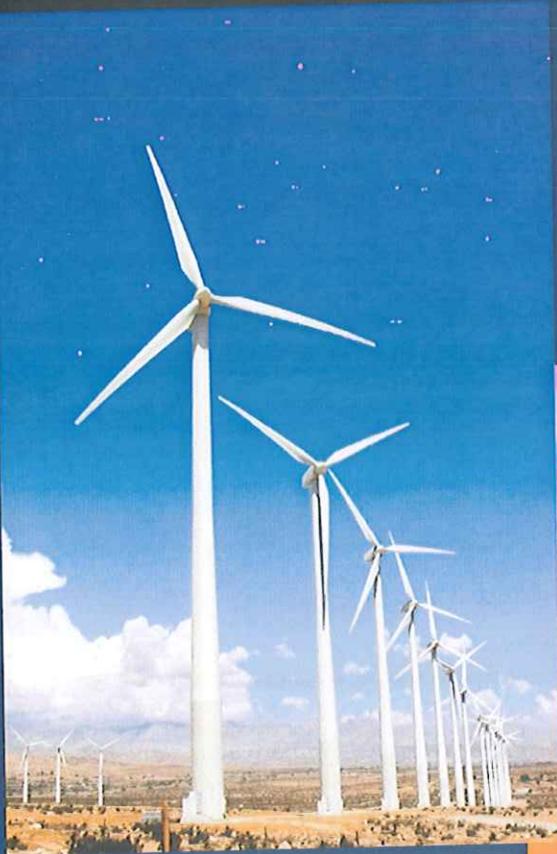


FINDINGS OF THE O'DONNELL
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
WIND TEX ENERGY - STEPHENS, LLC



November 14, 2011

**FINDINGS
OF THE
O'DONNELL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
WIND TEX ENERGY - STEPHENS, LLC**

NOVEMBER 14, 2011

Board Findings of the O'Donnell Independent School District

FINDINGS OF THE O'DONNELL INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
WIND TEX ENERGY - STEPHENS, LLC

STATE OF TEXAS

§

COUNTIES OF LYNN

§

On the 14th day of November, 2011, a public meeting of the Board of Trustees of the O'Donnell 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 Wind Tex Energy - Stephens, LLC (Wind Tex Energy) 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 O'Donnell Independent School District makes the following findings with respect to the application of Wind Tex Energy, and the economic impact of that application:

On August 5, 2011, the Superintendent of Schools of the O'Donnell Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Wind Tex Energy 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, Wind Tex Energy (Texas Taxpayer Id. 32034592389), 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 O'Donnell 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 Lynn 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 October 6, 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 O'Donnell 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 O'Donnell 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 Wind Tex Energy, 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**.

Board Findings of the O'Donnell Independent School District

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 Wind Tex Energy 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 Lynn County, Texas, is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Lynn County is the 196th largest in the state in terms of population. Population growth in Lynn County is negative and it was the state's 205th fastest-growing county from 2008 to 2009. The state population grew by 2.0 percent between 2008 and 2009, while the population of Lynn County decreased by 0.5 percent over the same period.

February 2011 employment for Lynn County was up 1.6 percent from August 2010, above the state's 0.6 percent increase in total employment during the same period. The unemployment rate in Lynn County was 8.3 percent in August 2011, slightly more than the current state average of 8.5 percent. It is noteworthy that the Lynn County unemployment rate increased from 7.2 percent a year ago to the 8.3 percent level in August 2011.

Board Findings of the O'Donnell Independent School District

Lynn County continues to have a somewhat lower per capita personal income than the state as a whole. In terms of per capita income, Lynn County's \$28,608 in 2009 ranked 201st among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

In the fourth quarter of 2010, taxable sales totaled \$3.8 million in Lynn County. This figure reflects a 20.5 percent increase from the year-earlier fourth quarter.

Lynn County will benefit from economic activity like that associated with the Wind Tex Energy 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 \$37,089 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 county average manufacturing wage. Wind Tex Energy indicates that total employment will be approximately five (5) 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 five new jobs when fully operational. All five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3).

According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains State Planning Region, where Lynn County is located was \$33,696 in 2010. The annual average manufacturing wage for 2010 for Lynn County is \$28,600. That same year, the county annual average wage for all industries was \$30,264. In addition to a salary of \$37,089, each qualifying position will receive benefits such as medical insurance coverage, paid holidays, paid vacation, and 401(k) retirement savings 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 \$45 million on the basis of the goal of five (5) new qualifying positions for the entire Wind Tex Energy project.

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

The project's total investment is \$224 million, resulting in a relative level of investment per qualifying job of \$45 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 Wind Tex Energy'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.

Board Findings of the O'Donnell Independent School District

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Wind Tex Energy

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	30	30	60	\$1,710,000	\$2,290,000	\$4,000,000
2012	80	77	157	\$4,460,445	\$4,539,555	\$9,000,000
2013	5	6	11	\$185,445	\$814,555	\$1,000,000
2014	5	14	19	\$185,445	\$1,814,555	\$2,000,000
2015	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2016	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2017	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2018	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2019	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2020	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2021	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2022	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2023	5	17	22	\$185,445	\$2,814,555	\$3,000,000
2024	5	15	20	\$185,445	\$1,814,555	\$2,000,000
2025	5	14	19	\$185,445	\$1,814,555	\$2,000,000
2026	5	17	22	\$185,445	\$1,814,555	\$2,000,000

Source: CPA, REMI, Wind Tex Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. O'Donnell ISD's ad valorem tax base in 2010 was \$109.5 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, O'Donnell ISD's estimated wealth per WADA was \$176,788. 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, Lynn County, Lynn County Hospital District, and High Plains Underground Water Conservation District #1, with all property tax incentives sought being granted using estimated market value from Wind Tex Energy's application. Wind Tex Energy has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with Lynn County and Lynn County Hospital District. Table 3 illustrates the estimated tax impact of the Wind Tex Energy project on the region if all taxes are assessed.

Board Findings of the O'Donnell Independent School District

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

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	O'Donnell ISD I&S Levy	O'Donnell ISD M&O Levy	O'Donnell ISD M&O and I&S Tax Levies (Before Credit Credited)	O'Donnell ISD M&O and I&S Tax Levies (After Credit Credited)	Lynn County	Lynn County Hospital District	High Plains Underground Water Conservation District #1	Estimated Total Property Taxes
			0.0000	1.1700				0.8611	0.2475	0.0079	
2012	\$6,550,000	\$6,550,000		\$0	\$76,635	\$76,635	\$76,635	\$56,402	\$16,208	\$520	\$149,765
2013	\$202,484,400	\$202,484,400		\$0	\$2,369,067	\$2,369,067	\$2,369,067	\$0	\$0	\$16,077	\$2,385,145
2014	\$194,387,250	\$194,387,250		\$0	\$1,170,000	\$1,170,000	\$1,170,000	\$0	\$0	\$15,434	\$1,185,434
2015	\$186,614,000	\$186,614,000		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$14,817	\$73,317
2016	\$179,151,500	\$179,151,500		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$14,225	\$72,725
2017	\$171,984,700	\$171,984,700		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$13,656	\$72,156
2018	\$161,667,600	\$161,667,600		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$12,836	\$71,336
2019	\$151,969,400	\$151,969,400		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$12,066	\$70,566
2020	\$142,853,100	\$142,853,100		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$11,343	\$69,843
2021	\$134,283,700	\$134,283,700		\$0	\$1,170,000	\$1,170,000	\$58,500	\$0	\$0	\$10,662	\$69,162
2022	\$126,228,300	\$126,228,300		\$0	\$1,476,871	\$1,476,871	\$0	\$0	\$0	\$10,023	\$10,023
2023	\$118,656,200	\$118,656,200		\$0	\$1,388,278	\$1,388,278	\$1,022,581	\$1,021,749	\$293,615	\$9,421	\$2,347,366
2024	\$111,538,400	\$111,538,400		\$0	\$1,304,999	\$1,304,999	\$1,304,999	\$960,457	\$276,002	\$8,856	\$2,550,314
2025	\$104,847,600	\$104,847,600		\$0	\$1,226,717	\$1,226,717	\$1,226,717	\$902,843	\$259,445	\$8,325	\$2,397,330
2026	\$98,558,200	\$98,558,200		\$0	\$1,153,131	\$1,153,131	\$1,153,131	\$848,685	\$243,882	\$7,826	\$2,253,523
						Total	\$7,679,631	\$3,790,135	\$1,089,152	\$166,087	\$12,725,005

Assumes School Value Limitation and Tax Abatement with the County and Hospital District.

