census.

According to the county-based population estimates from the Texas State Data Center, Archer County changed in population from 8,854 in April, 2000 to an estimated 9,172 in January 2008 by 318 residents. This reflects an increase of 3.6 percent in population. During the same time period, the state's population changed by 3,253,597 residents from 20,851,820 to an estimated 24,105,417 persons representing a comparative change of 15.6 percent. A variety of data topics for Texas and all the counties is available at: <http://quickfacts.census.gov/qfd/states/48000.html>.

The region's race/ethnic distribution in 2000 is estimated by the Census Bureau to be:

<u>Race/Ethnicity</u>	<u>Population</u>	<u>Area Percent</u>	<u>Statewide Percent</u>
White	8,459	95.5	70.97
Black	7	0.1	11.53
Other	69	0.8	3.33
Hispanic <sup>o</sup>	431	4.9	31.99

<sup>o</sup> Hispanic count includes White, Black and other representation when reported.

## Population Age

The age distribution of an area can provide valuable insight into the region's economic composition and income potential. By national standards, Texas has a relatively young population. The 2000 Census estimates for Texas show a population composition as follows:

<u>Age</u>	<u>Population</u>	<u>Area Percent</u>	<u>Statewide</u>
Under 5	556	6.3	7.8
5-14	1,440	16.3	15.8

15-19	715	8.1	7.8
20-44	2,833	32.0	38.5
45-64	2,078	23.5	20.2
65+	1,232	13.9	9.9

While the median age for Texas was 32.30 years in 2000, the Archer County area had a median age of 38.10 according to the 2000 Census.

### Population Gender

The gender distribution of an area can provide additional insight into the region's overall distribution in the population by male and female. Of the area's population, 4,431 were male which represents 50.0 percent and 4,423 were female which represents 50.0 percent. This compares to the statewide percentage of 49.6 percent for male and 50.4 percent for female.

### Special Age Groups and Gender

**Youth and Older Workers:** Other age cohorts may be of special interest for Workforce Development Board's summer youth programs and older worker programs. The Archer County region has 1,171 persons **age 14-21** representing 13.2 percent of the population. This compares with 13.3 percent statewide. For the potential older age cohort, 1,256 persons or 14.2 percent are **55 or over** in the Archer County region based on the 2000 Census. This compares to 9.9 percent statewide.

**Ages 25-44:** If the population cohort 45 and over is higher than the state average, this suggests a stable, mature population comprised of mainly "empty-nesters," retirees and the aged. When the 25-44 age cohort is higher than the state average, this is a healthy economic situation since this group contains the greatest share of the labor force. Decreases over time in this group, especially when similar changes are not occurring statewide, can be an indication that people are moving out of an area they consider to be a poor labor market. In Archer County the total number in the age groups of 25 to 44, was 2,451 or 27.7 percent. This compares to a statewide percentage of 31.9 percent.

**Ages 18 and Older:** For the population generally considered in the ages to participate in the labor market, the total population who were 18 years and over totaled 14,965,061 in Texas which represented 71.8 percent of the total population. In this study area, the total persons in this age group was 6,358 or 71.8 percent of the total population. Within this age group in Texas the number of males in 2000 who were 18 years and over represented 7,338,177 persons or 35.2 percent of the total population while females age 18 years and over represented 7,626,884 or 36.6 percent. In the Archer County area, males 18 and over represented 3,118 or 35.2 percent in comparison and females totaled to 3,240 or 36.6 percent.

**Veteran Status:** According to the U.S. Bureau of Census, the area had 6,354 persons in the population age 18 years and older in the year 2000. Of that number, 916 or 14.4 percent responded as being a civilian veteran, compared to 11.8 percent statewide. A "civilian veteran" is a person 18 years old or over who has served (even for a short time), but is not now serving, on active duty in the U.S. Army, Navy, Air Force, Marine Corps, or the Coast Guard, or who served in the U.S. Merchant Marine during World War II. People who served in the National Guard or military Reserves are classified as veterans only if they were ever called or ordered to active duty, not counting the 4-6 months for initial training or yearly summer camps.

**Disability Status:** From the 2000 Census, data on Disability Status were derived when respondents reported long-lasting conditions: (a) blindness, deafness, or a severe vision or hearing impairment, (sensory disability) and (b) a condition that substantially limits one or more basic physical activities such

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as walking, climbing stairs, reaching, lifting, or carrying (physical disability). Disability status was also derived if the individuals in the working age range of 21 to 64 years had a physical, mental, or emotional condition lasting 6 months or more that made it difficult to perform certain activities such as: (a) learning, remembering, or concentrating (mental disability); (b) dressing, bathing, or getting around inside the home (self-care disability); (c) going outside the home alone to shop or visit a doctor's office (going outside the home disability); and (d) working at a job or business (employment disability).

It was reported in the 2000 Census that the area had an estimated 2,243 persons residing there between the ages of 5 to 20 years of age with approximately 153 or 6.8 percent with a **disability**. In Texas, the percent with disabilities in this same age bracket was 7.9 percent. In the working age population group - ages 21 to 64 years, the area had approximately 4,792 persons, of which 804 were categorized to be in a disability status. This represented 16.8 percent compared to 19.9 percent in the state overall. For those persons in this age group that had a disability, approximately 488 or 60.7 percent were employed. For those who had no disability, an estimated 3,294 or 82.6 percent were employed. For the retirement age group of 65 years of age and older, 1,208 persons resided of which 604 were disabled. The percent of this age group with a disabled status was 50.0 percent and this compared to 44.8 percent in Texas overall.

**Ages 65 and Older:** For the population who are considered to be at the age of retirement or older - 65 years and older, the total number of persons in Texas was 2,072,532 or 9.9 percent of the total population in 2000. This region had a total of 1,232 or 13.9 percent in this older age group. In the same age group of 65 years and over, males in Texas represented 862,181 or 4.1 percent of the total population and females totaled to 1,210,351 or 5.8 percent, while in this study area, males totaled to 555 or 6.3 percent of all persons in this area and females represented 677 or 7.6 percent of all persons. For other general and special population information from the 2000 Census as well as specific populations topics, link to <http://www.census.gov/census2000/states/tx.html>.

### Population Projections

The Office of the State Demographer for the State of Texas distributes the most widely used population projections for Texas. **Projection estimates** in these tables and the methodology for **migration scenarios** have been revised as of 2006 by the Texas State Data Center and Office of the State Demographer - now housed at University of Texas San Antonio. Each projection series includes three scenarios resulting in three alternative sets of population values for the State and each county are presented in these projections. These scenarios assume the same set of mortality and fertility assumptions in each scenario but differ in their assumptions relative to net migration. The net migration assumptions made for three scenarios are derived from 1990-2000 patterns which have been altered relative to expected future population trends. This is done by systematically and uniformly altering the adjusted 1990-2000 net migration rates by age, sex and race/ethnicity. The scenarios so produced are referred to as the zero migration (0.0) scenario, the one-half 1990-2000 (0.5) scenario, the 1990-2000 (1.0) scenario and the 1990-2000 (2.0) scenario.

The recommended scenario for most county based projection reporting used is believed to be the 0.5 scenario as most appropriate scenario for most counties in Texas. This scenario has been prepared as an approximate average of the zero (0.0) and 1990-2000 (1.0) scenarios. It assumes rates of net migration one-half of those of the 1990s. The reason for including this scenario is that many counties in the State are unlikely to continue to experience the overall levels of relatively extensive growth of the 1990s. A scenario which projects rates of population growth that are approximately an average of the zero and the 1990-2000 scenarios is one that suggests slower but steady growth than occurred during 1990-2000 (For a more detailed discussion see <http://txsdc.utsa.edu>).

Using this projection scenario, the following table represents population projections for Archer County:

Population Projections and Percent Change Since 2000\*

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<u>Year</u>	<u>Total</u>	<u>Pct Chg</u>	<u>Anglo</u>	<u>Pct Chg</u>	<u>Black</u>	<u>Pct Chg</u>	<u>Hispanic</u>	<u>Pct Chg</u>	<u>Other</u>	<u>Pct Chg</u>
2000	8,854	---	8,340	---	13	---	431	---	70	---
2005	9,298	5.0	8,729	4.7	13	0.0	486	12.8	70	0.0
2010	9,724	9.8	9,105	9.2	13	0.0	536	24.4	70	0.0
2015	10,175	14.9	9,498	13.9	13	0.0	595	38.1	69	-1.4
2020	10,648	20.3	9,905	18.8	13	0.0	661	53.4	69	-1.4
2025	11,079	25.1	10,268	23.1	13	0.0	728	68.9	70	0.0
2030	11,368	28.4	10,521	26.2	12	-7.7	765	77.5	70	0.0
2035	11,571	30.7	10,683	28.1	12	-7.7	810	87.9	66	-5.7
2040	11,663	31.7	10,742	28.8	12	-7.7	851	97.4	58	-17.1

\* Anglo, Black, and Other excludes Hispanic counts.

For comparison purposes, the Texas population projections, using the same scenario methodology, are as follows:

<u>Year</u>	<u>Population Projections and Percent Change Since 2000*</u>									
	<u>Total</u>	<u>Pct Chg</u>	<u>Anglo</u>	<u>Pct Chg</u>	<u>Black</u>	<u>Pct Chg</u>	<u>Hispanic</u>	<u>Pct Chg</u>	<u>Other</u>	<u>Pct Chg</u>
2000	20,851,820	---	11,074,716	---	2,421,653	---	6,669,666	---	685,785	---
2005	22,556,054	8.2	11,327,875	2.3	2,588,604	6.9	7,820,854	17.3	818,721	19.4
2010	24,330,612	16.7	11,533,974	4.1	2,754,744	13.8	9,080,436	36.1	961,458	40.2
2015	26,156,715	25.4	11,694,533	5.6	2,913,063	20.3	10,436,536	56.5	1,112,583	62.2
2020	28,005,788	34.3	11,796,493	6.5	3,052,401	26.0	11,882,998	78.2	1,273,896	85.8
2025	29,897,443	43.4	11,830,579	6.8	3,170,986	30.9	13,448,469	101.6	1,447,409	111.1
2030	31,830,589	52.7	11,789,298	6.5	3,268,616	35.0	15,140,100	127.0	1,632,575	138.1
2035	33,789,668	62.0	11,682,014	5.5	3,345,684	38.2	16,934,444	153.9	1,827,526	166.5
2040	35,761,201	71.5	11,525,112	4.1	3,403,169	40.5	18,804,298	181.9	2,028,622	195.8

\* Anglo, Black, and Other excludes Hispanic counts.

### County to County Migration

**Out-Migration:** Using Internal Revenue Service (IRS) information regarding changes in residences between two filing years 2007 and 2008, statistics regarding moving in and out of counties can reveal patterns of migration as well as patterns of out-of-state and foreign migration to and from selected counties. During this time Archer County reported 3,015 total tax returns were matched to tabulate outflow migration. Of these returns approximately 9.4 percent showed a change in residences by moving out from their originating county in 2007 to another county in 2008. Of these who moved out of their original county, 84.2 percent moved to another county within Texas, while 15.8 percent moved to a different state but within the U.S. Those who moved from their originating county in the year 2007 to a foreign country in 2008 was approximately 0.0 percent.

The IRS county migration data reports income by the number of returns and the number of exemptions. The number of returns - as a unit of analysis may be used as a proxy for household income and the number of exemptions may be used as a proxy for the number of individuals in a family. Using the number of returns for household income, the Archer County overall has an average household earnings of \$57,517. Of those households which remained in the same area, an average reported non-migrating household income of \$59,850 during the period 2007 to 2008. Total income earned by 284 households leaving the region was \$9,966,000 which represents an average income of \$35,092.

The top 3 counties showing the most households and their average income leaving Archer County to other counties during 2007 to 2008 were:

<u>County and State</u>	<u>Households Moving Out</u>	<u>Average Income Moving Out</u>
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Wichita County, TX	136	\$33,022
Tarrant County, TX	17	\$49,059
Clay County, TX	10	\$44,600

**In-Migration:** During the period 2007 to 2008, there were approximately 3,027 total tax returns were matched to calculate inflow migration. Of these returns approximately 9.8 percent showed a change in residences by moving in from their originating county in 2007 to a county in the study area in 2008. Of these who moved into the study area from another county, 87.2 percent moved from other counties in Texas, while 12.8 percent moved from a county in a different state but within the U.S. Those who moved into the study area during the 2007-2008 period from a foreign country was approximately 0.0 percent.

Using the number of returns as a proxy for household income, the Archer County overall has an average household earnings of \$57,616. Of those households which remained in the same area, had an average reported non-migrating household income of \$59,850 during the period 2007 to 2008. Total income earned by 296 households entering the region was \$10,956,000 which represents an average income of \$37,014.

The top 3 counties showing the most households and their average income migrating into Archer County from other counties during 2007 to 2008 were:

County and State	Households Moving In	Average Income Moving In
Wichita County, TX	156	\$34,122
Young County, TX	13	\$47,692
Tarrant County, TX	12	\$51,583

**Change in Aggregated Earnings:** Gains and loses of residential earnings and buying power due to a migration can be reflected in observed differences in aggregate dollars entering and leaving an area. County to county migration information from the IRS shows a net change for the Archer County region of \$990,000.00. A positive value represents an increase in earnings for an area and a negative value represents a loss of income during the 2007 - 2008 period.

**Vital Statistics:** According to the Texas Department of State Health Services for vital statistics for the year 2004, the Archer County area had a total of 120 live births which represents a **live birth rate** of 13.0 births for every 1,000 persons in the study area compared to a statewide rate of 17.0 births per 1,000 persons in the population. The area had a total of 66 **deaths** representing a rate of 7.1 for every 1,000 persons compared to a statewide rate of 6.8.

## Employment

**Civilian Labor Force (CLF):** The most recent civilian labor force estimates from TWC for Texas statewide in May 2011 is 12,241,965 which is an increase in the labor force of 134,667 persons since May 2010. This represents a 1.1 percent change in Texas during this time period. These estimates are not seasonally adjusted. Archer County had a civilian labor force of 4,939 for May 2011 which was a change of -105 in CLF since May 2010. This change represented a decrease of -2.1 percent for the study area. For another glimpse into TWC/LMI's Texas and County information, link to:

<http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce>.