Source: CPA, Wind Tex Energy, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	O'Donnell ISD I&S Levy	O'Donnell ISD M&O Levy	O'Donnell ISD M&O and I&S Tax Levies	Lynn County	Lynn County Hospital District	High Plains Underground Water Conservation District #1	Estimated Total Property Taxes
			0.0000	1.1700			0.8611	0.2475	0.0079	
2012	\$6,550,000	\$6,550,000		\$0	\$76,635	\$76,635	\$56,402	\$16,208	\$520	\$149,765
2013	\$202,484,400	\$202,484,400		\$0	\$2,369,067	\$2,369,067	\$1,743,593	\$501,048	\$16,077	\$4,629,786
2014	\$194,387,250	\$194,387,250		\$0	\$2,274,331	\$2,274,331	\$1,673,869	\$481,011	\$15,434	\$4,444,645
2015	\$186,614,000	\$186,614,000		\$0	\$2,183,384	\$2,183,384	\$1,606,933	\$461,776	\$14,817	\$4,266,910
2016	\$179,151,500	\$179,151,500		\$0	\$2,096,073	\$2,096,073	\$1,542,674	\$443,310	\$14,225	\$4,096,281
2017	\$171,984,700	\$171,984,700		\$0	\$2,012,221	\$2,012,221	\$1,480,960	\$425,576	\$13,656	\$3,932,413
2018	\$161,667,600	\$161,667,600		\$0	\$1,891,511	\$1,891,511	\$1,392,120	\$400,046	\$12,836	\$3,696,514
2019	\$151,969,400	\$151,969,400		\$0	\$1,778,042	\$1,778,042	\$1,308,609	\$376,048	\$12,066	\$3,474,765
2020	\$142,853,100	\$142,853,100		\$0	\$1,671,381	\$1,671,381	\$1,230,108	\$353,490	\$11,343	\$3,266,322
2021	\$134,283,700	\$134,283,700		\$0	\$1,571,119	\$1,571,119	\$1,156,317	\$332,285	\$10,662	\$3,070,383
2022	\$126,228,300	\$126,228,300		\$0	\$1,476,871	\$1,476,871	\$1,086,952	\$312,352	\$10,023	\$2,886,197
2023	\$118,656,200	\$118,656,200		\$0	\$1,388,278	\$1,388,278	\$1,021,749	\$293,615	\$9,421	\$2,713,062
2024	\$111,538,400	\$111,538,400		\$0	\$1,304,999	\$1,304,999	\$960,457	\$276,002	\$8,856	\$2,550,314
2025	\$104,847,600	\$104,847,600		\$0	\$1,226,717	\$1,226,717	\$902,843	\$259,445	\$8,325	\$2,397,330
2026	\$98,558,200	\$98,558,200		\$0	\$1,153,131	\$1,153,131	\$848,685	\$243,882	\$7,826	\$2,253,523
					Total	\$24,473,760	\$18,012,269	\$5,176,096	\$166,087	\$47,828,211

Source: CPA, Wind Tex Energy, LLC

¹Tax 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.

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$202 million to the tax base for debt service purposes at the peak investment level for the 2014-15 school year. The Wind Tex Energy project remains fully taxable for debt services taxes; however, O'Donnell ISD currently does not levy an I&S rate. The value of the Wind Tex Energy 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 tax base if O'Donnell ISD wishes to levy an I&S rate in the future.

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 Wind Tex Energy 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 O'Donnell 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 Wind Tex Energy's application, "Wind Tex Energy - Stephens, LLC has the ability to locate a wind farm in numerous locations in the United States."

Board Findings of the O'Donnell Independent School District

Board Finding Number 10.

During the past two years, no companies in the South Plains State Planning 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 Wind Tex Energy. 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 O'Donnell ISD is \$3.28 million. O'Donnell 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. Given that the value of industrial property in O'Donnell 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. 32034592389) 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 Findings of the O'Donnell Independent School District

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. Additional revenue protection measures are also in place for the duration of the Agreement.

Board Finding Number 15.

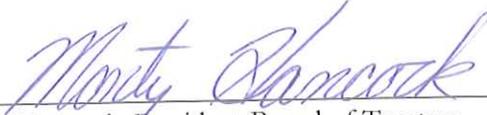
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

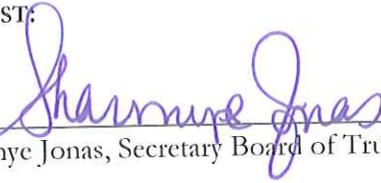
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the O'Donnell Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to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

Board Findings of the O'Donnell Independent School District

Dated the 14th day of November 2011.

O'DONNELL INDEPENDENT SCHOOL DISTRICT

By: 
Monty Hancock, President Board of Trustees

ATTEST:
By: 
Sharmye Jonas, Secretary Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

November 4, 2011

President and Members
Board of Trustees
O'Donnell Independent School District
400 Small Street
P.O. Box 487
O'Donnell, Texas 79351

Re: Recommendations and Findings of the firm Concerning Application of Wind Tex Energy - Stephens, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Hancock 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 O'Donnell Independent School District, with respect to the pending Application of Wind Tex Energy - Stephens, 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 Wind Tex Energy - Stephens, 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

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 4, 2011

President and Members
Board of Trustees
O'Donnell Independent School District
P.O. Box 487
O'Donnell, Texas 79351

Re: Recommendations and Findings of the Firm Concerning Application of Wind Tex Energy-Stephens, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Hancock 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 O'Donnell Independent School District, with respect to the pending Application of Wind Tex Energy-Stephens, 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.

Letter to O'Donnell ISD
November 4, 2011
Page 2 of 2

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 Wind Tex Energy-Stephens, 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 in a cursive style.

Kevin O'Hanlon
For the Firm

Attachment A

Application

**APPLICATION FOR APPRAISED VALUE
LIMITATION ON QUALIFIED PROPERTY**

**SUBMITTED TO
O'DONNELL ISD**

WIND TEX ENERGY – STEPHENS, LLC

ATTACHMENT 1

See 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 August 16, 2011
First Name Randy	Last Name Allen	
Title Superintendent		
School District Name O'Donnell ISD		
Street Address 400 Small Street		
Mailing Address P.O. Box 487		
City O'Donnell	State TX	ZIP 79351
Phone Number (806) 428-3247	Fax Number (806) 428-3759	
Mobile Number (optional)	E-mail Address rallen@esc17.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 for Qualified Real Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF AUTHORIZATION (continued)

Authorized School District Consultant (If Applicable)

Name Daniel T. Casey

Title Partner

Firm Name Moak, Casey & Associates LLP

Street Address 400 W. 15th Street, Suite 1410

City Austin

State TX Zip 78701-1648

Phone Number 512-485-7878

Fax Number 512-485-7888

Mobile Number (Optional)

E-mail Address dcasey@moakcasey.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)

Date

Randy Allen, Superintendent

8/26/2011

Has the district determined this application complete? Yes No

If yes, date determined complete. August 29, 2011

Have you completed the school finance documents required by TAC 0.1064(e)(3)? Yes No

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Table with 3 columns: Checklist, Page X of 10, Check Completed. Rows include: Date application received by the ISD, Certification pages signed and dated by authorized school district representative, Date application deemed complete by ISD, Certification pages signed and dated by applicant or authorized business representative of applicant, Completed company checklist, School finance documents described in TAC 0.1064(e)(3) (Due within 20 days of district providing notice of completed application).



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name

Steven K.

Last Name

DeWolf

Title

Manager

Organization

Wind Tex Energy - Stephens, LLC

Street Address

10000 North Central Expressway, Suite 900

Mailing Address

10000 North Central Expressway, Suite 900

City

Dallas

State

TX

ZIP

75231

Phone Number

(214) 615-4207

Fax Number

(214) 954-9541

Mobile Number (optional)

Business e-mail Address

sdewolf@bd-law.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

Last Name

Title

Organization

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

E-mail Address

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: D. Dale Last Name: Cummings

Title: Partner

Firm Name: Cummings Westlake LLC

Street Address: 12837 Louetta Road, Suite 201

Mailing Address: 12837 Louetta Road, Suite 201

City: Cypress State: TX ZIP: 77429

Phone Number: 713-266-4456 x1 Fax Number: 713-266-2333

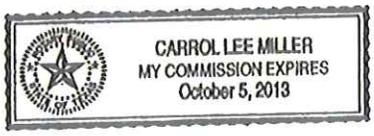
Business email Address: dcummings@cwlp.net

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)): [Handwritten Signature] Date: Aug 5, 2011

GIVEN under my hand and seal of office this 5th day of August, 2011



[Handwritten Signature]
Notary Public, State of Texas

(Notary Seal)

My commission expires 10-5-2013

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

Wind Tex Energy - Stephens, LLC

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

32034592389

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.

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 corporation

- 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? Yes No
- The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
- (1) manufacturing Yes No
 - (2) research and development Yes No
 - (3) a clean coal project, as defined by Section 5.001, Water Code Yes No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
 - (5) renewable energy electric generation Yes No
 - (6) electric power generation using integrated gasification combined cycle technology Yes No
 - (7) nuclear electric power generation Yes No
 - (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) Yes No
- Are you requesting that any of the land be classified as qualified investment? Yes No
- Will any of the proposed qualified investment be leased under a capitalized lease? Yes No
- Will any of the proposed qualified investment be leased under an operating lease? Yes No
- Are you including property that is owned by a person other than the applicant? Yes No
- Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? Yes No

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 Attachment 4

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

See Attachment 4A

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction November 2011 Begin Hiring New Employees August 2012
 Construction Complete December 2012 Fully Operational December 2012
 Purchase Machinery & Equipment November 2011

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No

Note: Improvements made before that time may not be considered qualified property.
 When do you anticipate the new buildings or improvements will be placed in service? December 2012

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Not applicable	
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.)

The project has signed tax abatement agreements with Lynn County and Lynn County Hospital District pursuant to Tax Code Chapter 312.

THE PROPERTY

Identify county or counties in which the proposed project will be located Lynn and Borden

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

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: Lynn - 54% City: n/a
(Name and percent of project) (Name and percent of project)

Hospital District: Lynn - 54% Water District: High Plains Underground Water Conservation #1 (56%)
(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.

77 out of 143 turbines (54%) of the project are located in Lynn County and O'Donnell ISD. The remaining 66 turbines are located in Borden County and Borden County ISD. A separate application is being filed for Borden County ISD.



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? \$219,407,232

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 1, 2011

What is the anticipated date of the beginning of the qualifying time period? December 1, 2011

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? \$224,966,000

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. 0 (Market Value) 2011 (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)? None

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? None

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. Not applicable

Total number of new jobs that will have been created when fully operational 5

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? 5

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).



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 \$639.65

110% of the county average weekly wage for manufacturing jobs in the county is \$604.45

110% of the county average weekly wage for manufacturing jobs in the region is \$713

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

Sections: §313.021(5)(A), §313.021(5)(B), §313.021(3)(E)(ii), §313.051(b)

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$713

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? \$37,089

- 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? 80%

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 Attachment 15

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	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
6	Description of Qualified Investment (Attachment)	8 of 16	✓
7	Map of qualified investment showing location of new buildings or new improvements with vicinity map.	8 of 16	✓
8	Description of Qualified Property (Attachment)	8 of 16	✓
9	Map of qualified property showing location of new buildings or new improvements with vicinity map	8 of 16	✓
10	Description of Land (Attachment)	9 of 16	✓
11	A detailed map showing location of the land with vicinity map.	9 of 16	✓
12	A description of all existing (if any) improvements (Attachment)	9 of 16	✓
13	Request for Waiver of Job Creation Requirement (if applicable) (Attachment)	9 of 16	✓
14	Calculation of three possible wage requirements with TWC documentation. (Attachment)	10 of 16	✓
15	Description of Benefits	10 of 16	✓
16	Economic Impact (if applicable)	10 of 16	✓
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 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	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

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

Schedule A (Rev. 2010): Investment

Applicant Name: Wind Tex Energy - Stephens, LLC
 ISD Name: O'Donnell ISD

Form 50-256

		PROPERTY INVESTMENT AMOUNTS										Column E: Total Investment (A+9+D)
		(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 The amount of new investment (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 Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+9+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	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
		2012-2013	2012	\$ 7,391,232.00	\$ 150,000.00	\$ 7,541,232	\$ -	\$ 7,541,232	\$ -	\$ 7,541,232		
		2013-2014	2013	\$ 211,866,000	\$ -	\$ 211,866,000	\$ -	\$ 211,866,000	\$ -	\$ 211,866,000		
		2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2015-2016	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2019-2020	2019	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2020-2021	2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2021-2022	2021	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2022-2023	2022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2023-2024	2023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2024-2025	2024	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
		2025-2026	2025	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
2026-2027	2026	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -				
Tax Credit Period (With 50% cap on credit)	Value Limitation Period											
Credit Settle-Up Period	Continue to Maintain Viable Presence											
	Post- Settle-Up Period											
	Post- Settle-Up Period											

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: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. 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 D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. 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 firms such as professional services, etc.
 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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE: *[Signature]*
 DATE: *Aug 5, 2011*

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Wind Tex Energy - Stephens, LLC

Form 50-296

Applicant Name
 ISD Name

O'Donnell ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
				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"				
	pre-year 1	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Complete tax years of qualifying time period	1	2012-2013	2012	\$ -	\$ 6,475,000	\$ 75,000	\$ -	\$ 6,550,000	\$ 6,550,000	
	2	2013-2014	2013	\$ -	\$ 202,334,400	\$ 150,000	\$ -	\$ 202,484,400	\$ 202,484,400	
	3	2014-2015	2014		\$ 194,241,000	\$ 146,250	\$ -	\$ 194,387,250	\$ 10,000,000	
	4	2015-2016	2015		\$ 186,471,400	\$ 142,600	\$ -	\$ 186,614,000	\$ 10,000,000	
	5	2016-2017	2016		\$ 179,012,500	\$ 139,000	\$ -	\$ 179,151,500	\$ 10,000,000	
Value Limitation Period	6	2017-2018	2017		\$ 171,852,000	\$ 132,700	\$ -	\$ 171,984,700	\$ 10,000,000	
	7	2018-2019	2018		\$ 161,540,900	\$ 126,700	\$ -	\$ 161,667,600	\$ 10,000,000	
	8	2019-2020	2019		\$ 151,848,400	\$ 121,000	\$ -	\$ 151,969,400	\$ 10,000,000	
	9	2020-2021	2020		\$ 142,737,500	\$ 115,600	\$ -	\$ 142,853,100	\$ 10,000,000	
	10	2021-2022	2021		\$ 134,173,300	\$ 110,400	\$ -	\$ 134,283,700	\$ 10,000,000	
Credit Settle-Up Period	11	2022-2023	2022		\$ 126,122,900	\$ 105,400	\$ -	\$ 126,228,300	\$ 126,228,300	
	12	2023-2024	2023		\$ 118,555,500	\$ 100,700	\$ -	\$ 118,656,200	\$ 118,656,200	
	13	2024-2025	2024		\$ 111,442,200	\$ 96,200	\$ -	\$ 111,538,400	\$ 111,538,400	
Post- Settle-Up Period	14	2025-2026	2025		\$ 104,755,700	\$ 91,900	\$ -	\$ 104,847,600	\$ 104,847,600	
Post- Settle-Up Period	15	2026-2027	2026		\$ 98,470,400	\$ 87,800	\$ -	\$ 98,558,200	\$ 98,558,200	

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.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

9/7/2011

DATE

Applicant Name
ISD Name

Wind Tex Energy - Stephens, LLC
O'Donnell ISD

Schedule C- Application: Employment Information

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 [FTE])	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	2011-2012	2011	30	\$ 57,000	0	\$ -	0	\$ -
	1	2012-2013	2012	75	\$ 57,000	5	\$ 37,089	5	\$ 37,089
	2	2013-2014	2013	-	\$ -	5	\$ 37,089	5	\$ 37,089
	3	2014-2015	2014	0	\$ -	5	\$ 37,089	5	\$ 37,089
	4	2015-2016	2015	0	\$ -	5	\$ 37,089	5	\$ 37,089
	5	2016-2017	2016	0	\$ -	5	\$ 37,089	5	\$ 37,089
	6	2017-2018	2017	0	\$ -	5	\$ 37,089	5	\$ 37,089
	7	2018-2019	2018	0	\$ -	5	\$ 37,089	5	\$ 37,089
	8	2019-2020	2019	0	\$ -	5	\$ 37,089	5	\$ 37,089
	9	2020-2021	2020	0	\$ -	5	\$ 37,089	5	\$ 37,089
	10	2021-2022	2021	0	\$ -	5	\$ 37,089	5	\$ 37,089
	11	2022-2023	2022	0	\$ -	5	\$ 37,089	5	\$ 37,089
	12	2023-2024	2023	0	\$ -	5	\$ 37,089	5	\$ 37,089
	13	2024-2025	2024	0	\$ -	5	\$ 37,089	5	\$ 37,089
	14	2025-2026	2025	0	\$ -	5	\$ 37,089	5	\$ 37,089
	15	2026-2027	2026	0	\$ -	5	\$ 37,089	5	\$ 37,089
Complete tax years of qualifying time period									
Tax Credit Period (with 50% cap on credit)									
Credit Settle-Up Period									
Post-Settle-Up Period									
Post-Settle-Up Period									

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 those amounts for future years.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Aug 5, 2011

DATE

Schedule D: (Rev. May 2011): Other Tax Information

Applicant Name: Wind Tex Energy - Stephens, LLC
 ISD Name: O'Donnell ISD
 Form 50-296: Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought					
				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		County	City	Hospital	Other		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2011-2012	2011	\$ 5,558,768	\$ 7,541,232	\$ -	0%	n/a	n/a	n/a	n/a	
	Complete tax years of qualifying time period	1	2012-2013	2012	\$ 6,178,901	\$ 205,687,099	\$ -	0%	n/a	n/a	n/a	n/a
		2	2013-2014	2013	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		3	2014-2015	2014	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		4	2015-2016	2015	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		5	2016-2017	2016	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		6	2017-2018	2017	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
	Tax Credit Period (with 50% cap on credit)	7	2018-2019	2018	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		8	2019-2020	2019	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		9	2020-2021	2020	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		10	2021-2022	2021	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
	Credit Settle-Up Period	11	2022-2023	2022	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a
		12	2023-2024	2023	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a
		13	2024-2025	2024	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a
	Post-Settle-Up Period	14	2025-2026	2025	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a
15		2026-2027	2026	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a	

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE: 
 DATE: Apr 5, 2011

ATTACHMENT 2

Copy of check attached.

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)*

ATTACHMENT 3

Wind Tex Energy – Stephens, LLC is part of a combined group for franchise tax reporting purposes. Documentation of combined group membership is attached.