**Economic Diversification:** Relative to the Texas economy, the LMCI economic diversification index measures the degree to which a county economy is diversified. Significant concentrations of employment in only one or two industrial sectors makes an area less diversified and more susceptible to widespread economic decline should a key sector suffer a significant loss. While economic diversification or a balanced distribution of employment across all major industry sectors, is generally desirable, in some cases, especially where a region is exploiting a comparative advantage (such as access to raw materials, access to transportation routes, etc.) a statistically diverse economy does not necessarily correlate with higher growth. Of the three levels of diversification ranging from below average, average and above average, Archer County had an economic base which is of average diversity.

**Occupations:** The best source of occupational information at the county level is from the 2000 Census. The total number of persons 16 years of age or older who were employed in Archer County during the 2000 Census was 4,341. The following presents a table of those employed by occupational categories for this region compared to statewide percentages:

<u>Occupational Categories</u>	<u>Count</u>	<u>Area Percent</u>	<u>Statewide Percent</u>
<b>Mgmt., Professional Occs.</b>	1,318	30.4	33.3
<b>Service Occupations</b>	609	14.0	14.6
<b>Sales and Office Occupations</b>	961	22.1	27.2
<b>Farming/Fishing/Forestry Occs.</b>	132	3.0	0.7
<b>Constr., Extraction Occs.</b>	598	13.8	10.9
<b>Production, Transport. Occs.</b>	723	16.7	13.2

**Class of Worker:** Another way to view the types of workers in an area's labor force is by class of worker. According to the 2000 Census, the area had 2,879 employees who were private wage and salary workers representing 66.3 percent of all workers. The region had another 827 persons who were government workers or 19.1 percent, 580 who were self employed workers or 13.4 percent and 55 who were unpaid family workers representing 1.3 percent. This compares to the Texas statewide distribution of 78.0 percent for private wage and salary workers, 14.6 percent for government workers, 7.1 percent for self employed, and 0.3 percent for unpaid family workers.

**Unemployment:** According to TWC unemployment figures for May 2011 Archer County had an unemployment estimate of 302 persons which represents a rate of 6.1 compared to a Texas statewide unemployment rate of 7.9 for the same month. For the study area these estimates represent a decrease from May 2010 unemployment rate of 6.0 percent. The Texas statewide unemployment rate was 7.9 for May 2010. For the latest unemployment rates, see TWC's LMI website - Unemployment Rates (LAUS): <http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Labforce> and for a description of methodology link to: <http://www.tracer2.com/article.asp?ARTICLEID=148>.

**Reporting Establishments:** The TWC indicates 231 business reporting units operating in Archer County in the first quarter of 2008 with an average of 8.74 workers per unit. Average firm size makes a difference for job hunting and job development strategy because larger firms tend to have better defined ports of entry and in-house training capabilities. Although definitions vary greatly, small business can be defined as less than 50 workers and medium sized is 250 or less. The Texas average is 22.86 workers per unit. Regions with higher than average number of workers per unit tend to be dominated economically by a few very large employers.

**Commuting to Work:** Commuting to work for workers 16 years and over has a number of implications for transportation and municipal services study. Archer County had a total of 3,435 or 80.3 percent who drove their car to work alone, 518 or 12.1 percent who car pooled, 7 or 0.2 percent used public transportation, 82 or

1.9 percent who walked to work, 48 or 1.1 percent of regional workers who used other means to work, and 188 or 4.4 percent who worked at home. These methods of commuting to work compare to the Texas statewide results by: car alone (77.7%), car pool (14.5%), public transportation (1.9%), walked (1.9%), other means (1.3%), and worked at home (2.8%). The average travel time to work in minutes was 23.60 for the region as compared to an overall statewide average of 25.4 minutes.

**Employers by Employee Size Class:** Employer contact information and employee size ranges are collected and updated by the Analyst Resource Center from InfoUSA Inc. The most current release is a product called the Employer Database 2010 1st Edition. This product shows that the area had approximately 55 establishments which employed 10 or more employees. Of these employers, approximately 0.0 percent employed over 1000 employees. 0.0 percent employed between approximately 500 and 999 employees, 1.8 percent employed between approximately 100 and 499 employees, 7.3 percent employed between 50 and 99 employees, 36.4 percent employed between 20 and 49 employees, and 54.5 percent employed between approximately 10 and 19 employees.

## Income

**Personal Income:** According to the most recent data released by the BEA 2005, Archer County's total personal income, excluding farm, was \$260,775,000 which represented an increase of \$12,825,000 when compared to the 2004 **total personal income**, excluding farm, of \$ 247,950,000. For Statewide personal income, the total of \$686,943,289,000 for 2004 and \$741,099,703,000 for the year 2004, shows an increase of \$54,156,414,000. This indicates that Archer County has a personal income showing a rate change of 5.2 percent compared to the statewide income at a rate change of 7.9 percent for the same period. Income from all government and government enterprises for the area was a total of \$20,787,000 for the year 2005. This was an increase of 8.2 percent from the 2004 figure of \$19,219,000. Texas statewide had an increase of 5.7 percent for **government income**. **Military income**, excluding federal civilian income, for 2005 was \$3,040,000 compared to \$1,850,000 in 2004 for the study area. This was an increase of 64.3 percent compared to a statewide change of no change percent for the same period. For further information link to: <http://www.bea.gov/bea/regional/reis>.

**Per Capita Income:** Total personal income is a widely used measure of regional economic health while per capita income is generally used to compare the relative well-being of residents across areas (not accounting for differences in area cost of living). The per capita personal income for 2005 was \$29,838 in Archer County while Texas statewide had a per capita income of \$32,460. For more information on this data, please go to <http://www.bea.gov/bea/regional/reis>.

**Government Transfer Payments:** The Archer County region received over \$36,797,000 in transfer of payments in FY2005 which reflected a \$4,010 per capita transfer payment compared to the Texas per capita payment of \$4,194. Transfer payments includes the total amount of government allocations to people who qualify for income assistance. This consists largely of supplemental security income payments, family assistance, general assistance payments, food stamp payments, and other assistance payments, including emergency assistance. For more information on this data, please go to <http://www.bea.gov/bea/regional/reis>.

**Residence Adjustment:** Some areas function as major employment centers and others serve as "bedroom communities". This means that residents may work in one region but live, pay taxes and spend most of their income in their resident region. The degree to which a regional area serves as a bedroom community can be measured by a "residence adjustment" to the area personal income. The residence adjustment in the Archer County region was \$93,865 in 2005. By 2006 the adjustment represented an increase to \$99,531. A negative number implies that workers commute into the region to earn income but do not reside there. Growth over time of negative residence adjustments generally implies an eroding tax base for the region. Similarly, a positive

figure implies that on balance the region exports jobs and income to residents of other regions. For more information on this data, please go to <http://www.bea.gov/bea/regional/reis>.

**Average Weekly Wage:** TWC reported an average weekly wage during 1<sup>st</sup> quarter 2007 for all covered wages and salaried employment in the Archer County region to be \$571.41. Average weekly wages for 1<sup>st</sup> quarter 2008 was \$570.25, a decrease of -0.2 percent. This is compared to a decrease of -2.1 percent statewide for the same period of time. The Texas statewide average weekly wage in the 1<sup>st</sup> quarter of 2008 was \$884.74. These wage data are the result of the reported quarterly wages and salaries paid by employers divided by 13 weeks. For the most current information, link to: <http://www.tracer2.com/cgi/dataanalysis/AreaSelection.asp?tableName=Industry>

**UI Benefits:** The region had \$216,360 in Unemployment Insurance benefits paid during calendar year 2008. In the Archer County region, the average duration before exhausting regular UI benefits in calendar year 2008 was approximately 14.7 weeks, while the statewide average duration before exhausting regular UI benefits in calendar year 2008 was approximately 13.4 weeks. The most likely interpretation of longer duration times is greater difficulty finding a job. Therefore, duration can serve as a good barometer for local general economic conditions. The average weekly benefits payment for Regular UI in 2008 was \$315.78 for the Archer County region compared to \$307.5 in Texas statewide.

**Personal Income by Place of Residence:** Personal income by place of residence, based on the 2000 Bureau of Economic Analysis (BEA) estimates was roughly \$63,715 for the Archer County region. This compares to \$78,626 statewide. This figure is much higher than the per capita income level because it includes all wage earners living within a single household. Also, income data from BEA will be different than income data from other agencies due to that fact the BEA includes other sources of income such as farm wages, dividends, interest, rent and transfer payments. For more information on this data, please go to <http://www.bea.gov/bea/regional/reis>.

**Poverty Population:** The U.S. Department of Census estimated a 2002 poverty population for the Archer County region for people of all ages at 793 persons. That figure represents 8.8 percent of the non-institutional population compared to a Texas percentage of 15.4 percent for people of all ages. The estimated number of people under the age of 18 in the study area in poverty was 251 in 1999. This figure was 3.0 percent of all people under 18 in the study area compared to Texas statewide which was 6.0 percent of all people under 18 as estimated in 1999. According to the 2000 Census, the number of families living below poverty status in 1999 were 172 which was 6.8 percent of all families in the study area. This compared to 12.0 percent of all families statewide living in poverty status in 1999. The total number of individuals living below poverty status was 788 in 1999 which was 8.9 percent of all individuals in the study area. This compared to 15.0 percent of all individuals living below poverty status statewide. For the most recent Poverty information, see: <http://www.census.gov/hhes/www/saipe/county.html> .

**Gross Retail Sales:** Income can be viewed in several ways and under different definitions. Per capita income tends to have a direct relationship with the growth of gross sales and most service sector industries in an area. **Gross sales** for the region estimated by the Texas Comptroller of Public Accounts were \$11,639,970 in the 4th quarter 2009 which represented an increase of 5.3 percent to \$12,254,213.00 by the 4th quarter 2010. The statewide change for the same period was an increase of 2.7 percent in gross sales. The total number of **reporting outlets** for the same period was 90 in the 4th quarter 2009 and 90 in the 4th quarter 2010. This region had no change in the study area compared to the statewide change for the same period of an increase of 0.3 percent. For the most recent Gross Retail Sales information, please see: <http://www.window.state.tx.us/taxinfo/sales/>.

## Housing

**Household Units and Size:** The total number of **housing units** in 2000 in Archer County according the  
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Census was 3,345 with an average household size of 2.6 persons. The average **household size** for Texas was 2.7 persons for the same period. **Home ownership rates** for this area was 81.3 percent compared to Texas statewide which had a rate of 63.8 percent. While in Texas statewide the percent of households with persons under 18 years of age in 2000 was 40.9 percent, this study area had a percent of 39.9. The percent of households with persons 65 years of age or older was 19.9 percent in Texas statewide while 25.9 percent of Archer County had households with individuals 65 years of age and older.

**Types of Structures:** While Texas had approximately 63.4 percent of the housing units in the category of one **detached structures** in 2000 according to the census, the study area had approximately 81.9 percent. **Mobile homes** in the area made up 13.1 percent when compared to a statewide percentage of 9.0 percent. More recently built housing structures in the area shows new development has taken place in the region. The total number of **new housing structures** built between 1995 and March 2000 was 310 or 8.0 percent in Archer County compared to 13.2 percent statewide.

**Owner and Renter Occupied:** According to the 2000 Census, the percent of **owner-occupied** units with a value of \$100,000 or greater in Archer County was 22.1 percent compared to 36.7 percent for the state. The percent of **renter-occupied** units with rent values of \$500 per month or greater was 25.3 percent as compared to the Texas percentage of 60.4 percent. The **median home value** in Archer County according to the 2000 census was \$61,200.00 compared to a statewide median value of \$82,500.00. **Median rent** for the area was \$424.00 compared to \$574.00 for the state. For this area, the total number of renter-occupied housing units was 627 which represented 18.7 percent of all occupied housing units in 2000. This compares to a Texas statewide percentage of 36.2 percent for the same period.

## Education

The total number of public independent school districts in Archer County for the school year 1999-2000 was 4 according to the Texas Education Agency. The overall average daily attendance for the same year was 1,956.

**Enrollment:** School enrollment data from the 2000 Census showed that there were 2,406 persons in the population who were 3 years of age and older and enrolled in school in the study area during the census collection period. Of this population, the following table shows a breakdown of what types of schools persons were enrolled compared to similar statewide information:

<u>Type of School</u>	<u>Count</u>	<u>Area Percent</u>	<u>Statewide Percent</u>
Nursery school or preschool	176	7.3	6.6
Kindergarten	142	5.9	5.9
Elementary School (grades 1-8)	1,150	47.8	45.5
High School (grades 9-12)	622	25.9	21.9
College or graduate school	316	13.1	20.2

**Educational Attainment:** The total number of persons 25 years of age or older who responded to the level of educational attainment during the 2000 Census was 5,729. Of those persons, the following presents a table on various levels of educational attainment for this region compared to statewide percentages:

<u>Educational Attainment</u>	<u>Count</u>	<u>Area Percent</u>	<u>Statewide Percent</u>
Less than 9th Grade	352	6.1	11.5
9 <sup>th</sup> to 12 <sup>th</sup> grade, no diploma	731	12.8	12.9
H.S. graduate (inc. equiv.)	2,063	36.0	24.8
Some college, no degree	1,497	26.1	22.4

<b>Associate Degree</b>	174	3.0	5.2
<b>Bachelor's Degree</b>	678	11.8	15.6
<b>Graduate or Prof. Degree</b>	234	4.1	7.6

Another useful grouping of these statistics shows that the percent of high school graduates or higher was 81.1 percent for the area compared to 75.7 percent for Texas. Also, the percent with bachelor's degree or higher was 15.9 percent as compared to 23.2 percent for Texas.