TEXAS FRANCHISE TAX
EXTENSION AFFILIATE LIST

■ Tcode 13298

Reporting entity taxpayer number

■ Report year

Reporting entity taxpayer name

32009758486

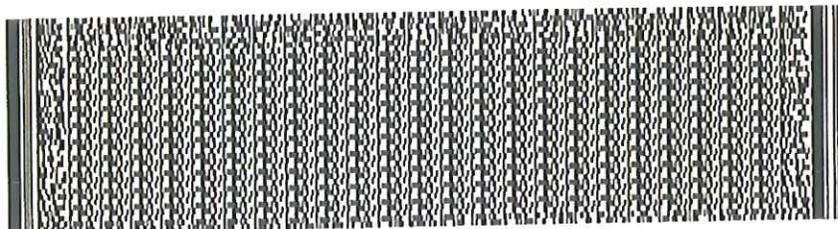
2011

WIND TEX ENERGY, L.P. FORMERLY WIND T

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	CHECK BOX IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
1. WIND TEX ENERGY, G.P., LLC,	■ 32020026624	■ <input type="checkbox"/>
2. WIND TEX ENERGY-LENORAH, LLC	■ 32033046916	■ <input type="checkbox"/>
3. WIND TEX ENERGY-STEPHENS, LLC	■ 32034592389	■ <input type="checkbox"/>
4. WIND TEX ENERGY, L.P.,	■ 32009758486	■ <input type="checkbox"/>
5. STEPHENS RANCH WIND ENERGY, LLC	■ 12619006286	■ <input checked="" type="checkbox"/>
6. WIND TEX ENERGY LYNN, L.L.C.,	■ 32037688176	■ <input type="checkbox"/>
7.	■	■ <input type="checkbox"/>
8.	■	■ <input type="checkbox"/>
9.	■	■ <input type="checkbox"/>
10.	■	■ <input type="checkbox"/>
11.	■	■ <input type="checkbox"/>
12.	■	■ <input type="checkbox"/>
13.	■	■ <input type="checkbox"/>
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15.	■	■ <input type="checkbox"/>
16.	■	■ <input type="checkbox"/>
17.	■	■ <input type="checkbox"/>
18.	■	■ <input type="checkbox"/>
19.	■	■ <input type="checkbox"/>
20.	■	■ <input type="checkbox"/>
21.	■	■ <input type="checkbox"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Texas Comptroller Official Use Only



VE/DE	<input type="checkbox"/>	FM	<input type="checkbox"/>
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Taxable Entity Search Results

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

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

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

<u>Certification of Account Status</u>	<u>Officers And Directors Information</u>
Entity Information:	WIND TEX ENERGY-STEPHENS, LLC 8129 SAN FERNANDO WAY DALLAS, TX 75218-4435
Status:	IN GOOD STANDING NOT FOR DISSOLUTION OR WITHDRAWAL through November 15, 2011
Registered Agent:	STEVEN K. DEWOLF 8129 SAN FERNANDO WAY DALLAS, TX 75218
Registered Agent Resignation Date:	
State of Formation:	TX
File Number:	0800930602
SOS Registration Date:	January 29, 2008
Taxpayer Number:	32034592389

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Privacy and Security Policy | Accessibility Policy | Link Policy | Public Information Act | Compact with Texans



Susan Combs Texas Comptroller of Public Accounts

Taxable Entity Search Results

Officers and Directors

WIND TEX ENERGY-STEPHENS, LLC

[Return to: Taxable Entity Search Results](#)

Officer and director information on this site is obtained from the most recent Public Information Report (PIR) processed by the Secretary of State (SOS). PIRs filed with annual franchise tax reports are forwarded to the SOS. After processing, the SOS sends the Comptroller an electronic copy of the information, which is displayed on this web site. The information will be updated as changes are received from the SOS.

You may order a copy of a Public Information Report from open.records@cpa.state.tx.us or Comptroller of Public Accounts, Open Government Division, PO Box 13528, Austin, Texas 78711.

Title:	Name and Address:	Expiration/Resignation Date:
<i>MANAGER</i>	STEVEN K DEWOLF 8129 SAN FERNADO WAY DALLAS , TX 75218	
<i>DIRECTOR</i>	STEVEN K DEWOLF 8129 SAN FERNADO WAY DALLAS , TX 75218	

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[Privacy and Security Policy](#) | [Accessibility Policy](#) | [Link Policy](#) | [Public Information Act](#) | [Compact with Texans](#)

ATTACHMENT 4

Wind Tex Energy – Stephens, LLC plans to construct a 343 MW wind farm in Borden and Lynn Counties. 77 out of a total of 143 wind turbines will be located in Lynn County and O'Donnell ISD. The project plans to use 2.4 MW turbines manufactured by Mitsubishi although final turbine selection has not occurred. The other 66 turbines will be located in Borden County and Borden County ISD. A separate 313 application will be submitted for the portion of the project in Borden County ISD.

This application covers qualified property necessary for the commercial operations of the wind farm. Qualified property includes, but is not limited to, turbines, towers, electrical interconnections, electrical substations, transmission lines, met towers, foundations, operations buildings, spare parts, and control systems necessary for commercial generation of electricity.

ATTACHMENT 4A

Wind Tex Energy – Stephens, LLC has the ability to locate a wind farm in numerous locations in the United States.

ATTACHMENT 5

The project is located in the following taxing jurisdictions:

- Lynn County (54%)
- O'Donnell ISD (54%)
- Lynn County Hospital District (54%)
- High Plains Underground Water Conservation District #1 (54%)

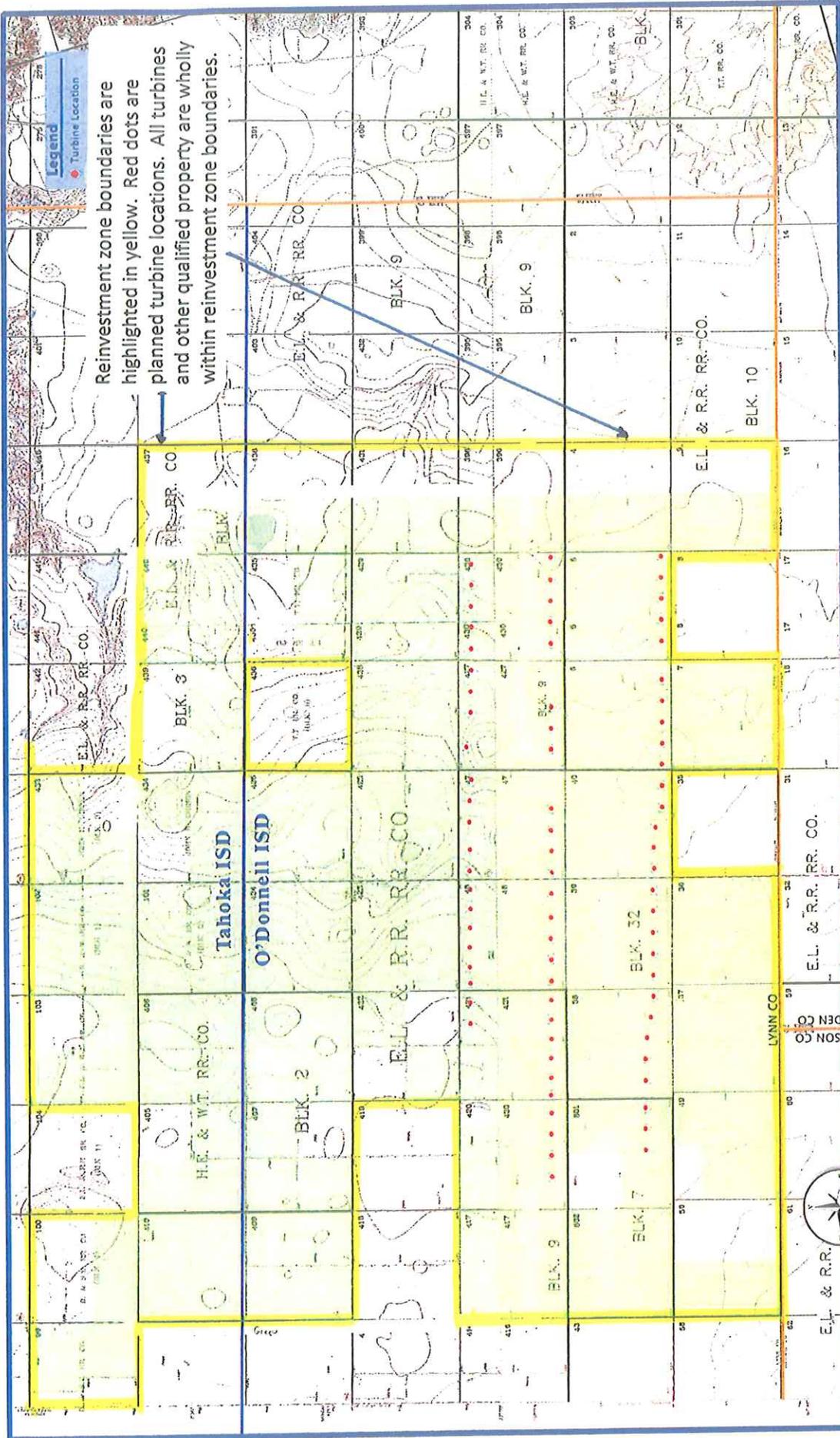
ATTACHMENT 6

Wind Tex Energy – Stephens, LLC plans to construct a 343 MW wind farm in Borden and Lynn Counties. 77 out of a total of 143 wind turbines will be located in Lynn County and O'Donnell ISD. The project plans to use 2.4 MW turbines manufactured by Mitsubishi although final turbine selection has not occurred. The other 66 turbines will be located in Borden County and Borden County ISD. A separate 313 application will be submitted for the portion of the project in Borden County ISD.

This application covers qualified property necessary for the commercial operations of the wind farm. Qualified property includes, but is not limited to, turbines, towers, electrical interconnections, electrical substations, transmission lines, met towers, foundations, operations buildings, spare parts, and control systems necessary for commercial generation of electricity.

ATTACHMENT 7

See attached maps (Lynn reinvestment zone, vicinity map, O'Donnell ISD map)



Lynn County
North Phase
07/27/11

Stephens - BorLynn Wind Energy Project

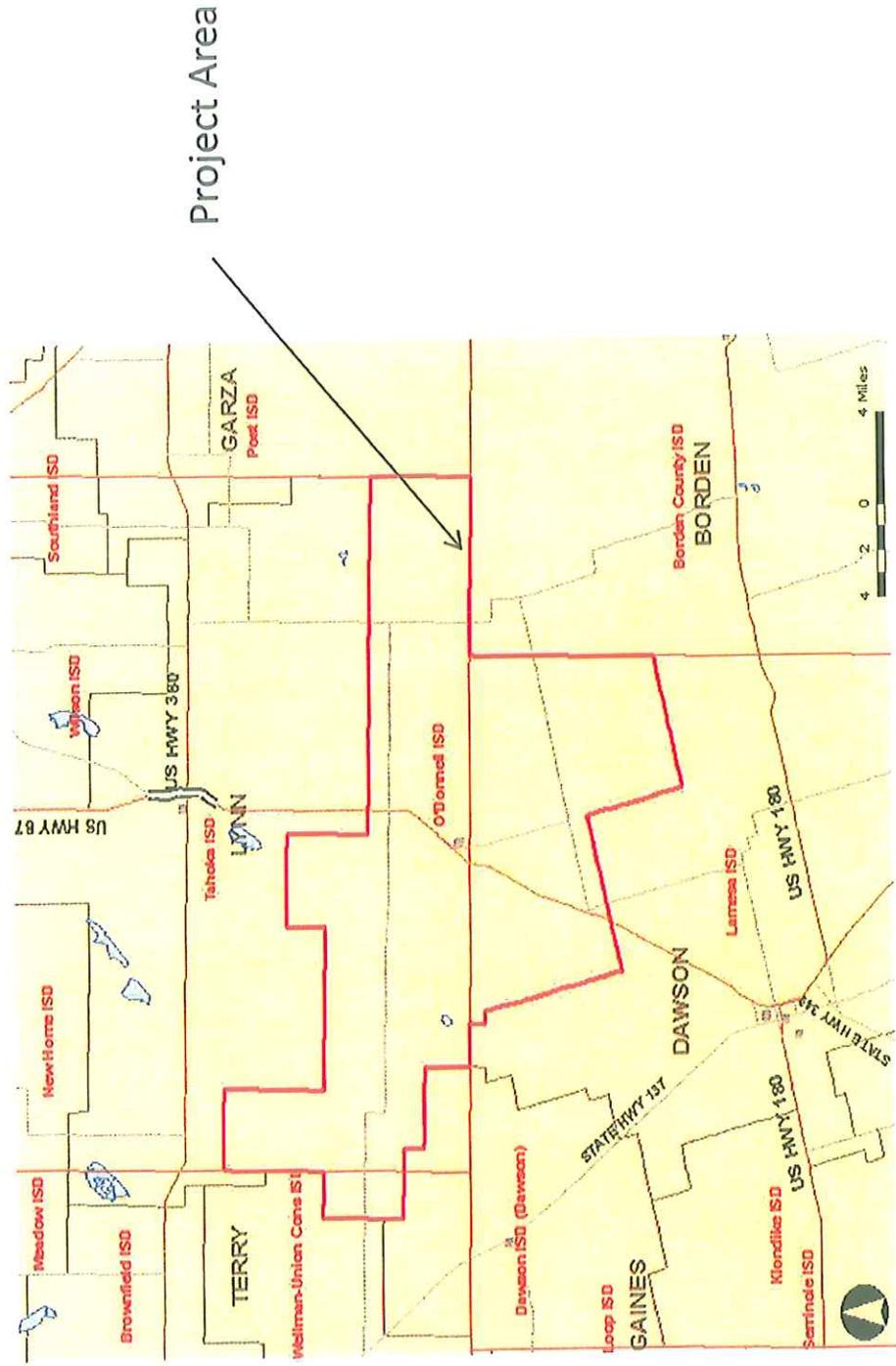


Vicinity Map



Project Area

O'Donnell ISD Map



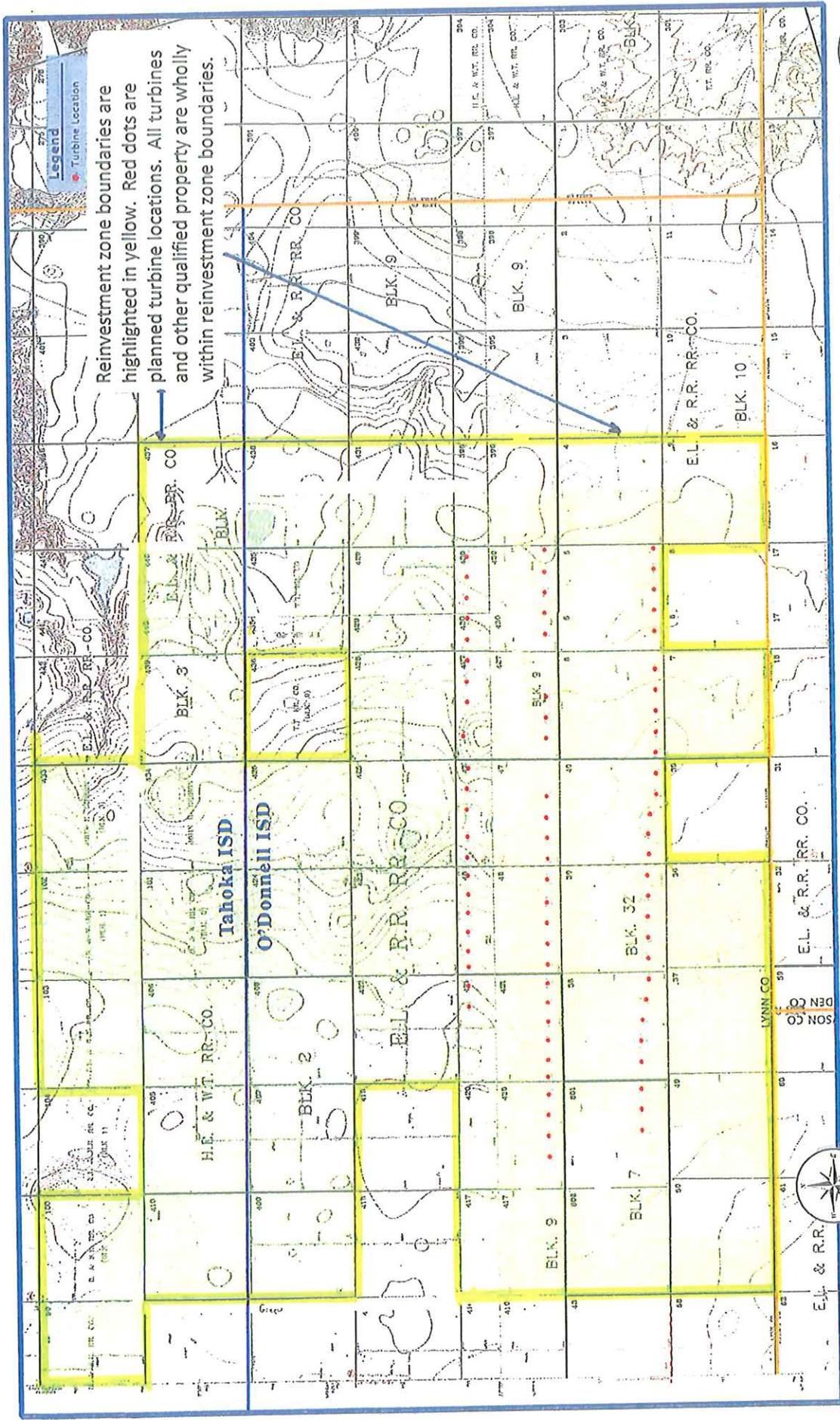
ATTACHMENT 8

Wind Tex Energy – Stephens, LLC plans to construct a 343 MW wind farm in Borden and Lynn Counties. 77 out of a total of 143 wind turbines will be located in Lynn County and O’Donnell ISD. The project plans to use 2.4 MW turbines manufactured by Mitsubishi although final turbine selection has not occurred. The other 66 turbines will be located in Borden County and Borden County ISD. A separate 313 application will be submitted for the portion of the project in Borden County ISD.

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ATTACHMENT 9

See attached maps (Lynn County reinvestment zone, vicinity map, O'Donnell map)



Reinvestment zone boundaries are highlighted in yellow. Red dots are planned turbine locations. All turbines and other qualified property are wholly within reinvestment zone boundaries.