**Dropout and Attrition Rates:** Information from the Texas Education Agency on student **dropouts** from public schools for 2004-2005 shows that 0 students, grades 7-12, dropped out of school in this study area. This represents a dropout rate of 0.00 percent as compared to a Texas statewide percentage of 0.90 percent of all students who dropped out during this period. **Attrition** rates are often viewed as measures of the percentage of students that begin high school but do not graduate with a diploma. It is arguably a more reasonable way to view dropouts from an economic viewpoint. One way to view educational progress in a region is to estimate the number of persons who persist to high school graduation as opposed to standard dropout statistics. Attrition rates are calculated by the Intercultural Development Research Association (IDRA). IDRA conducts research and development activities; creates, implements and administers innovative education programs; and provides teacher, administrator, and parent training and technical assistance. The attrition rates for Archer County during the period 2004-2005 by race and ethnicity were 6 percent for all students, 0 percent for Blacks, 5 percent for Whites, and 30 percent for Hispanics. In order to review the latest Secondary Schools Enrollment and Dropouts information posted on the Texas Education Agency, link to: <http://www.tea.state.tx.us/research/>.

## Health

**Health Facilities** - The number of acute and psychiatric care **hospitals** in Archer County as of October 2007 was 0, with an average total beds capacity of approximately n/a compared to a statewide ratio of 123.1 beds per hospital according to statistical reports from the Texas Department of State Health Services. Link to <http://www.dshs.state.tx.us> for more data reporting on health care facilities. The Texas State Board of Pharmacy data for October 2007 shows there are 0 licensed **pharmacies** in the study area. The total number of licensed pharmacies statewide is 5,919. For additional information on Texas Pharmacies, link to the Texas State Board of Pharmacy at <http://www.tsbp.state.tx.us/index.htm>.

**Health Practitioners** - According to the Texas Department of State Health Services October 2007 report, there were 2 direct patient care and primary care **physicians** who practiced in the region. The ratio of total persons to each physician in the area was 4,714.5 residents per each physician. This compares to a statewide ratio of 460.5 persons for each physician in Texas. Another way of reporting these figures is by showing the number of physicians as a ratio per 100,000 residents. In this study area, the ratio in direct patient care was 4,714.5 as compared to the statewide ratio of 638.3 in direct patient care physicians per 100,000 population as of 2007. The ratio of physicians in primary care was 9,429.0 compared to a statewide ratio of 1,472.0 physicians in primary care per 100,000 persons in the population statewide. Link to <http://www.dshs.state.tx.us> for more data.

The study area had a total of 11 **registered nurses (RN)** working in the study area, representing a ratio of 857.2 persons for each RN in the area. The statewide ratio was 152.2 persons for each RN in the state. For the same time period, the ratio of RNs per 100,000 population was 116.7 compared to 657.0 per 100,000 statewide. Link to <http://www.dshs.state.tx.us> for more data.

The number of **licensed vocational nurses (LVN)** who practiced in the area was 14 representing a ratio of 673.5 persons per each LVN in the area. This compared to 363.8 persons per each LVN statewide. The ratio of LVNs per 100,000 population was 148.5 compared to 274.9 per 100,000 population statewide. See <http://www.dshs.state.tx.us> for a wider variety of Health Professionals and related information.

The Texas Department of State Health Services information for October 2007 also reports that there were 0 **dentists** in the study area, with a ratio of n/a persons for each dentist in the area. The ratio of dentists per 100,000 residents was n/a. By comparison, there was a statewide ratio of 42.8 dentists per 100,000 residents, with a total of 10,151 dentists statewide. See <http://www.dshs.state.tx.us> for a wider variety of Health Professionals and related information.

According to data from the Texas Department of State Health Services for October 2007, there were 45 licensed **Emergency Medical Technicians**, or EMTs, for the study area; a ratio of 477.3 licensed EMTs per 100,000 residents. The statewide ratio was 218.0 EMTs per 100,000 residents, with a total of 51,718 EMTs statewide. See <http://www.dshs.state.tx.us> for a wider variety of Health Professionals and related information.

Also, according to the October 2007 report from the Texas Department of State Health Services, there were 0 **pharmacists** in this area, which is a ratio of n/a persons for each pharmacist. Texas has 18,138 pharmacists statewide, or a ratio of 1,308.2 persons for each pharmacist in the area. The ratio of pharmacists per 100,000 residents was n/a compared to 76.4 per 100,000 residents statewide. See <http://www.dshs.state.tx.us> for a wider variety of Health Professionals and related information.

The Texas Department of State Health Services information for October 2007 shows that for the study area there were 0 **occupational therapists**; a ratio of n/a persons for each occupational therapist. The statewide ratio was 11,072.6 persons for each occupational therapist, with a total of 2,143 occupational therapists statewide. The ratio of occupational therapists per 100,000 residents was n/a compared to 9.0 statewide. See <http://www.dshs.state.tx.us> for a wider variety of Health Professionals and related information.

### Medical & Health Services Employment\*

Area			Statewide		
2007 1st Qtr	2008 1st Qtr	Pct Change	2007 1st Qtr	2008 1st Qtr	Pct Change
79	83	5.06%	1,092,916	1,135,001	3.85%

\* Includes: Hospitals, Medical/Health Offices; Home Health, Nursing, Elderly Residential facilities; Individual/Family, Emergency & Other Relief Svcs., Vocational Rehab. Svcs.  
 [NAICS: 6211,6212-19,6221-23,6231-33,6239,6241-43]  
 Due to confidentiality, employment for small areas may be suppressed and reported as zero.

**Health Statistics** - Some of the leading **causes of mortality** in Texas include malignant neoplasms or cancer, heart disease, and chronic lower respiratory disease. From information gathered by Texas Department of State Health Services for 2004, the study area had a total of 13 reported deaths from malignant neoplasm **cancer**. On a statewide level, Texas had 33,836 reported deaths from malignant neoplasm cancer. Texas Department of State Health Services reports that for 2004 there were 26 deaths from **heart disease**, and 6 deaths from lower respiratory disease in the selected study area. By contrast, Texas statewide had 40,091 deaths from heart disease and 7,387 deaths from **chronic lower respiratory disease**. See <http://www.dshs.state.tx.us> for a wider variety of Texas health, disease and related information.

Several state agencies collect statistics on health status indicators that can be used to assess the strengths or weaknesses of public health in a local area or community. For this study area, the Texas Department of State Health Services reported for August 2004 there were 0 **infant deaths**, as compared with a statewide rate of 2,398. See <http://www.dshs.state.tx.us> for a wider variety of Texas health, disease and related information.

The Texas Department of State Health Services reported that for August 2003 there were 3 total **teen pregnancies** in this area. There were different teen pregnancy rates in the study area depending on race, with 0

for Black teens, 1 for Hispanic teens and 2 for White teens. Statewide rates for teenage pregnancy were 19,730 for total teenage pregnancies, with 3,003 for Black teens, 12,693 for Hispanic teens and 4,034 for White teens. See <http://www.dshs.state.tx.us> for a wider variety of Texas health, disease and related information.

In the Health and Human Services 2003 Data Book, figures show that the number of children under 19 in this area whom were **not covered by health insurance** is 316, which is 8.1% of the reported population in that age group. The number of **uninsured children** statewide is 885,999, or 7.1% of the reported population for children under 19. For more information, or to view or download the entire data book, see <http://www.lhsc.state.tx.us>.

## Information On The Web

The Bureau of Census has a variety of useful Quick Facts for each county in Texas. The Quick Fact report for Archer county can be accessed at the following URL: <http://quickfacts.census.gov/qfd/states/48/48009.html>. Some counties maintain their own Internet sites for local information. If a county hosts its own Web site, it may be accessed through a URL with the following format <http://www.co.County Name Goes Here.tx.us>.

To research additional websites on Counties, consider any of the following:

Texas A-Z List of counties with web sites: <http://www.state.tx.us/portal/tol/en/gov/6/2/1>  
 Texas Conference on Urban Counties: <http://www.cuc.org>  
 State of Texas Web Site - Texas Counties: <http://www.state.tx.us>  
 Texas Economic Development: <http://www.governor.state.tx.us/ecodev>  
 TWC's LMI unit, Tracer: <http://www.tracer2.com/>  
 Texas Association of Counties: <http://www.county.org>  
 V.G. Young Institute of County Government: <http://vgyi.tamu.edu/>  
 Real Estate Center, Texas A&M University: <http://recenter.tamu.edu>  
 Bureau of Business Research, University of Texas: <http://www.utexas.edu/depts/bbr>  
 National Association of Counties: <http://www.naco.org>  
 "Uniform Crime Statistics, County Reports" Geostat-Geospatial & Statistical Data Center, University of Virginia: <http://fisher.lib.virginia.edu/crime>  
 Compare County Data Nationwide: [http://www.stats.indiana.edu/uspr/a/sbs\\_profile\\_frame.html](http://www.stats.indiana.edu/uspr/a/sbs_profile_frame.html)

## Other Facts of Interest

- According to the Texas Secretary of State's Office, for the November 2008 presidential election, there were 6,482 **registered voters** in Archer County. The **voter turnout** was 4,365 representing 67.3 percent of **eligible voters**. The **election results** were 3,595 or 82.4 percent for McCain/Palin, 740 or 17.0 percent for Obama/Biden, and 30 or 0.7 percent for all other presidential candidates. The statewide results were 55.5 percent for McCain/Palin, 43.7 percent for Obama/Biden, and approximately 0.9 percent for all other candidates. See: <http://www.sos.state.tx.us/elections/voter/index.shtml> for other topics of interest.
- Information on the three categories of child placement services from the Texas Department of Family and Protective Services for 2006 showed that the area had 1 **foster homes**, 2 **foster/adoptive homes** and 1 **adoptive homes**. The total number of **licensed day care facilities** were 5 with a total capacity of 200. The total number of **family homes licensed for 24-hour care** was 2. Link to [http://www.dfps.state.tx.us/About/Data\\_Books\\_and\\_Annual\\_Reports/2006/databook/default.asp](http://www.dfps.state.tx.us/About/Data_Books_and_Annual_Reports/2006/databook/default.asp) for further information.

- There were approximately 126 crimes reported in the Archer County area during 2005 or a 20.0 percent change from the 105 crimes reported for 2004. Statewide, the total of all reported crimes was 1,117,806 for 2005 representing a -1.8 percent change from the reported totals of 1,138,346 for 2004. This information was collect from the FBI, Uniform Crime Reports, as prepared by the National Archive of Criminal Justice Data; see the U.S. Dept. of Justice site: <http://www.ojp.usdoj.gov/bjs/dtdata.htm> for the most recent reported data.
- The total **jail capacity** for public and private jails in the region was 12 as of October 1, 2006 according to the Texas Commission on Jail Standards. **Jail population** was at 91.7 percent capacity when compared to maximum capacity. At this same time, this compared to a statewide capacity of 90.4 percent. For more detailed information, see to: <http://www.tcjs.state.tx.us/index.php?linkid=320>.
- The region had 3 **commercial banks** in 2007, as reported by the Federal Deposit Insurance Corporation (FDIC), with **total deposits** of \$64,000,000 and **assets** of \$0. The 2007 **deposit to population ratio** was \$7,104 for the Archer County region compared to the Texas ratio of \$13,816. A ratio less than the state average generally indicates either the presence of an adjacent city or county not within the described region serving as a regional financial center, or per capita income well below the state average. These numbers do not reflect assets and deposits which are held in branch offices of banks whose headquarters are in another city or state. The most recent FDIC data for this area is at <http://www2.fdic.gov/sod/index.asp>.
- While all counties in Texas are served by banks, savings and loan institutions and credit unions, many counties may not show these offices directly reported in its geography by the FDIC or other governing agencies. For the 2007 reporting period in Archer County, the number of **saving and loans** was 0 which had a total of savings and loan assets of \$0 and deposits of \$0 These figures are in contrast to the statewide total of 54 savings and loans, with \$7,767,193,400 in assets and \$12,067,400,000 in deposits. For more information, please see: <http://www2.fdic.gov/sdi/index.asp>. There were 1 **credit unions** in the study area according to the National Credit Union Administration data. For 2007, the latest year of reported data, these credit unions had a total of \$37,560,599 in assets and \$23,631,166 in deposits, as compared to a total of 615 credit unions statewide, with \$48,883,686,146 in assets and \$36,648,314,014 in deposits. Credit union statistics and other information on credit unions can be found at <http://webapps.ncua.gov/customquery>.

This report is brought to you by:

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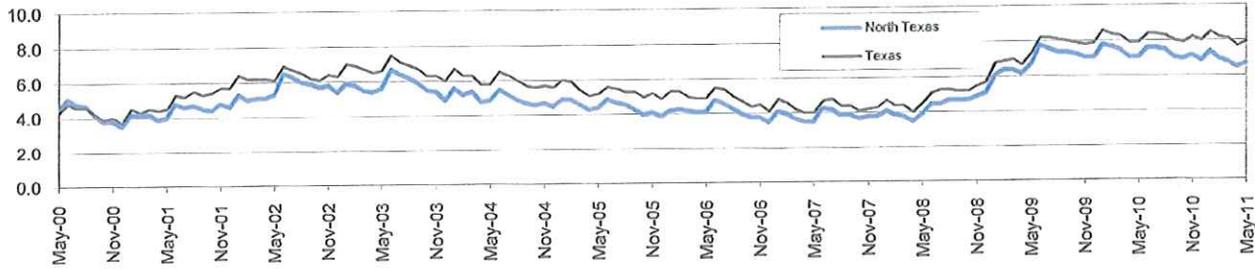
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# North Texas Workforce Development Area\*

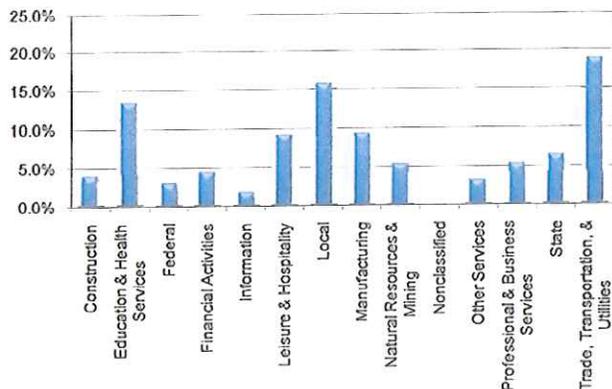
May 2011

North Texas WDA					Texas				
	CLF	Employed	Unemployed	Rate		CLF	Employed	Unemployed	Rate
May-11	109,327	101,978	7,349	6.7	May-11	12,241,965	11,269,620	972,345	7.9
Apr-11	110,222	103,029	7,193	6.5	Apr-11	12,248,196	11,306,155	942,041	7.7
May-10	111,953	104,060	7,893	7.1	May-10	12,107,298	11,155,447	951,851	7.9