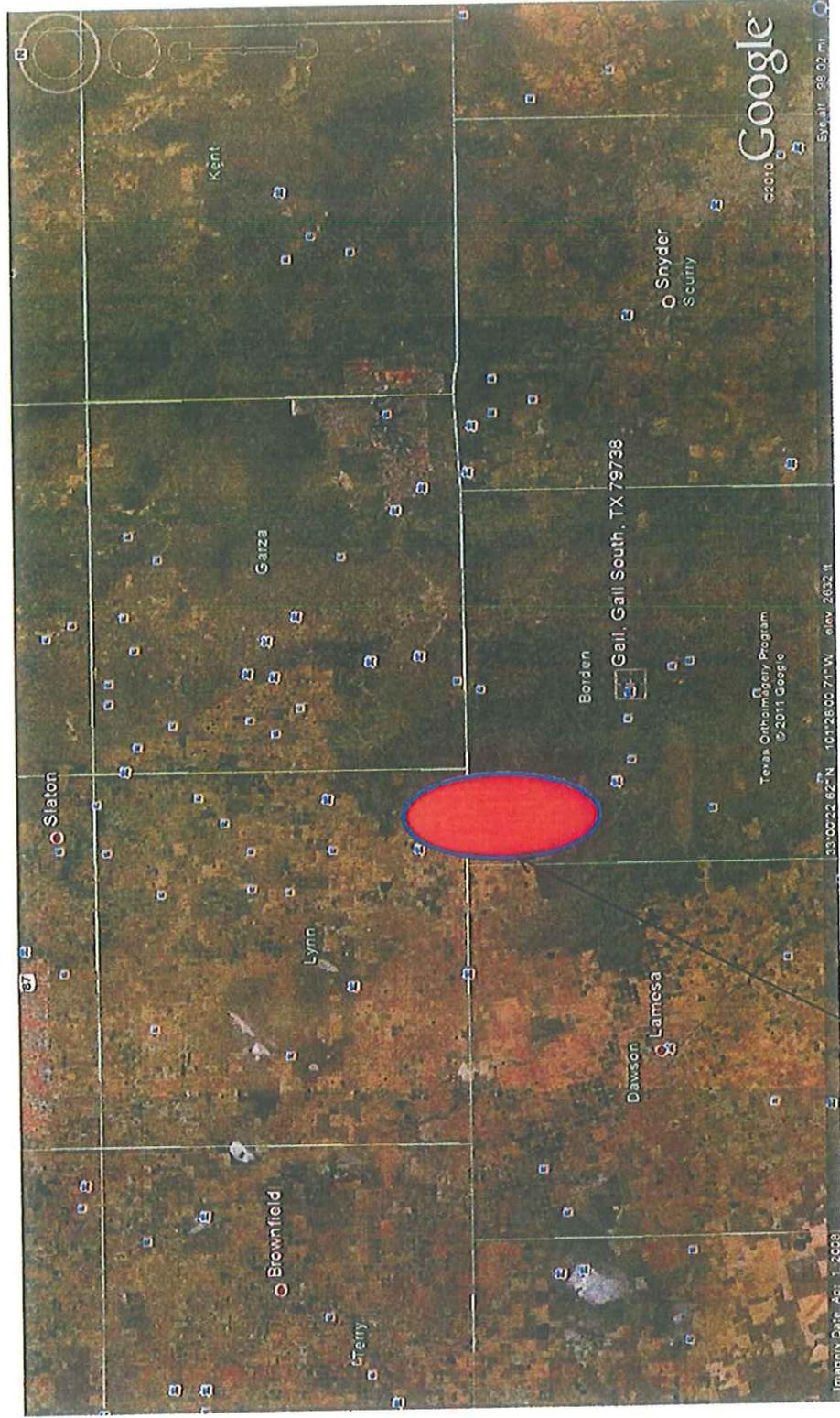


Lynn County
North Phase
07/27/11

Stephens - BorLynn Wind Energy Project

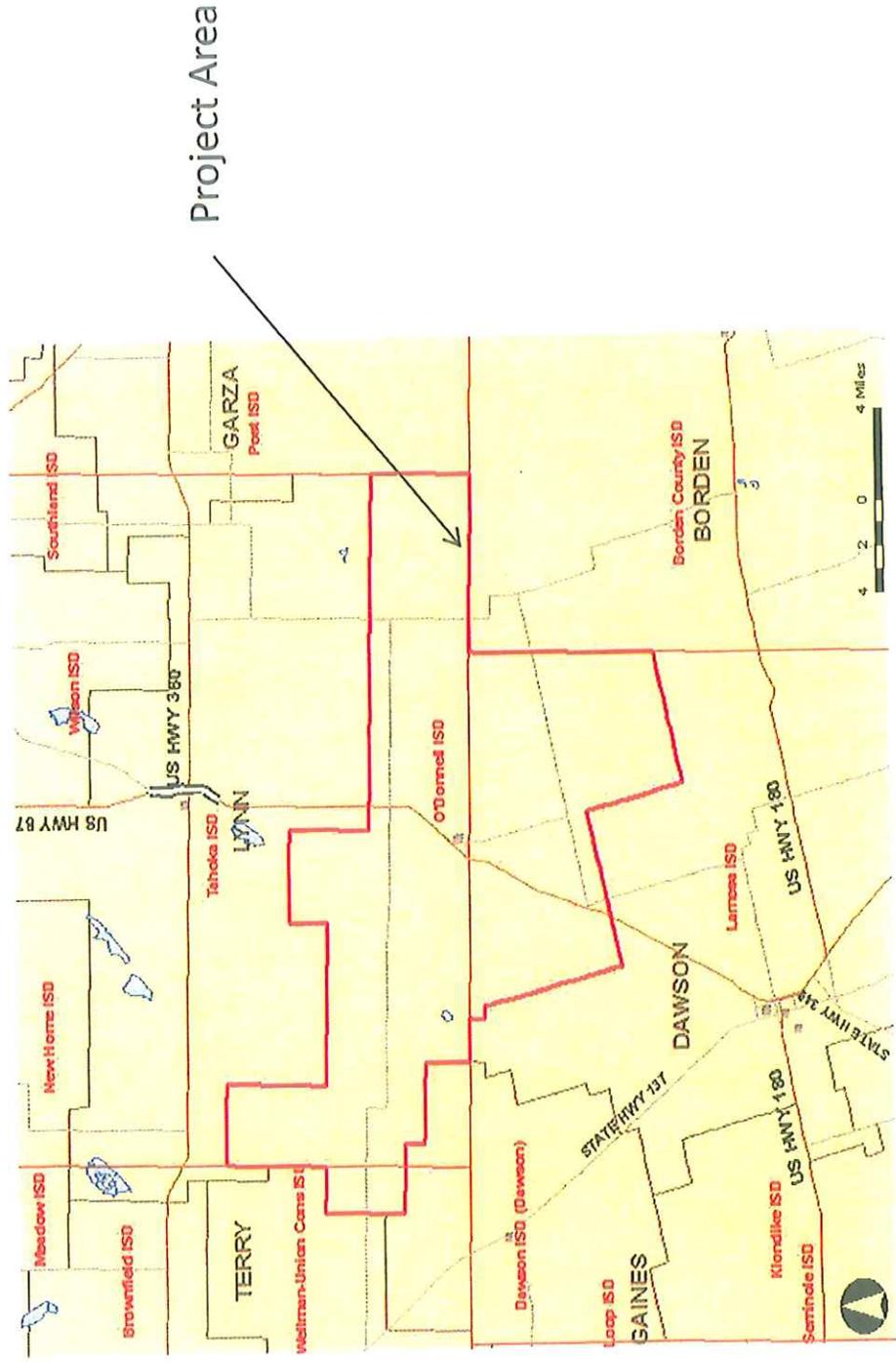


Vicinity Map



Project Area

O'Donnell ISD Map



ATTACHMENT 10

The legal description of the reinvestment zone is attached. The project will be on leased land. As such, the land will not be considered part of qualified property. Land account numbers, owner names, appraisal district account numbers, and taxable values are not applicable.

Exhibit A

REINVESTMENT ZONE, BORLYNN WIND FARM

Legal Description

The Project may contain Section 99, Block 100, & Section 100, Block 4, D. & S.E. Survey Co., Lynn County, Texas; Section 102, Block 1, & Section 101, Block O, D. & W. R.R. Survey Co., Lynn County, Texas; Sections 405, 406, 407 and 408, Block 2, & Sections 801 and 802, Block 7, H.E. & W.T. Survey Co., Lynn County, Texas; Section 433, Block 3, & Section 434, J.H. Gibson Survey Co., Lynn County, Texas; Section 103, Block 1, & Sections 437, 438, 439 and 440, Block 3, & Sections 396, 409, 410, 417, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430 and 431, Block 9, & Sections 4, 5, 6, 7 and 9, Block 10, E.L. & R.R. R.R. Survey Co., Lynn County, Texas; Sections 36, 37, 38, 39, 40, 47, 48, 49 and 50, Block 32, & Section 435, T.T. R.R. Survey Co., Lynn County, Texas.