Historical Unemployment Rates



North Texas WDA Industry Composition  
4th Quarter 2010



Total WDA Claims

	May-11	Apr-11	May-10	OTY
Initial	544	529	518	26
Continued	1,861	1,582	2,647	-786
Continued	714	767	1,253	-539

Texas Unemployment Insurance Claims Filed

	May-11	Apr-11	May-10	OTY
Initial	87,531	85,301	88,051	-520
Continued	859,172	736,646	1,004,012	-144,840
Continued	172,421	171,736	211,257	-38,836

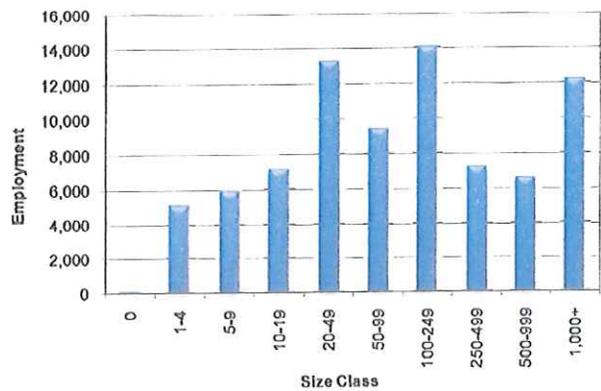
North Texas WDA  
Average Weekly Wage

	North Texas	WDA Qtr. Chg.	Texas
4th Quarter 2010	\$709.79	\$63.86	\$976.43
3rd Quarter 2010	\$645.93	WDA OTY Chg.	\$876.28
4th Quarter 2009	\$693.54	\$16.25	\$943.73

NAICS Covered Employment Quarterly Data  
4th Quarter 2010

SUPER SECTOR	Employment	Change	
		Quarter	Year
Construction	3,144	-9	-180
Education & Health Services	10,822	-45	54
Federal	2,462	-124	-31
Financial Activities	3,631	-27	-97
Information	1,460	41	-31
Leisure & Hospitality	7,497	-185	-103
Local	12,816	446	202
Manufacturing	7,607	71	-492
Natural Resources & Mining	4,350	102	231
Nonclassified	37	4	26
Other Services	2,524	-125	10
Professional & Business Services	4,345	145	856
State	5,235	102	-118
Trade, Transportation, & Utilities	15,374	313	525
<b>TOTAL</b>	<b>81,304</b>	<b>709</b>	<b>852</b>

Size Class Employment Composition  
4th Quarter 2010



\*Counties in WDA: Archer, Baylor, Clay, Cottle, Foard, Hardeman, Jack, Montague, Wichita, Wilbarger, & Young

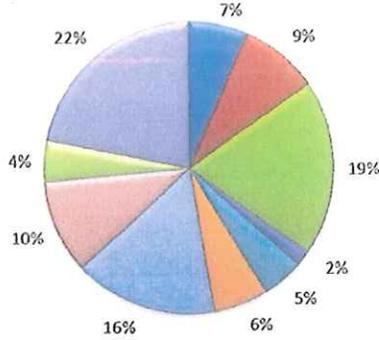
Available at <http://www.texas.com>

# Wichita Falls MSA

May 2011

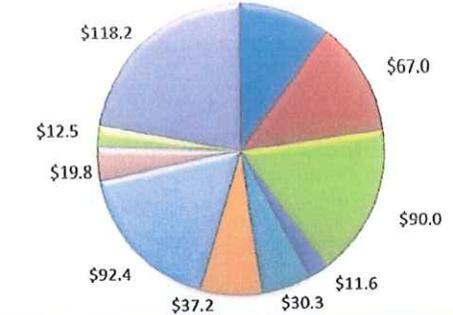
(Archer, Clay, Wichita)

## Industry Composition



- Mining, Logging, and Construction
- Manufacturing
- Trade, Transportation, and Utilities
- Information
- Financial Activities
- Professional and Business Services
- Education and Health Services
- Leisure and Hospitality
- Other Services
- Government

## Wages by Industry (in millions)



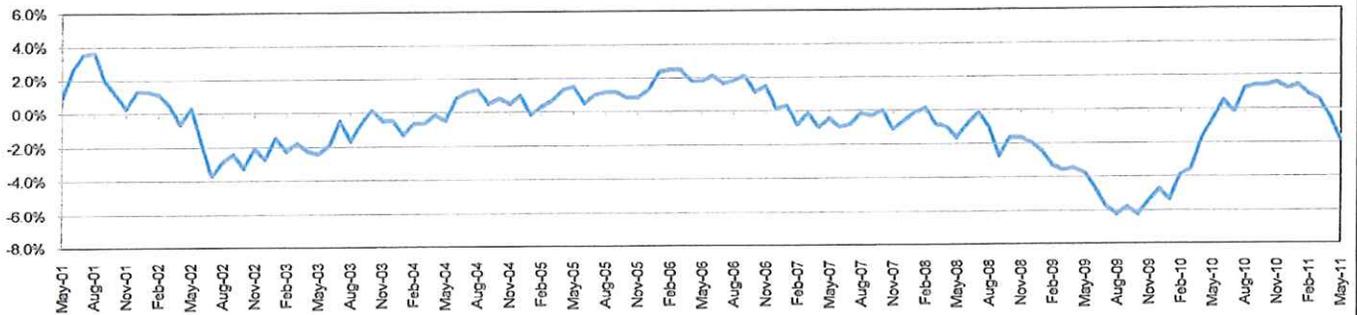
## Employment by Industry

	May-11	Apr-11	May-10	Monthly Change		Annual Change	
				Actual	%	Actual	%
Total Nonfarm	57,600	57,900	58,700	-300	-0.5%	-1,100	-1.9%
Mining, Logging, and Construction	3,800	3,800	3,700	0	0.0%	100	2.7%
Manufacturing	5,100	5,100	5,000	0	0.0%	100	2.0%
Trade, Transportation, and Utilities	11,100	11,100	11,100	0	0.0%	0	0.0%
Information	1,000	1,000	1,100	0	0.0%	-100	-9.1%
Financial Activities	2,700	2,700	2,700	0	0.0%	0	0.0%
Professional and Business Services	3,500	3,600	3,200	-100	-2.8%	300	9.4%
Education and Health Services	9,200	9,300	9,400	-100	-1.1%	-200	-2.1%
Leisure and Hospitality	6,000	6,000	6,100	0	0.0%	-100	-1.6%
Other Services	2,600	2,600	2,700	0	0.0%	-100	-3.7%
Government	12,600	12,700	13,700	-100	-0.8%	-1,100	-8.0%

## Industry Size Class

Size Class	Employees per firm	Number of Firms	December 2010	
			Employment in Size Class	% Total Employment
9	1000+	5	8,051	14.1%
8	500-999	8	5,913	10.3%
7	250-499	14	4,903	8.6%
6	100-249	61	9,103	15.9%
5	50-99	101	6,974	12.2%
4	20-49	314	9,727	17.0%
3	10-19	389	5,321	9.3%
2	5-9	598	3,909	6.8%
1	1-4	1,544	3,264	5.7%
0	0	167	0	0.0%
Total		3,201	57,165	100.0%

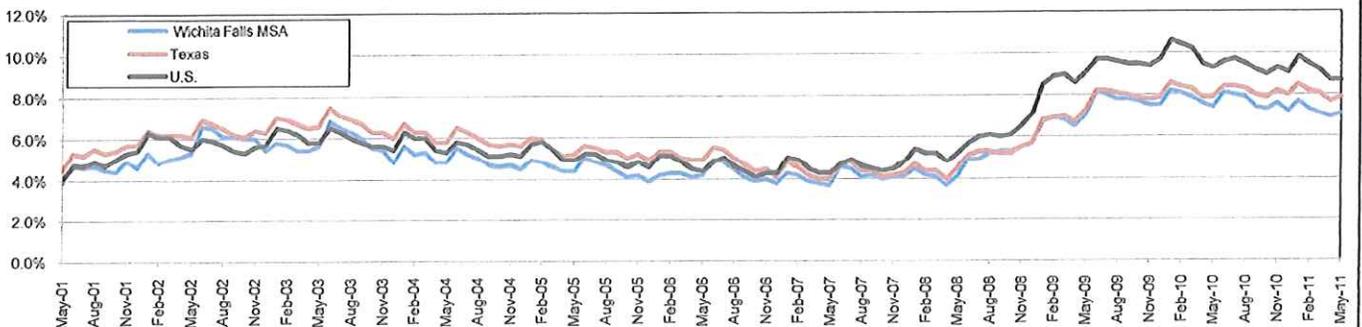
## Annual Growth Rate for Total Nonagricultural Employment



## Unemployment Information (all estimates in thousands)

	Wichita Falls MSA				Texas (Actual)				United States (Actual)			
	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate	C.L.F.	Emp.	Unemp.	Rate
May-11	71.3	66.2	5.1	7.1	12,241.9	11,269.6	972.3	7.9	153,449.0	140,028.0	13,421.0	8.7
Apr-11	71.8	66.9	4.9	6.9	12,248.2	11,306.2	942.0	7.7	152,898.0	139,661.0	13,237.0	8.7
May-10	73.0	67.6	5.4	7.4	12,107.3	11,155.4	951.9	7.9	153,866.0	139,497.0	14,369.0	9.3

## Historical Unemployment Rates



# Appendix F

## Other Applicable Info

1. Other Applicable Info

## Attachment B

### Certificate of Account Status



# TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 10, 2011

## CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS  
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO  
HEREBY CERTIFY that according to the records of this office

**WINDTHORST-2, LLC**

is, as of this date, in good standing with this office having no  
franchise tax reports or payments due at this time. This certificate is  
valid through the date that the next franchise tax report will be due  
May 15, 2012.

This certificate does not make a representation as to the status of the  
entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the  
converted entity is subject to franchise tax as required by law. This  
certificate is not valid for any other filing with the Texas Secretary  
of State.

GIVEN UNDER MY HAND AND  
SEAL OF OFFICE in the City of  
Austin, this 10th day of  
November 2011 A.D.

A handwritten signature in cursive script that reads "Susan Combs".

Susan Combs

Texas Comptroller

Taxpayer number: 32041673214

File number: 0801258028

<https://ourcpa.cpa.state.tx.us/coa/servlet/cpa.app.coa.CoaLetter>

Form 05-304 (Rev. 12-07/17)

## Attachment C

### State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



September 14, 2011

Randel Beaver  
Superintendent  
Archer City Independent School District  
P. O. Box 929  
Archer City, Texas 76351

Dear Superintendent Beaver:

On August 3, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the Archer City Independent School District (Archer City ISD) by Windthorst-2, LLC (Windthorst-2) in July, 2011, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Windthorst-2'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, Archer City 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 (\$60,000,000) 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.

Windthorst-2 is proposing the construction of a wind power electric generation facility in Archer County. Windthorst-2 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 Windthorst-2, the Comptroller's recommendation is that Windthorst-2'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.

Mr. Randel Beaver  
September 14, 2011  
Page Two

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 following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. 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 Web site at [www.window.state.tx.us/taxinfo/proptax/hb1200](http://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 Economic Development & Analysis Division, by email at [robert.wood@cpa.state.tx.us](mailto: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

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Windthorst-2, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Archer City ISD
2009-10 Enrollment in School District	483
County	Archer
Total Investment in District	\$60,000,000
Qualified Investment	\$60,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	3*
Number of qualifying jobs committed to by applicant	3
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$807
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$807
Minimum Annual Wage committed to by applicant for qualified jobs	\$41,968
Investment per Qualifying Job	\$20,000,000
Estimated 15 year M&O levy without any limit or credit:	\$6,208,800
Estimated gross 15 year M&O tax benefit	\$3,447,600
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$3,252,171
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$52,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$2,956,629
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	52.4%
Percentage of tax benefit due to the limitation	98.5%
Percentage of tax benefit due to the credit.	1.5%
* 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 Windthorst-2 (the project) applying to Archer City 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 three new jobs when fully operational. All three 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 NORTEX Regional Planning Commission Region, where Archer County is located was \$38,153 in 2010. The annual average manufacturing wage for 2010 for Archer County is \$36,114. That same year, the county annual average wage for all industries was \$31,564. In addition to a salary of \$41,968, each qualifying position will receive benefits such as a group health benefit plan. The project's total investment is \$60 million, resulting in a relative level of investment per qualifying job of \$20 million.

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

According to Windthorst-2's application, "Windthorst-2, LLC and its parent companies Own Energy, INC. and Horn Wind, LLC have the ability to be relocated to other wind development areas within Texas and outside of Texas, but the project with its permanent 20+ year life is located only on the assigned property..."

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

During the past two years, six projects in the NORTEX 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 focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Windthorst-2 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 Windthorst-2'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 project.