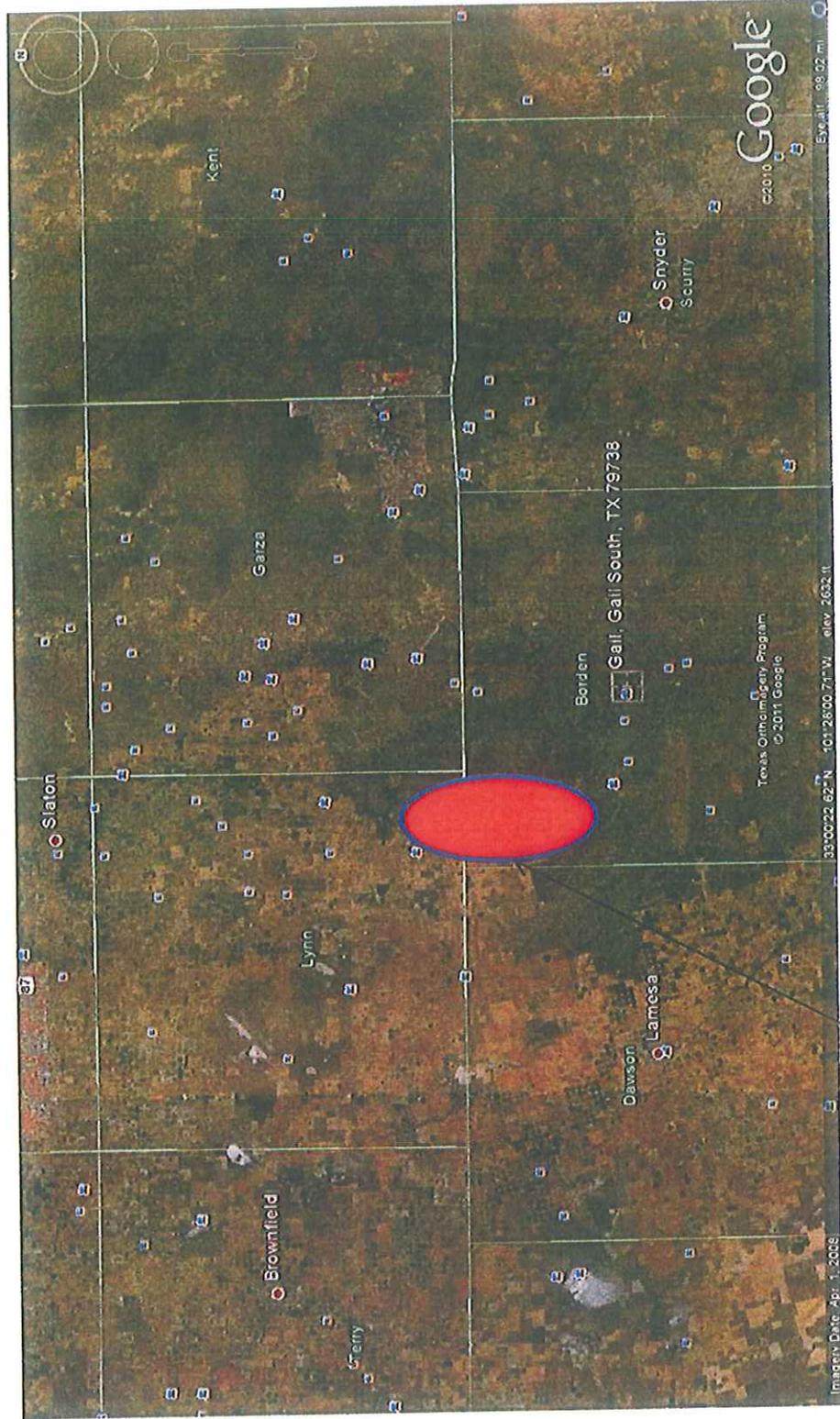


PAGE 10 OF 14
CERTIFICATION:
TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN LYNN COUNTY
CLERK'S OFFICE

ATTACHMENT 11

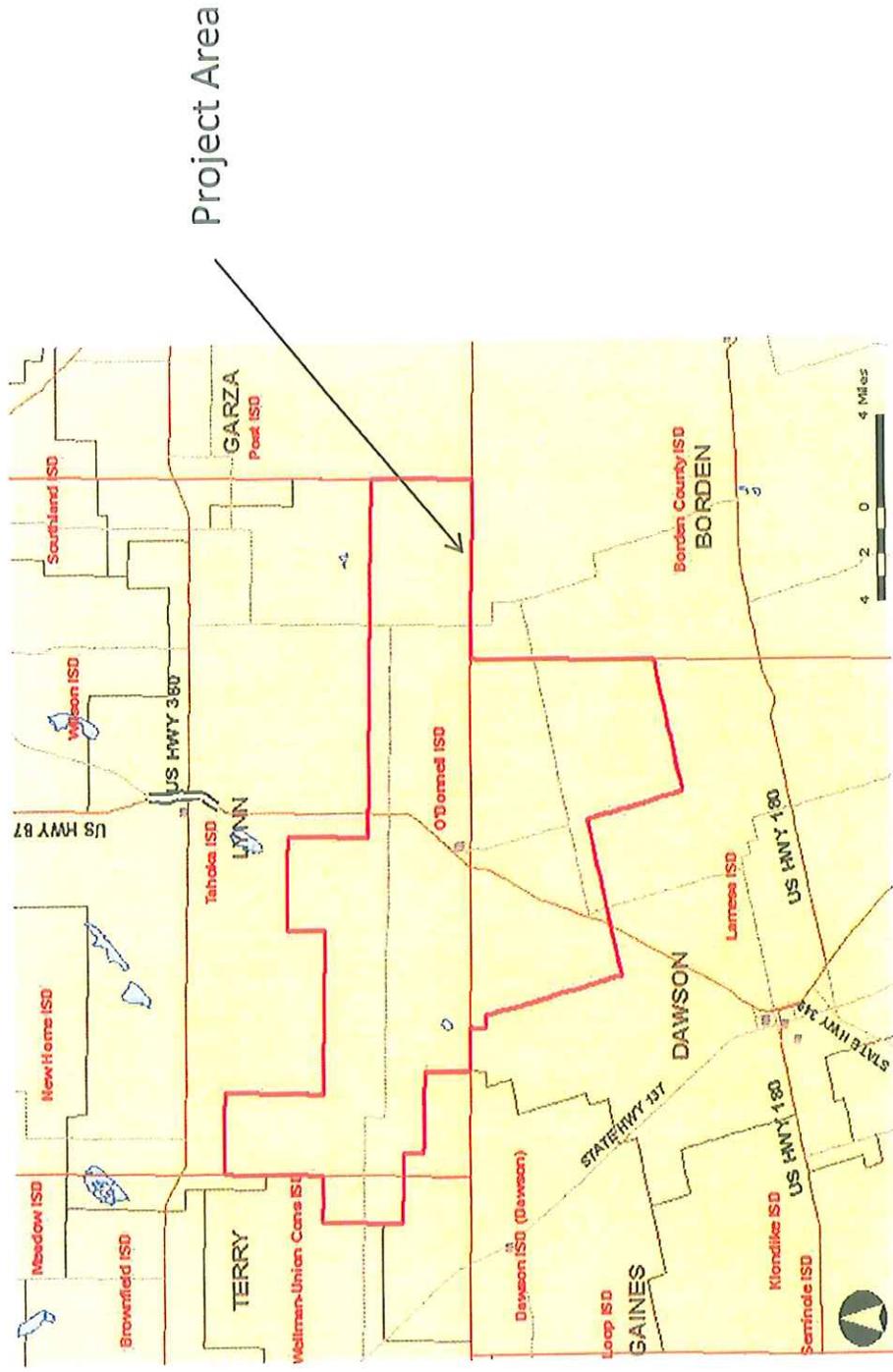
Please see attached maps

Vicinity Map

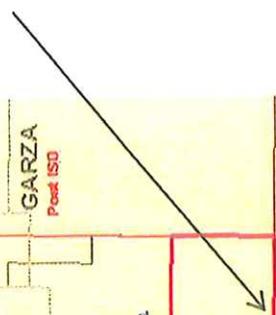


Project Area

O'Donnell ISD Map



Project Area



ATTACHMENT 12

There are no existing wind farm related improvements at the site as of January 1, 2011.

ATTACHMENT 13

Please see attached letter requesting a waiver of the job creation requirement.

CUMMINGS WESTLAKE LLC

12837 Louetta Road, Suite 201 Cypress, Texas 77429-5611 713-266-4456 713-266-2333 (Fax)

August 2, 2011

Mr. Randy Allen
Superintendent
O'Donnell ISD
P.O. Box 487
O'Donnell, TX 79351

Re: Request for Waiver of Job Creation Requirement– Wind Tex Energy – Stephens, LLC

Dear Mr. Allen:

Wind Tex Energy – Stephens, LLC requests that O'Donnell ISD waive the job creation requirement as allowed by Tax Code §313.025(f-1). Our clients have provided 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 operator, turbine type, and the support and technical assistance (warranty) 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, please contact me at 713-266-4456 or by email @ dcummings@cwlp.net.

Sincerely,



D. Dale Cummings

ATTACHMENT 14

The calculation of the three possible wage requirements with TWC documentation is attached.

WIND TEX ENERGY - STEPHENS, LLC
ATTACHMENT TO CHAPTER 313 APPLICATION - O'DONNELL ISD

CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2011	\$ 604	\$ 31,408
FOURTH	2010	\$ 611	\$ 31,772
THIRD	2010	\$ 565	\$ 29,380
SECOND	2010	\$ 546	\$ 28,392
AVERAGE		\$ 582	\$ 30,238
		X 110%	110%
		\$ 640	\$ 33,262

CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2011	\$ 508	\$ 26,416
FOURTH	2010	\$ 544	\$ 28,288
THIRD	2010	\$ 562	\$ 29,224
SECOND	2010	\$ 584	\$ 30,368
AVERAGE		\$ 550	\$ 28,574
		X 110%	110%
		\$ 604	\$ 31,431

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
	2010	\$ 648	\$ 33,717
		X 110%	110%
		\$ 713	\$ 37,089

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	2nd Qtr	Lynn County	Total All	00	0	10	Total, All Industries	\$546
2010	3rd Qtr	Lynn County	Total All	00	0	10	Total, All Industries	\$565
2010	4th Qtr	Lynn County	Total All	00	0	10	Total, All Industries	\$611
2011	1st Qtr	Lynn County	Total All	00	0	10	Total, All Industries	\$604
2011	1st Qtr	Lynn County	Total All	31	2	31-33	Manufacturing	\$508
2010	4th Qtr	Lynn County	Total All	31	2	31-33	Manufacturing	\$544
2010	3rd Qtr	Lynn County	Total All	31	2	31-33	Manufacturing	\$562
2010	2nd Qtr	Lynn County	Total All	31	2	31-33	Manufacturing	\$584

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

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

← Lynn County & O'Donnell ISD

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.