**Table 1: Estimated Statewide Economic Impact of Investment and Employment in Windthorst-2**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	5	7	12	\$216,346	\$383,654	\$600,000
2014	17	15	32	\$774,942	\$1,225,058	\$2,000,000
2015	3	1	4	\$125,904	\$474,096	\$600,000
2016	3	3	6	\$125,904	\$774,096	\$900,000
2017	3	0	3	\$125,904	\$474,096	\$600,000
2018	3	2	5	\$125,904	\$374,096	\$500,000
2019	3	1	4	\$125,904	\$374,096	\$500,000
2020	3	2	5	\$125,904	\$274,096	\$400,000
2021	3	2	5	\$125,904	\$474,096	\$600,000
2022	3	3	6	\$125,904	\$474,096	\$600,000
2023	3	1	4	\$125,904	\$274,096	\$400,000
2024	3	1	4	\$125,904	\$374,096	\$500,000
2025	3	3	6	\$125,904	\$574,096	\$700,000
2026	3	3	6	\$125,904	\$574,096	\$700,000
2027	3	7	10	\$125,904	\$1,074,096	\$1,200,000

Source: CPA, REMI, Windthorst-2, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Archer City ISD's ad valorem tax base in 2010 was \$181 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Archer City ISD's estimated wealth per WADA was \$221,995. 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 Archer County with all property tax incentives sought being granted using estimated market value from Windthorst-2's application. Windthorst-2 has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Windthorst-2 project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Archer City I&S Levy	Archer City I&S M&O Levy	Archer City I&S Tax Levies (Before Credit Credited)	Archer City I&S Tax Levies (After Credit Credited)	Archer County	Estimated Total Property Taxes
				0.0800	1.0400			0.6826	
2013	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0
2014	\$15,000,000	\$15,000,000		\$12,000	\$156,000	\$168,000	\$168,000	\$32,762	\$200,762
2015	\$60,000,000	\$10,000,000		\$48,000	\$104,000	\$152,000	\$152,000	\$139,240	\$291,240
2016	\$57,000,000	\$10,000,000		\$45,600	\$104,000	\$149,600	\$142,171	\$140,059	\$282,231
2017	\$54,000,000	\$10,000,000		\$43,200	\$104,000	\$147,200	\$139,771	\$140,059	\$279,831
2018	\$51,000,000	\$10,000,000		\$40,800	\$104,000	\$144,800	\$137,371	\$135,759	\$273,131
2019	\$49,500,000	\$10,000,000		\$39,600	\$104,000	\$143,600	\$136,171	\$135,145	\$271,316
2020	\$48,000,000	\$10,000,000		\$38,400	\$104,000	\$142,400	\$134,971	\$140,878	\$275,850
2021	\$45,000,000	\$10,000,000		\$36,000	\$104,000	\$140,000	\$132,571	\$141,288	\$273,859
2022	\$42,000,000	\$10,000,000		\$33,600	\$104,000	\$137,600	\$130,171	\$143,336	\$273,507
2023	\$39,000,000	\$39,000,000		\$31,200	\$405,600	\$436,800	\$436,800	\$138,421	\$575,221
2024	\$37,500,000	\$37,500,000		\$30,000	\$390,000	\$420,000	\$420,000	\$255,956	\$675,956
2025	\$36,000,000	\$36,000,000		\$28,800	\$374,400	\$403,200	\$403,200	\$245,718	\$648,918
2026	\$33,000,000	\$33,000,000		\$26,400	\$343,200	\$369,600	\$369,600	\$225,242	\$594,842
2027	\$30,000,000	\$30,000,000		\$24,000	\$312,000	\$336,000	\$336,000	\$204,765	\$540,765
						Total	\$3,238,800	\$2,218,629	\$5,457,429

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Windthorst-2, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate <sup>1</sup>	Archer City I&S Levy	Archer City I&S M&O Levy	Archer City I&S Tax Levies	Archer County	Estimated Total Property Taxes	
				0.0800	1.0400		0.6826		
2013	\$0	\$0		\$0	\$0	\$0	\$0	\$0	
2014	\$15,000,000	\$15,000,000		\$12,000	\$156,000	\$168,000	\$102,383	\$270,383	
2015	\$60,000,000	\$60,000,000		\$48,000	\$624,000	\$672,000	\$409,530	\$1,081,530	
2016	\$57,000,000	\$57,000,000		\$45,600	\$592,800	\$638,400	\$389,054	\$1,027,454	
2017	\$54,000,000	\$54,000,000		\$43,200	\$561,600	\$604,800	\$368,577	\$973,377	
2018	\$51,000,000	\$51,000,000		\$40,800	\$530,400	\$571,200	\$348,101	\$919,301	
2019	\$49,500,000	\$49,500,000		\$39,600	\$514,800	\$554,400	\$337,862	\$892,262	
2020	\$48,000,000	\$48,000,000		\$38,400	\$499,200	\$537,600	\$327,624	\$865,224	
2021	\$45,000,000	\$45,000,000		\$36,000	\$468,000	\$504,000	\$307,148	\$811,148	
2022	\$42,000,000	\$42,000,000		\$33,600	\$436,800	\$470,400	\$286,671	\$757,071	
2023	\$39,000,000	\$39,000,000		\$31,200	\$405,600	\$436,800	\$266,195	\$702,995	
2024	\$37,500,000	\$37,500,000		\$30,000	\$390,000	\$420,000	\$255,956	\$675,956	
2025	\$36,000,000	\$36,000,000		\$28,800	\$374,400	\$403,200	\$245,718	\$648,918	
2026	\$33,000,000	\$33,000,000		\$26,400	\$343,200	\$369,600	\$225,242	\$594,842	
2027	\$30,000,000	\$30,000,000		\$24,000	\$312,000	\$336,000	\$204,765	\$540,765	
						Total	\$6,686,400	\$4,074,824	\$10,761,224

Source: CPA, Windthorst-2, LLC

<sup>1</sup>Tax Rate per \$100 Valuation

Attachment 1 includes schedules A, B, C, and D provided by the applicant in the application. Schedule A shows proposed investment. Schedule B is the projected market value of the qualified property. Schedule C contains employment information, and Schedule D contains tax expenditures and other tax abatement 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 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$6,208,800. The estimated gross 15 year M&O tax benefit, or levy loss, is \$3,447,600.

Attachment 3 is an economic overview of Archer 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.



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Robert Scott  
Commissioner

September 8, 2011

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:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Windthorst-2 LLC project on the number and size of school facilities in Archer City Independent School District (ACISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the ACISD superintendent, Mr. Randel Beaver, the TEA has found that the Windthorst-2 LLC project would not have a significant impact on the number or size of school facilities in ACISD.

Please feel free to contact me by phone at (512) 463-9179 or by email at [lisa.dawn-fisher@tea.state.tx.us](mailto:lisa.dawn-fisher@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Lisa Dawn-Fisher".

Lisa Dawn-Fisher, Ph.D.  
Director of School Finance

LDF/hd



TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Robert Scott  
Commissioner

September 8, 2011

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 Windthorst-2 LLC project for the Archer City Independent School District (ACISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Windthorst-2 LLC project on ACISD are correct.

Please feel free to contact me by phone at (512) 463-9179 or by email at [lisa.dawn-fisher@tea.state.tx.us](mailto:lisa.dawn-fisher@tea.state.tx.us) if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Lisa Dawn Fisher". The signature is written in a cursive, flowing style.

Lisa Dawn-Fisher, Ph.D.  
Director of School Finance

LDF/hd

## Archer County

### Population

Total county population in 2009 for Archer County: 8,912, down 0.7 percent from 2008. State population increased 2.0 percent in the same time period. Archer County was the state's 173rd largest county in population in 2009 and the 214th fastest growing county from 2008 to 2009. Archer County's population in 2009 was 88.4 percent Anglo (above the state average of 46.7 percent), 1.4 percent African-American (below the state average of 11.3 percent) and 8.2 percent Hispanic (below the state average of 36.9 percent).

2009 population of the largest cities and places in Archer County:

<b>Archer City:</b>	1,791	<b>Holliday:</b>	1,770
<b>Lakeside City:</b>	1,019	<b>Windthorst:</b>	437
<b>Scotland:</b>	426	<b>Megargel:</b>	247

### Economy and Income

#### Employment

July 2011 total employment in Archer County: 4,607, down 2.4 percent from July 2010. State total employment increased 0.7 percent during the same period.

July 2011 Archer County unemployment rate: 6.4 percent, up from 6.2 percent in July 2010. The statewide unemployment rate for July 2011 was 8.4 percent, up from 8.1 percent in July 2010.

July 2011 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

Archer County's ranking in per capita personal income in 2009: 24th with an average per capita income of \$41,857, down 0.7 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

#### Industry

Agricultural cash values in Archer County averaged \$74.63 million annually from 2007 to 2010. County total agricultural values in 2010 were up 2.4 percent from 2009. Major agriculture related commodities in Archer County during 2010 included:

Milk Cows	Hay	Ensilage	Wheat	Other Beef
2010 oil and gas production in Archer County: 935,612.0 barrels of oil and 395,278.0 Mcf of gas. In February 2011, there were 3016 producing oil wells and 5 producing gas wells.				

### Taxes

#### Sales Tax - Taxable Sales

##### *Quarterly (September 2010 through December 2010)*

Taxable sales in Archer County during the fourth quarter 2010: \$12.95 million, up 6.1 percent from the same quarter in 2009.

Taxable sales during the fourth quarter 2010 in the city of:

<b>Archer City:</b>	\$1.91 million, down 0.1 percent from the same quarter in 2009.
<b>Holliday:</b>	\$5.60 million, up 5.4 percent from the same quarter in 2009.
<b>Lakeside City:</b>	\$308,635.00, down 2.4 percent from the same quarter in 2009.
<b>Windthorst:</b>	\$1.37 million, down 6.9 percent from the same quarter in 2009.
<b>Scotland:</b>	\$117,577.00, down 5.0 percent from the same quarter in 2009.
<b>Megargel:</b>	\$266,000.00, up 9.2 percent from the same quarter in 2009.

##### *Annual (2010)*

Taxable sales in Archer County during 2010: \$52.63 million, up 10.0 percent from 2009. Archer County sent an estimated \$3.29 million (or 0.02 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010. Taxable sales during 2010 in the city of:

<b>Archer City:</b>	\$7.47 million, down 5.0 percent from 2009.
<b>Holliday:</b>	\$23.76 million, up 13.8 percent from 2009.
<b>Lakeside City:</b>	\$1.29 million, up 5.3 percent from 2009.
<b>Windthorst:</b>	\$4.58 million, up 11.3 percent from 2009.
<b>Scotland:</b>	\$528,936.00, up 6.7 percent from 2009.
<b>Megargel:</b>	\$974,241.00, up 15.8 percent from 2009.

#### Sales Tax – Local Sales Tax Allocations

##### *Monthly*

Statewide payments based on the sales activity month of June 2011: \$606.78 million, up 9.1 percent from June 2010.

Payments to all cities in Archer County based on the sales activity month of June 2011: \$65,511.50, up 5.2 percent from June 2010.

Payment based on the sales activity month of June 2011 to the city of:

<b>Archer City:</b>	\$20,990.94, up 10.6 percent from June 2010.
<b>Holliday:</b>	\$30,775.48, up 18.2 percent from June 2010.
<b>Lakeside City:</b>	\$2,725.63, down 21.9 percent from June 2010.
<b>Windthorst:</b>	\$6,573.57, down 36.9 percent from June 2010.
<b>Scotland:</b>	\$2,931.42, up 32.5 percent from June 2010.
<b>Megargel:</b>	\$1,514.46, up 36.1 percent from June 2010.

### Annual (2010)

Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.

Payments to all cities in Archer County based on sales activity months in 2010: \$556,233.30, up 6.4 percent from 2009.

Payment based on sales activity months in 2010 to the city of:

Archer City:	\$175,346.71, down 1.5 percent from 2009.
Holliday:	\$247,608.18, up 10.5 percent from 2009.
Lakeside City:	\$28,719.88, up 6.5 percent from 2009.
Windthorst:	\$76,446.07, up 11.2 percent from 2009.
Scotland:	\$12,202.01, up 3.4 percent from 2009.
Megargel:	\$15,910.45, up 20.0 percent from 2009.

### Property Tax

As of January 2009, property values in Archer County: \$905.58 million, down 1.4 percent from January 2008 values. The property tax base per person in Archer County is \$101,614, above the statewide average of \$85,809. About 20.9 percent of the property tax base is derived from oil, gas and minerals.

### State Expenditures

Archer County's ranking in state expenditures by county in fiscal year 2010: 183rd. State expenditures in the county for FY2010: \$29.04 million, down 0.1 percent from FY2009.

In Archer County, 8 state agencies provide a total of 37 jobs and \$1.51 million in annualized wages (as of 4th quarter 2010).

Major state agencies in the county (as of fourth quarter 2010):

- Department of Transportation
- Parks & Wildlife Department
- Department of Public Safety
- Health & Human Services Commission
- AgriLife Extension Service

### Higher Education

Community colleges in Archer County fall 2010 enrollment:

None.

Archer County is in the service area of the following:

Vernon College with a fall 2010 enrollment of 3,167. Counties in the service area include:

- Archer County
- Baylor County
- Clay County
- Cottle County
- Foard County
- Hardeman County
- Haskell County
- King County
- Knox County
- Throckmorton County
- Wichita County
- Wilbarger County

Institutions of higher education in Archer County fall 2010 enrollment:

None.

### School Districts

Archer County had 3 school districts with 8 schools and 1,844 students in the 2009-10 school year.

**(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)**

Archer City ISD had 483 students in the 2009-10 school year. The average teacher salary was \$42,548. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.

Holliday ISD had 871 students in the 2009-10 school year. The average teacher salary was \$39,006. The percentage of students meeting the 2010 TAKS passing standard for all tests was 82 percent.

Windthorst ISD had 490 students in the 2009-10 school year. The average teacher salary was \$42,671. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.

## Attachment E

# Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED  
WINDTHORST-2 LLC PROJECT ON THE FINANCES OF THE  
ARCHER CITY INDEPENDENT SCHOOL DISTRICT UNDER A  
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

**August 22, 2011**

**Final Report**

**PREPARED BY**



# Estimated Impact of the Proposed Windthorst-2 LLC Project on the Finances of the Archer City Independent School District under a Requested Chapter 313 Property Value Limitation

## Introduction

Windthorst-2 LLC (Windthorst-2) has requested that the Archer City Independent School District (ACISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to ACISD on July 30, 2011. Windthorst-2 proposes to invest \$60 million to construct a new wind energy project in ACISD.

The Windthorst-2 project is consistent with the state's goal to "encourage large scale capital investments in this state." When enacted as House Bill 1200 in 2001, the original language in Chapter 313 of the Tax Code made companies engaged in manufacturing, research and development, and renewable electric energy production eligible to apply to school districts for property value limitations. Subsequent legislative changes expanded eligibility to clean coal projects, nuclear power generation and data centers, among others.

## School Finance Mechanics

Under the provisions of Chapter 313, ACISD may offer a minimum value limitation of \$10 million. Based on the application, the qualifying time period would begin with the 2013-14 school year. The full value of the investment is expected to reach \$60 million in 2015-16, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2013-14 and 2014-15 school years. Beginning in 2015-16, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with ACISD currently levying a \$0.08 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation under Chapter 313 pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation periods (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

For the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. This implementation of the value limitation resulted in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study, assuming a similar deduction is made in the state property values.

Under the HB 1 system, most school districts received additional state aid for tax reduction (ASATR) that was used to maintain their target revenue amounts established at the revenue levels under old law for the 2005-06 or 2006-07 school years, whichever was highest. In terms of new Chapter 313 property value limitation agreements, adjustments to ASATR funding often moderated the impact of the reduced M&O collections as a result of the limitation, in contrast with the earlier formula-driven finance system.

In the case of HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point was the target revenue provisions from HB 1, that were then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional \$120 per WADA guarantee.

Under the provisions of HB 3646, school districts did have the potential to earn revenue above the \$120 per WADA level, up to a maximum of \$350 per WADA above current law. Initial estimates indicate that about 70 percent of all school districts were funded at the minimum \$120 per WADA level, while approximately 30 percent school districts were expected to generate higher revenue amounts per WADA in the 2009-10 school year. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again had the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

The formula reductions enacted under Senate Bill 1 (SB 1) as approved in the First Called Session in 2011 are designed to make \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 797 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 227 districts operating directly on the state formulas.

For the 2012-13 school year, the SB 1 changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula. For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the appropriations bill. The recent legislative session also saw the adoption of a statement of legislative intent to no longer fund target revenue (through ASATR) by the 2017-18 school year.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Windthorst-2 project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws

are in effect in each of those years. This meets the statutory requirement under Section 313.027(f) (1) of the Tax Code to provide school district revenue protection language in the agreement.

### **Underlying Assumptions**

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The current SB 1 reductions are reflected in the underlying models. With regard to ASATR funding the 92.35 percent reduction enacted for the 2012-13 school year and thereafter, future changes are dependent on legislative action that is difficult to forecast. While there is a statement of intent to no longer fund target revenue by the 2017-18 school year, implementing this change will require future legislative action, with any changes coming through the appropriations process, statutory changes, or both.

Student enrollment counts are held constant at 475 students in average daily attendance (ADA) in analyzing the effects of the Windthorst-2 project on the finances of ACISD. The District's local tax base reached \$193.6 million for the 2011 tax year. While the district's tax base has experienced some growth in recent years, the underlying \$193.6 million taxable value for 2011-12 is maintained for the forecast period in order to isolate the effects of the property value limitation. ACISD is not a property-wealthy district, with wealth per weighted ADA or WADA of approximately \$228,158 for the 2011-12 school year. These assumptions are summarized in Table 1.

### **School Finance Impact**

A baseline model was prepared for ACISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influences future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed value limitation agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Windthorst-2 facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Windthorst-2 value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 school year. The results of this model are identified as "Value Limitation Revenue Model" under the revenue protection provisions of the proposed agreement (see Table 3). An M&O tax rate of \$1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$4.8 million a year in net General Fund revenue.

Under these assumptions, ACISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$195,429). The revenue reduction results from the mechanics of six cents not subject to recapture, which reflect the one-year lag in value associated with the property value study.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.35 percent adjustment adopted for the 2012-13 school year. One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of \$195,429 cited above between the base and the limitation models is based on an assumption of \$520,000 in M&O tax savings for Windthorst-2 when the \$10 million value limitation is implemented. Under the estimates presented here and as highlighted in Table 4, a \$379,593 increase in ASATR funding is calculated under the assumptions used here.

Given that the ASATR amount falls below the anticipated tax savings for the project in the first year of implementation of the agreement, there is no financial risk to the school district as a result of the adoption of the value limitation agreement in response to future legislative changes in ASATR funding. But significant or complete elimination of ASATR funding could reduce the residual tax savings in the first year that the \$10 million value limitation takes effect. The estimates for the 2016-17 school year and thereafter show the offset coming almost entirely from increase in formula state aid that would be owed by ACISD.

On August 9, 2011, the Comptroller's Property Tax Assistance Division announced at a meeting of the Property Tax Advisory Committee that it would be adopting a rule this fall that would implement the use of two values for school districts for its 2011 state property value study. These are the state values that will be used to calculate state aid (and recapture where appropriate) in the 2012-13 school year.

At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office through the 2010 tax year, however, only a single deduction amount was calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The result of this interpretation is that a "composite" value for a school district with a Chapter 313 agreement is calculated, by averaging the impact of the value reduction across the M&O and I&S tax levies. The result of the composite deduction calculation is that the amount deducted for the value limitation from the state value study is always less than the tax benefit that has been provided for the taxpayer receiving the value limitation in school districts that levy M&O taxes only.

Under the Windthorst-2 request for a value limitation, the 2015 state property value used for the 2016-17 school year would be the first year that this change in the value study would be reflected in funding formula calculations for the new Windthorst-2 project. This change has been made in the models presented here.

## Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in 2011-12 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$3.4 million over the life of the agreement. In addition, Windthorst-2 would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$52,000 over the life of the agreement, with no unpaid tax credits anticipated.

The key ACISD revenue losses are associated with the additional six-cent levy not subject to recapture and expected to total approximately \$195,429 over the course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits are estimated to total \$3.3 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the 2015-16 school year, there would still be a substantial tax benefit to Windthorst-2 under the value limitation agreement for the remaining years that the limitation is in effect.

## Facilities Funding Impact

The Windthorst-2 project remains fully taxable for debt services taxes, with ACISD currently levying a \$0.080 I&S rate. The value of the Windthorst-2 project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA. At its peak taxable value, the project adds 31 percent to ACISD's current tax base, which should assist the District in meeting its debt service obligations. The increased property tax base would raise ACISD's wealth per ADA above the \$350,000 per ADA provided by the Existing Debt Allotment (EDA) and Instructional Facilities Allotment (IFA) programs, providing a net benefit for the District's taxpayers.

## Conclusion

The proposed Windthorst-2 wind energy project enhances the tax base of ACISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$3.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of ACISD in meeting its future debt service obligations.

**Table 1 – Base District Information with Windthorst-2 LLC Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2013-14	475.00	835.47	\$1.0400	\$0.0800	\$193,622,386	\$193,622,386	\$190,619,536	\$190,619,536	\$228,158	\$228,158
2	2014-15	475.00	835.47	\$1.0400	\$0.0700	\$208,622,386	\$208,622,386	\$190,619,536	\$190,619,536	\$228,158	\$228,158
3	2015-16	475.00	835.47	\$1.0400	\$0.0570	\$253,622,386	\$203,622,386	\$205,619,536	\$205,619,536	\$246,112	\$246,112
4	2016-17	475.00	835.47	\$1.0400	\$0.0570	\$250,622,386	\$203,622,386	\$250,619,536	\$200,619,536	\$299,974	\$240,128
5	2017-18	475.00	835.47	\$1.0400	\$0.0580	\$247,622,386	\$203,622,386	\$247,619,536	\$200,619,536	\$296,383	\$240,128
6	2018-19	475.00	835.47	\$1.0400	\$0.0590	\$244,622,386	\$203,622,386	\$244,619,536	\$200,619,536	\$292,793	\$240,128
7	2019-20	475.00	835.47	\$1.0400	\$0.0590	\$243,122,386	\$203,622,386	\$241,619,536	\$200,619,536	\$289,202	\$240,128
8	2020-21	475.00	835.47	\$1.0400	\$0.0600	\$241,622,386	\$203,622,386	\$240,119,536	\$200,619,536	\$287,406	\$240,128
9	2021-22	475.00	835.47	\$1.0400	\$0.0600	\$238,622,386	\$203,622,386	\$238,619,536	\$200,619,536	\$285,611	\$240,128
10	2022-23	475.00	835.47	\$1.0400	\$0.0610	\$235,622,386	\$203,622,386	\$235,619,536	\$200,619,536	\$282,020	\$240,128
11	2023-24	475.00	835.47	\$1.0400	\$0.0620	\$232,622,386	\$232,622,386	\$232,619,536	\$200,619,536	\$278,429	\$240,128
12	2024-25	475.00	835.47	\$1.0400	\$0.0620	\$231,122,386	\$231,122,386	\$229,619,536	\$229,619,536	\$274,839	\$274,839
13	2025-26	475.00	835.47	\$1.0400	\$0.0630	\$229,622,386	\$229,622,386	\$228,119,536	\$228,119,536	\$273,043	\$273,043
14	2026-27	475.00	835.47	\$1.0400	\$0.0640	\$226,622,386	\$226,622,386	\$226,619,536	\$226,619,536	\$271,248	\$271,248
15	2027-28	475.00	835.47	\$1.0400	\$0.0640	\$223,622,386	\$223,622,386	\$223,619,536	\$223,619,536	\$267,657	\$267,657

\*Tier II Yield: \$47.65; AISD Yield: \$59.97; Equalized Wealth: \$476,500 per WADA

**Table 2--“Baseline Revenue Model”--Project Value Added with No Value Limitation**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2013-14	\$1,726,698	\$2,035,507	\$333,914	\$0	\$0	\$268,498	\$248,854	\$0	\$4,613,471
2	2014-15	\$1,859,487	\$2,035,507	\$201,125	\$0	\$0	\$289,146	\$267,992	\$0	\$4,653,257
3	2015-16	\$2,266,048	\$1,900,501	\$0	\$0	\$0	\$352,365	\$277,056	\$0	\$4,795,970
4	2016-17	\$2,239,047	\$1,495,480	\$361,592	\$0	\$0	\$348,167	\$162,086	\$0	\$4,606,371
5	2017-18	\$2,211,996	\$1,522,482	\$361,642	\$0	\$0	\$343,960	\$166,235	\$0	\$4,606,314
6	2018-19	\$2,184,945	\$1,549,483	\$361,692	\$0	\$0	\$339,754	\$170,382	\$0	\$4,606,255
7	2019-20	\$2,171,444	\$1,576,484	\$348,191	\$0	\$0	\$337,655	\$175,624	\$0	\$4,609,398
8	2020-21	\$2,157,894	\$1,589,985	\$348,241	\$0	\$0	\$335,548	\$177,715	\$0	\$4,609,381
9	2021-22	\$2,130,892	\$1,603,486	\$361,741	\$0	\$0	\$331,349	\$178,677	\$0	\$4,606,145
10	2022-23	\$2,103,841	\$1,630,487	\$361,791	\$0	\$0	\$327,143	\$182,820	\$0	\$4,606,082
11	2023-24	\$2,071,570	\$1,657,489	\$367,060	\$0	\$0	\$322,125	\$186,492	\$0	\$4,604,735
12	2024-25	\$2,058,340	\$1,684,490	\$353,290	\$0	\$0	\$320,067	\$191,903	\$0	\$4,608,090
13	2025-26	\$2,045,060	\$1,697,991	\$353,069	\$0	\$0	\$318,002	\$194,010	\$0	\$4,608,131
14	2026-27	\$2,018,549	\$1,711,491	\$366,079	\$0	\$0	\$313,880	\$194,840	\$0	\$4,604,839
15	2027-28	\$1,992,088	\$1,738,493	\$365,538	\$0	\$0	\$309,765	\$199,021	\$0	\$4,604,905

**Table 3-- "Value Limitation Revenue Model"--Project Value Added with Value Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2013-14	\$1,726,698	\$2,035,507	\$333,914	\$0	\$0	\$268,498	\$248,854	\$0	\$4,613,471
2	2014-15	\$1,859,487	\$2,035,507	\$201,125	\$0	\$0	\$289,146	\$267,992	\$0	\$4,653,257
3	2015-16	\$1,816,026	\$1,900,501	\$379,593	\$0	\$0	\$282,388	\$222,035	\$0	\$4,600,541
4	2016-17	\$1,816,026	\$1,945,503	\$334,591	\$0	\$0	\$282,388	\$234,606	\$0	\$4,613,113
5	2017-18	\$1,815,976	\$1,945,503	\$334,640	\$0	\$0	\$282,380	\$234,600	\$0	\$4,613,099
6	2018-19	\$1,815,926	\$1,945,503	\$334,690	\$0	\$0	\$282,372	\$234,593	\$0	\$4,613,085
7	2019-20	\$1,815,926	\$1,945,503	\$334,690	\$0	\$0	\$282,372	\$234,593	\$0	\$4,613,085
8	2020-21	\$1,815,877	\$1,945,503	\$334,740	\$0	\$0	\$282,365	\$234,587	\$0	\$4,613,071
9	2021-22	\$1,815,877	\$1,945,503	\$334,740	\$0	\$0	\$282,365	\$234,587	\$0	\$4,613,071
10	2022-23	\$1,815,827	\$1,945,503	\$334,789	\$0	\$0	\$282,357	\$234,581	\$0	\$4,613,056
11	2023-24	\$2,071,570	\$1,945,503	\$79,046	\$0	\$0	\$322,125	\$267,619	\$0	\$4,685,863
12	2024-25	\$2,058,340	\$1,684,490	\$353,290	\$0	\$0	\$320,067	\$191,903	\$0	\$4,608,090
13	2025-26	\$2,045,060	\$1,697,991	\$353,069	\$0	\$0	\$318,002	\$194,010	\$0	\$4,608,131
14	2026-27	\$2,018,549	\$1,711,491	\$366,079	\$0	\$0	\$313,880	\$194,840	\$0	\$4,604,839
15	2027-28	\$1,992,088	\$1,738,493	\$365,538	\$0	\$0	\$309,765	\$199,021	\$0	\$4,604,905

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2015-16	-\$450,023	\$0	\$379,593	\$0	\$0	-\$69,978	-\$55,022	\$0	-\$195,429
4	2016-17	-\$423,021	\$450,023	-\$27,002	\$0	\$0	-\$65,779	\$72,521	\$0	\$6,742
5	2017-18	-\$396,020	\$423,021	-\$27,001	\$0	\$0	-\$61,580	\$68,365	\$0	\$6,785
6	2018-19	-\$369,018	\$396,020	-\$27,002	\$0	\$0	-\$57,382	\$64,211	\$0	\$6,830
7	2019-20	-\$355,518	\$369,019	-\$13,501	\$0	\$0	-\$55,282	\$58,969	\$0	\$3,687
8	2020-21	-\$342,017	\$355,518	-\$13,501	\$0	\$0	-\$53,183	\$56,872	\$0	\$3,689
9	2021-22	-\$315,016	\$342,017	-\$27,001	\$0	\$0	-\$48,984	\$55,910	\$0	\$6,926
10	2022-23	-\$288,014	\$315,016	-\$27,002	\$0	\$0	-\$44,786	\$51,760	\$0	\$6,975
11	2023-24	\$0	\$288,014	-\$288,014	\$0	\$0	\$0	\$81,127	\$0	\$81,127
12	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

**Table 5 - Estimated Financial impact of the Windthorst-2 LLC Project Property Value Limitation Request Submitted to ACISD at \$1.04 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$15,000,000	\$15,000,000	\$0	\$156,000	\$156,000	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$60,000,000	\$10,000,000	\$50,000,000	\$624,000	\$104,000	\$520,000	\$0	\$520,000	-\$195,429	\$324,571
4	2016-17	\$57,000,000	\$10,000,000	\$47,000,000	\$592,800	\$104,000	\$488,800	\$7,429	\$496,229	\$0	\$496,229
5	2017-18	\$54,000,000	\$10,000,000	\$44,000,000	\$561,600	\$104,000	\$457,600	\$7,429	\$465,029	\$0	\$465,029
6	2018-19	\$51,000,000	\$10,000,000	\$41,000,000	\$530,400	\$104,000	\$426,400	\$7,429	\$433,829	\$0	\$433,829
7	2019-20	\$49,500,000	\$10,000,000	\$39,500,000	\$514,800	\$104,000	\$410,800	\$7,429	\$418,229	\$0	\$418,229
8	2020-21	\$48,000,000	\$10,000,000	\$38,000,000	\$499,200	\$104,000	\$395,200	\$7,429	\$402,629	\$0	\$402,629
9	2021-22	\$45,000,000	\$10,000,000	\$35,000,000	\$468,000	\$104,000	\$364,000	\$7,429	\$371,429	\$0	\$371,429
10	2022-23	\$42,000,000	\$10,000,000	\$32,000,000	\$436,800	\$104,000	\$332,800	\$7,429	\$340,229	\$0	\$340,229
11	2023-24	\$39,000,000	\$39,000,000	\$0	\$405,600	\$405,600	\$0	\$0	\$0	\$0	\$0
12	2024-25	\$37,500,000	\$37,500,000	\$0	\$390,000	\$390,000	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$36,000,000	\$36,000,000	\$0	\$374,400	\$374,400	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$33,000,000	\$33,000,000	\$0	\$343,200	\$343,200	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$30,000,000	\$30,000,000	\$0	\$312,000	\$312,000	\$0	\$0	\$0	\$0	\$0
					\$6,208,800	\$2,813,200	\$3,395,600	\$52,000	\$3,447,600	-\$195,429	\$3,252,171
							<u>Year 1</u>	<u>Year 2</u>	<u>Max Credits</u>		
							\$0	\$52,000	\$52,000		
							Credits Earned		\$52,000		
							Credits Paid		<u>\$52,000</u>		
							Excess Credits Unpaid		\$0		

## Attachment F

### Taxable Value of Property

DATE: 07/27/2011  
 TIME: 09:40:53

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION  
 2010 ISD SUMMARY WORKSHEET  
 005/Archer  
 005-901/Archer City ISD

PAGE: 001  
 REPT: PTS265  
 VRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	55,818,790	N/A	55,818,790	55,818,790
B. MULTIFAMILY RESIDENCES	71,102	N/A	71,102	71,102
C. VACANT LOTS	1,258,200	N/A	1,258,200	1,258,200
D. RURAL REAL (TAXABLE)	40,516,000	N/A	40,516,000	40,516,000
F1. COMMERCIAL REAL	8,122,300	N/A	8,122,300	8,122,300
F2. INDUSTRIAL REAL	849,630	N/A	849,630	849,630
G. OIL, GAS, MINERALS	52,184,840	N/A	52,184,840	52,184,840
J. UTILITIES	12,832,075	N/A	12,832,075	12,832,075
L1. COMMERCIAL PERSONAL	4,666,045	N/A	4,666,045	4,666,045
L2. INDUSTRIAL PERSONAL	16,713,320	N/A	16,713,320	16,713,320
M. MOBILE HOMES	493,880	N/A	493,880	493,880
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	193,526,182		193,526,182	193,526,182
LESS TOTAL DEDUCTIONS	19,466,195		19,466,195	19,466,195
TOTAL TAXABLE VALUE	174,059,987		174,059,987	174,059,987 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	19,777,810	N/A	19,777,810
PROD VALUE QUALIFIED ACRES	20,738,190	N/A	20,738,190

TAXABLE VALUE 40,516,000 40,516,000

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

Attachment G

Participation Agreement

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

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by and between

**ARCHER CITY INDEPENDENT SCHOOL DISTRICT**

and

**WINDTHORST-2 HOLDINGS, LLC**  
*(Texas Taxpayer ID # 32041673214)*

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Dated

December 19, 2011

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

*STATE OF TEXAS* §

*COUNTY OF ARCHER* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **ARCHER CITY INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **WINDTHORST-2 HOLDINGS, LLC**, (*Texas Taxpayer ID # 32041673214*), hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on July 15, 2011, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Archer City Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on July 18, 2011, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Windthorst-2 Holdings, LLC, and on August 2, 2011, the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

**WHEREAS**, on or about July 28, 2011, the Superintendent, acting as agent of the Board of Trustees, received supplemental Application materials from the Applicant concerning the previously submitted Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, the Application, together with the supplemental materials, were delivered to the office of the Comptroller for review pursuant to Texas Tax Code §313.025(d); and,

**WHEREAS**, the Comptroller has established September 2, 2011 as the completed Application date; and,

*WHEREAS*, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Archer County Appraisal District established in Archer County, Texas (the “Appraisal District”), pursuant to Texas Tax Code §6.01; and,

*WHEREAS*, the Comptroller revised the Application pursuant to Texas Tax Code §313.025(d), and on September 14, 2011 the Comptroller, via letter, recommended that the Application be approved; and,

*WHEREAS*, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a public hearing held in connection with the Board of Trustees’ consideration of the Application; and,

*WHEREAS*, the Board of Trustees has carefully reviewed the economic impact evaluation prepared pursuant to Texas Tax Code §313.026 and has carefully considered the Comptroller’s positive recommendation for the project; and,

*WHEREAS*, the Applicant has requested that, pursuant to the authority created by Tex. Tax Code § 313.027(h), that the date upon which the Qualifying Time Period for the project begins, *i.e.* the “Commencement Date,” be deferred until January 2, 2012.

*WHEREAS*, on December 19, 2011, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

*WHEREAS*, on December 19, 2011, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant’s Qualified Property; and, (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

*WHEREAS*, on December 19, 2011, pursuant to the provisions of Texas Tax Code §313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code §313.051(b), based upon its factual Finding, made on December 15, 2011, that the if the number of jobs required by law (*i.e.* 10 jobs) was applied to this project, given its size and scope as described in the Application and in **EXHIBIT 3**, the number of jobs will exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

*WHEREAS*, on December 19, 2011, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

*WHEREAS*, on December 8, 2011, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this

Agreement, and reaffirmed the recommendation previously made on September 14, 2011 that the Application be approved; and,

*WHEREAS*, on December 19, 2011, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

*NOW, THEREFORE*, for and in consideration of the premises and the mutual covenants and agreements herein contained, the Parties agree as follows:

## ARTICLE I

### AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

#### Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

#### Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that the Applicant makes a Qualified Investment in the amount defined in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2016, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of January 2, 2012 and ending on December 31, 2014 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2022. Except as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event

that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

<b>Full Tax Year of Agreement</b>	<b>Date of Appraisal</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year Commencing on date of Board approval (12/19/11)	January 1, 2011	2011-12	2011	Deferral Period
Pre-Year January 1, 2012 to January 2, 2012	January 1, 2012	2012-13	2012	Deferral Period
Partial Year (Commencing January 2, 2012)	January 1, 2012	2012-13	2012	Start of Qualifying Time Period beginning with Commencement Date (1/2/12). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2015	2015-16	2015	\$ 10 million property value limitation.
4	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
5	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2019	2019-20	2019	\$10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2021	2021-22	2021	\$10 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2022	2022-23	2022	\$10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2024	2024-25	2024	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

### Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

“Affiliate” of any specified person or entity means any other person or entity which, directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under direct or indirect common control with such specified person or entity. For purposes of this definition “control” when used with respect to any person or entity means (i) the ownership, directly or indirectly, or fifty percent (50%) or more of the voting securities of such person or entity, or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise.

“Affiliated Group” means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years during the course of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV.

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code §42.005, by multiplying the District’s 2010-11 average daily attendance of 471,815, times \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2012, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Windthorst-2 Holdings, LLC, Texas Taxpayer Identification Number 32041673214, the company listed in the Preamble of this Agreement who, on July 15, 2011, filed the Original Application and on July 28, 2011 filed supplemental Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code, the Texas Economic Development Act (Chapter 313 of the Texas Tax Code), Chapter 403, Subchapter M, of the Texas Government Code applicable to 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 to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of the Applicant’s ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on July 15, 2011, and the supplemental Application materials filed by the Applicant on July 28, 2011 which have been certified by the Comptroller’s office to constitute a complete final Application as of the date of September 2, 2011. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

“Appraised Value” shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

“Appraisal District” means the Archer County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Archer City Independent School District.

“Commencement Date” means January 2, 2012. By agreement of the parties pursuant to Tex. Tax Code § 313.027(h), the Commencement Date has been deferred, at the request of Applicant, from the date upon which this Agreement was approved by the District’s Board of Trustees.

“Completed Application Date” means September 2, 2011, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

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

“Comptroller’s Rules” means the applicable rules and regulations of the Comptroller set forth at Title 34 of the Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

“County” means Archer County, Texas.

"Determination of Breach and Notice of Contract Termination" shall have the meaning assigned to such term in Section 7.8 of the Agreement

"District" or "School District" means the Archer City Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means December 31, 2026. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"Land" shall have the meaning assigned to such term in Section 2.2.

"Maintain Viable Presence" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered;; (ii) the maintenance of at least the number of New Jobs required by Chapter 313, of the Texas Tax Code subject to any waiver

granted by the District, from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of this Agreement.

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

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Tax Benefit" means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any tax credits received by Applicant under this Agreement; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Article III of this Agreement.

"New Jobs" means the total number of "new jobs," defined by 34 Tex. Admin. Code § 9.1051(14)(C), which the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below. In accordance with the requirements of Texas Tax Code §313.024(d), eighty percent (80%), of all New Jobs shall also be Qualifying Jobs, as defined below.

"Qualified Investment" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, and applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Jobs" means the number of New Jobs the Applicant will create in connection with the project which is the subject of its Application which meet the requirements of Texas Tax Code 313.021(3).

"Qualified Property" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"Qualifying Time Period" means, after a deferral period as permitted by Tex. Tax Code §313.027(h), the period that begins on the Commencement Date of January 2, 2012 and ends on December 31, 2014.

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between the Applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"Tax Credit" means the tax credit, either to be paid by the District to the Applicant, or to be applied against any taxes that the District imposes on the Applicant's Qualified Property, as computed under the provisions of Subchapter D of the Act and rules adopted by the Comptroller and/or the Texas Education Agency, provided that the Applicant complies with the requirements imposed on the Applicant under such provisions, including the timely filing of a completed application under Texas Tax Code §313.103 and the duly adopted administrative rules relating thereto.

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

The Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052, as applicable.

"*Tax Year*" shall have the meaning assigned to such term in Section 1.04(13) of the Texas Tax Code (*i.e.*, the calendar year).

"*Taxable Value*" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"*Texas Education Agency Rules*" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code (including, but not limited to, §61.1019), together with any court or administrative decisions interpreting same.

## ARTICLE II

### PROPERTY DESCRIPTION

#### **Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE**

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

#### **Section 2.2. LOCATION OF QUALIFIED PROPERTY**

The location of the Qualified Property upon which the Applicant's Qualified Investment will be located (the "Applicant's Qualified Property") is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes ("Land"). The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

#### **Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in Section 1.2, above. The Applicant's Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to the Applicant's Qualified Investment, which (1) is owned by the Applicant; (2) is first placed in service after September 2, 2011, the Completed Application Date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax

Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on **EXHIBIT 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 such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount 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 that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Notwithstanding the foregoing, any replacement property shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

#### **Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY**

At the end of the Qualifying Time Period; at any other time when there is a material change in the Applicant's Qualified Property located on the Land described in **EXHIBIT 2**; or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a reasonably specific and detailed description of the material tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount 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 2.5. QUALIFYING USE**

The Parties agree that the Applicant's Qualified Investment described above in Section 2.3 qualifies for a Tax Limitation Agreement under Texas Tax Code §313.024(b)(5) as a renewable energy electric generation facility.

#### **Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as the Applicant makes a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code, §313.022(b) or §313.052.

### ARTICLE III

#### PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

##### Section 3.1. INTENT OF THE PARTIES

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code, §§313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue solely as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article IV. Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

##### Section 3.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to the District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance

Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax.

- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

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

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code,

and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.

- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment.
- (c) any other loss of the District's revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf of any third party beneficiary of this Agreement.

#### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

#### **Section 3.5. DATA USED FOR CALCULATIONS**

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code §26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

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

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV, and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, subject to the limit of Section 3.7. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times,

to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

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

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

### **Section 3.8. RESOLUTION OF DISPUTES**

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, at law or in equity.

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

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

### **Section 3.10. EFFECT OF STATUTORY CHANGES**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District reasonably determines that it will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any actual negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination.

## **ARTICLE IV**

### **SUPPLEMENTAL PAYMENTS**

#### **Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS**

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article IV, (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1,

and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article IV shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

**Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT**

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the “Applicant’s Stipulated Supplemental Payment Amount,” which is hereby defined as forty percent (40%) of the Applicant’s Net Tax Benefit, as the term is defined in Section 1.3, above, as a result of this Agreement; or,
- (b) the Aggregate Limit, as the term is defined in Section 1.3, above.

**Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT**

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2015) the Applicant’s Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant’s Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant’s Qualified Property used for the District’s interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Minus,*

The Taxable Value of the Applicant’s Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant’s Qualified Property used for the District’s maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

*Multiplied by,*

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

*Plus,*

Any Tax Credit received by the Applicant with respect to such Tax Year;

*Minus,*

Any amounts previously paid to the District under Article III;

*Multiplied by,*

The number 0.4;

*Minus,*

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

#### **Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT**

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2015) and continuing thereafter through Tax Year thirteen (Tax Year 2025), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 Tax Laws, higher or lower payments that first became due prior to the effective date of any statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of year thirteen (Tax Year 2025) because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

#### **Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

- (a) All calculations required by this Article IV, including but not limited to: the calculation of the Applicant's Stipulated Supplemental Payment Amount; the determination of both the Annual Limit and the Aggregate Limit; the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article IV shall be made at the time set forth in Section 3.7.

#### **Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that the Applicant's payment under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

## ARTICLE V

### ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

#### SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2015 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Sections 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

#### Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

## ARTICLE VI

### TAX CREDITS

#### **Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS**

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

#### **Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS**

The District shall timely comply and shall cause the District's collector of taxes to timely comply with its obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either the Comptroller's Rules and/or Texas Education Agency rules.

#### **Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES**

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

## ARTICLE VII

### ADDITIONAL OBLIGATIONS OF APPLICANT

#### **Section 7.1. DATA REQUESTS**

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property

and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

### **Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES**

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation as a result of this Agreement, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Form 50-772 and 50-773 respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

### **Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE**

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (c) it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2015 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

**Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT**

(a) In the event of a Material Breach (hereinafter defined), except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, then the District shall be entitled, as its sole and exclusive remedy, to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax Year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

**Section 7.5. CALCULATION OF PENALTY AND INTEREST**

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 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 Year less all credits under Section 7.4 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 Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

**Section 7.6 MATERIAL BREACH OF AGREEMENT**

The Applicant shall be in Material Breach of this Agreement (herein so called) if it commits one or more of the following acts or omissions:

- (a.) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (b.) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (c.) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (d.) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column C of its Application.
- (e.) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column E of its Application.
- (f.) Applicant fails to create and maintain at least Eighty Percent (80%) of all such New Jobs on the project as Qualifying Jobs.
- (g.) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or in consideration for this Agreement are not barred by this provision.
- (h.) Applicant fails to materially comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

#### **Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH**

In accordance with the provisions of Texas Tax Code § 313.0275, for any full Tax Year which commences after the project has become operational, the Applicant may cure any Material Breaches of this Agreement described in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for any such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code § 313.0275(b), in accordance with the provisions of Texas Tax Code § 313.0275(c).

**Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT**

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material Breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such Material Breach has occurred and, if so, whether such Material Breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach has occurred, the date such Material Breach occurred, if any, and whether or not any such Material Breach has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a Material Breach has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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

**Section 7.9. DISPUTE RESOLUTION**

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Wichita County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

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 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of reasonable attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30. In the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, 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.

#### **Section 7.10. LIMITATION OF OTHER DAMAGES**

Notwithstanding anything contained in this Agreement to the contrary, the District's damages for any default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

#### **Section 7.11. BINDING ON SUCCESSORS**

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

#### **Section 7.12. ADDITIONAL APPLICANT OBLIGATIONS PRIOR TO END OF DEFERRAL PERIOD**

As set forth in section 1.2, above, the Parties have agreed to the deferral of the Commencement Date for this Agreement until January 2, 2012. Applicant must, therefore comply with the following additional requirements in conformance with the provisions of 34

Tex. Admin. Code § 9.1054(h)(13). If there have been no material changes in the project schedule, cost projections, taxable value projections, or employment projections made in the Application, Applicant shall notify the District and the Comptroller that no change in status has occurred. In the event that there has been any material change any data or projection submitted as a part of the Application, then Applicant shall within the time aforesaid time period deliver to the District and the Comptroller an Application amendment and/or supplement Application materials informing them of any material change in the Application materials. Additionally, prior to the Commencement Date, Applicant shall diligently comply with any written request from the District or the Comptroller to provide additional information necessary to evaluate the economic impact analysis for the conditions prior to the start of the Qualifying Time Period.

In the event that any information submitted pursuant to this Section results in the Comptroller's recommendation in favor of the project being changed to a negative recommendation by the Comptroller, then the District's Board of Trustees may, in its sole discretion immediately terminate this Agreement by giving Notice of said termination in accordance with the provisions of Section 8.1, below. After receiving such Notice, Applicant shall be entitled to invoke the Dispute resolution provisions set forth at section 7.9, above.

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

#### Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed as follows:

Randel Beaver, Superintendent  
**ARCHER CITY INDEPENDENT SCHOOL DISTRICT**  
600 S. Ash  
P.O. Box 926  
Archer City, Texas 76351  
Fax: (940) 574-4051  
E-mail: randel.beaver@esc9.net

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed as follows:

Nathan Vajdos, Manager  
**WINDTHORST 2, LLC**  
245 Main Street, Suite 538  
Brooklyn, New York 11201  
Fax: (646) 607-4482  
E-mail: [nathan.vajdos@ownenergy.net](mailto:nathan.vajdos@ownenergy.net)

or at such other address or to such other facsimile transmission number and to the attention of such other person as the Applicant may designate by written notice to the District.

**Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT**

- (a) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2014.

**Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS**

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property or Qualified Investment not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property or Qualified Investment pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight-year statutory term.

**Section 8.4. ASSIGNMENT**

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

#### **Section 8.5. MERGER**

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

#### **Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS**

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

#### **Section 8.7. GOVERNING LAW**

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Archer County, Texas.

#### **Section 8.8. AUTHORITY TO EXECUTE AGREEMENT**

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

#### **Section 8.9. SEVERABILITY**

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the

case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

#### **Section 8.10. PAYMENT OF EXPENSES**

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

#### **Section 8.11. INTERPRETATION**

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

#### **Section 8.12. EXECUTION OF COUNTERPARTS**

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

#### **Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION**

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that to the best of Applicant's knowledge all material representations, information, and facts contained in

the Application are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code §9.1053(f)(2)(K).

#### **Section 8.14. PUBLICATION OF DOCUMENTS**

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting Tax Credits under Texas Tax Code §313.103, as follows:

- a. Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 19<sup>th</sup> day of December 2011.

WINDTHORST 2, LLC

ARCHER CITY INDEPENDENT SCHOOL DISTRICT

By: Robert L. Crowell  
~~JIMMY HORN~~ Robert L. Crowell  
Management Representative

By: Steve Tucker III

STEVE TUCKER III  
President  
Board of Trustees

ATTEST:

Laree Cowan  
LAREE COWAN  
Secretary  
Board of Trustees

## EXHIBIT 1

### DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Windthorst-2 Reinvestment Zone* was originally created on July 11 2011 by action of the Archer County Commissioner's Court. A map of the *Windthorst-2 Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

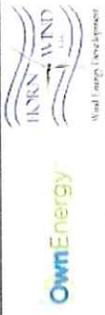
As a result of the action of the Archer County Commissioner's Court, the *Windthorst-2 Reinvestment Zone* includes real property within unincorporated Archer County, Texas, more specifically the following property and tracts:

All of the following T.E.&L Co. Surveys located in Archer County, Texas: No. 1835, Abstract No. 519; No. 1836, Abstract No. 520; No. 1837, Abstract No. 521; No. 1838, Abstract No. 522; No. 1839, Abstract No. 523; No. 1840, Abstract No. 524; No. 1841, Abstract No. 525; No. 1842, Abstract No. 460; No. 1843, Abstract No. 526; No. 1844, Abstract No. 527; No. 1845, Abstract No. 528; No. 1846, Abstract No. 529; No. 1847, Abstract No. 530; No. 1848, Abstract No. 531; No. 1849, Abstract No. 532; No. 1861, Abstract No. 542; No. 1862, Abstract No. 543; No. 1863, Abstract No. 544; No. 1868, Abstract No. 549; No. 1869, Abstract No. 550; No. 1870, Abstract No. 551; No. 1875, Abstract No. 556; No. 1876, Abstract No. 557; No. 1884, Abstract No. 564; No. 1885, Abstract No. 565; No. 1886, Abstract No. 566; No. 1887, Abstract No. 567; No. 1888, Abstract No. 568; No. 1889, Abstract No. 569; No. 1890, Abstract No. 570;

All of Section 77, Block 4, Clark & Plumb Survey, Archer County, Texas;

The East one-half of Section 80, Block 4, Clark & Plumb Survey in Archer County, Texas and

The Northwest 320 acres of the S.A.&M.G. RR Survey, Abstract 444, Archer County, Texas.



# Windthorst 2 Archer County, TX

Date: 5/19/2011

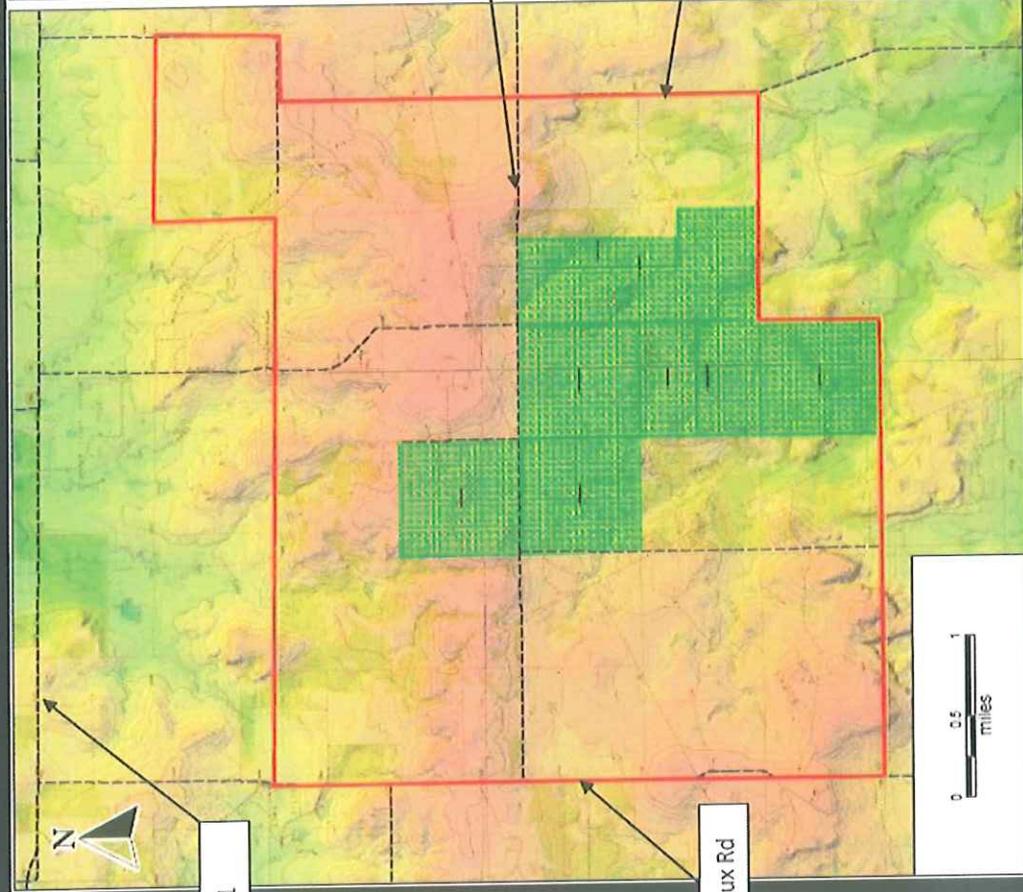
### Legend

-  Leased Land
-  Reinvestment Zone
-  Roads

Loftin Rd

Wolf Rd

Background Map- Elevation  
Green->Yellow->Orange->Red  
Lower->Higher Elevation



FM 2581

Prideaux Rd



## EXHIBIT 2

### LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Archer City Independent School District and *Windthorst-2 Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the following sections of land is included, to wit:

All of the following T.E.&L Co. Surveys located in Archer County, Texas: No. 1835, Abstract No. 519; No. 1836, Abstract No. 520; No. 1837, Abstract No. 521; No. 1838, Abstract No. 522; No. 1839, Abstract No. 523; No. 1840, Abstract No. 524; No. 1841, Abstract No. 525; No. 1842, Abstract No. 460; No. 1843, Abstract No. 527; No. 1845, Abstract No. 528; No. 1846, Abstract No. 529; No. 1847, Abstract No. 530; No. 1848, Abstract No. 531; No. 1849, Abstract No. 532; No. 1861, Abstract No. 542; No. 1862, Abstract No. 543; No. 1863, Abstract No. 544; No. 1868, Abstract No. 549; No. 1869, Abstract No. 550; No. 1870, Abstract No. 551; No. 1875, Abstract No. 556; No. 1876, Abstract No. 557; No. 1884, Abstract No. 566; No. 1887, Abstract No. 567; No. 1888, Abstract No. 568; No. 1889, Abstract No. 569; No. 1890, Abstract No. 570; and

The Northwest 320 acres of the S.A.&M.G. RR Survey, Abstract 444, Archer County, Texas.

### EXHIBIT 3

#### DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The Qualified Property will include, but is not limited to, the following: up to approximately 111 – 1.8 megawatt wind power turbine generators or equivalent other size turbines to reach up to 200 megawatts; wind turbine tower for each turbine generator; a reinforced concrete slab supporting the weight of each turbine generator and its tower; equipment and towers used to gather meteorological data; buried and overhead electrical conductor cables (including poles) used to transport electricity from each turbine tower to an electrical substation; the electrical substation and electrical conductor cables used to transport electricity off of the project site; one or more buildings used to operate the project and hold maintenance supplies, replacement parts, and related equipment; and various appurtenant equipment and personal property as is customarily used in the ownership, operation and maintenance of a wind power facility. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or the Applicant's assignee pursuant to this Agreement.

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 8, 2011

Randel Beaver  
Superintendent  
Archer City Independent School District  
P. O. Box 929  
Archer City, Texas 76351

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Archer City Independent School District and Windthorst-2 Holdings, LLC

Dear Superintendent Beaver:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Archer City Independent School District and Windthorst-2 Holdings, 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  
Economic Development & Analysis Division

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath, PC  
Jimmy Horn, Windthorst-2, LLC