ATTACHMENT 15

Wind Tex Energy – Stephens, LLC will provide its employees with benefits including but not limited to the following:

- Medical Insurance Coverage
- Paid Holidays
- Paid Vacation
- 401(k) Retirement Savings Plan

ATTACHMENT 16

The economic impact study will be performed by the Comptroller at a future date.

Schedule D shows that Lynn County has agreed to abate 100% of the property taxes for a ten-year period. However, Wind Tex Energy – Stephens, LLC has agreed to make an in-lieu-of tax payment to Lynn County in the amount of \$1,000 per installed megawatt during the ten-year term of the abatement agreement.

ATTACHMENT 17

Please see attached Schedule A

Schedule A (Rev. 2010): Investment

Applicant Name: Wind Tex Energy - Stephens, LLC
 O'Donnell ISD

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 The amount of new investment (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 Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)			
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)	2011-2012	2011	\$ 5,658,768.00	\$ -	\$ -	\$ -	\$ 5,658,768			
Tax Credit Period (with 50% cap on credit)	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)	1	2012-2013	2012	\$ 7,391,232.00	\$ 150,000.00	\$ 7,541,232	\$ 7,541,232			
		2	2013-2014	2013	\$ 211,866,000	\$ -	\$ 211,866,000	\$ 211,866,000			
		3	2014-2015	2014	\$ -	\$ -	\$ -	\$ -			
		4	2015-2016	2015	\$ -	\$ -	\$ -	\$ -			
		5	2016-2017	2016	\$ -	\$ -	\$ -	\$ -			
		6	2017-2018	2017	\$ -	\$ -	\$ -	\$ -			
		7	2018-2019	2018	\$ -	\$ -	\$ -	\$ -			
		8	2019-2020	2019	\$ -	\$ -	\$ -	\$ -			
		9	2020-2021	2020	\$ -	\$ -	\$ -	\$ -			
		10	2021-2022	2021	\$ -	\$ -	\$ -	\$ -			
		11	2022-2023	2022	\$ -	\$ -	\$ -	\$ -			
		12	2023-2024	2023	\$ -	\$ -	\$ -	\$ -			
		13	2024-2025	2024	\$ -	\$ -	\$ -	\$ -			
		14	2025-2026	2025	\$ -	\$ -	\$ -	\$ -			
		15	2026-2027	2026	\$ -	\$ -	\$ -	\$ -			
Credit Settle-Up Period	Continue to Maintain Viable Presence										
	Post-Settle-Up Period										
	Post-Settle-Up Period										

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 §313.02(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

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

Column C: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.02(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. 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. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column E: 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.

ATCUNWAY
 APR 5, 2011
 DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

ATTACHMENT 18

Please see attached Schedule B

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Wind Tex Energy - Stephens, LLC

Form 50-296

Applicant Name
ISD Name

O'Donnell ISD

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market Value	Estimated Taxable Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
					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"				
	pre-year 1	2011-2012	2011	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	1	2012-2013	2012	\$ -	\$ 6,475,000	\$ 75,000	\$ -	\$ 6,550,000	\$ 6,550,000	\$ 6,550,000
	2	2013-2014	2013	\$ -	\$ 202,334,400	\$ 150,000	\$ -	\$ 202,484,400	\$ 202,484,400	\$ 202,484,400
	3	2014-2015	2014		\$ 194,241,000	\$ 146,250	\$ -	\$ 194,387,250	\$ 194,387,250	\$ 194,387,250
	4	2015-2016	2015		\$ 186,471,400	\$ 142,600	\$ -	\$ 186,614,000	\$ 186,614,000	\$ 186,614,000
	5	2016-2017	2016		\$ 179,012,500	\$ 139,000	\$ -	\$ 179,151,500	\$ 179,151,500	\$ 179,151,500
Tax Credit Period (with 50% cap on credit)	6	2017-2018	2017		\$ 171,852,000	\$ 132,700	\$ -	\$ 171,984,700	\$ 171,984,700	\$ 171,984,700
	7	2018-2019	2018		\$ 161,540,900	\$ 126,700	\$ -	\$ 161,667,600	\$ 161,667,600	\$ 161,667,600
	8	2019-2020	2019		\$ 151,848,400	\$ 121,000	\$ -	\$ 151,969,400	\$ 151,969,400	\$ 151,969,400
	9	2020-2021	2020		\$ 142,737,500	\$ 115,600	\$ -	\$ 142,853,100	\$ 142,853,100	\$ 142,853,100
	10	2021-2022	2021		\$ 134,173,300	\$ 110,400	\$ -	\$ 134,283,700	\$ 134,283,700	\$ 134,283,700
Credit Settle-Up Period	11	2022-2023	2022		\$ 126,122,900	\$ 105,400	\$ -	\$ 126,228,300	\$ 126,228,300	\$ 126,228,300
	12	2023-2024	2023		\$ 118,555,500	\$ 100,700	\$ -	\$ 118,656,200	\$ 118,656,200	\$ 118,656,200
	13	2024-2025	2024		\$ 111,442,200	\$ 96,200	\$ -	\$ 111,538,400	\$ 111,538,400	\$ 111,538,400
Post-Settle-Up Period	14	2025-2026	2025		\$ 104,755,700	\$ 91,900	\$ -	\$ 104,847,600	\$ 104,847,600	\$ 104,847,600
Post-Settle-Up Period	15	2026-2027	2026		\$ 98,470,400	\$ 87,800	\$ -	\$ 98,558,200	\$ 98,558,200	\$ 98,558,200

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.

[Handwritten Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

9/7/2011

DATE

ATTACHMENT 19

Please see attached Schedule C

Schedule C- Application: Employment Information

Applicant Name
ISD Name

Wind Tex Energy - Stephens, LLC
O'Donnell 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 [FTE])	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to 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	2011-2012	2011	30	\$ 57,000	0	\$ -	0	\$ -
	1	2012-2013	2012	75	\$ 57,000	5	\$ 37,089	5	\$ 37,089
	2	2013-2014	2013	-	\$ -	5	\$ 37,089	5	\$ 37,089
	3	2014-2015	2014	0	\$ -	5	\$ 37,089	5	\$ 37,089
	4	2015-2016	2015	0	\$ -	5	\$ 37,089	5	\$ 37,089
	5	2016-2017	2016	0	\$ -	5	\$ 37,089	5	\$ 37,089
	6	2017-2018	2017	0	\$ -	5	\$ 37,089	5	\$ 37,089
	7	2018-2019	2018	0	\$ -	5	\$ 37,089	5	\$ 37,089
	8	2019-2020	2019	0	\$ -	5	\$ 37,089	5	\$ 37,089
	9	2020-2021	2020	0	\$ -	5	\$ 37,089	5	\$ 37,089
	10	2021-2022	2021	0	\$ -	5	\$ 37,089	5	\$ 37,089
	11	2022-2023	2022	0	\$ -	5	\$ 37,089	5	\$ 37,089
	12	2023-2024	2023	0	\$ -	5	\$ 37,089	5	\$ 37,089
	13	2024-2025	2024	0	\$ -	5	\$ 37,089	5	\$ 37,089
	14	2025-2026	2025	0	\$ -	5	\$ 37,089	5	\$ 37,089
	15	2026-2027	2026	0	\$ -	5	\$ 37,089	5	\$ 37,089
Tax Credit Period (with 50% cap on credit)									
	Complete tax years of qualifying time period								
	Value Limitation Period								
	Credit Settle-Up Period								
	Post-Settle-Up Period								
	Post-Settle-Up Period								

Notes: For job definitions see TAC §9.1051(14) and Tax Code §913.021(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 those amounts for future years.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Aug 5, 2011

DATE

ATTACHMENT 20

Please see attached Schedule D

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

Applicant Name

Wind Tex Energy - Stephens, LLC

ISD Name

O'Donnell ISD

Form 50-296

Other Property Tax Abatements Sought

	Year	School Year (YYYY-YYYY)	Tax/Calendar Year YYYY	Sales Tax Information			Franchise Tax	Other Property Tax Abatements Sought											
				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		County	City	Hospital	Other								
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2011																
Complete tax years of qualifying time period	1	2011-2012	2012	\$ 5,558,768	\$ 7,541,232	\$ -	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	2	2012-2013	2013	\$ 6,178,901	\$ 205,687,099	\$ -	0%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	3	2013-2014	2014	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	4	2014-2015	2015	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	5	2015-2016	2016	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	6	2016-2017	2017	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	7	2017-2018	2018	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	8	2018-2019	2019	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	9	2019-2020	2020	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	10	2020-2021	2021	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	11	2021-2022	2022	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	12	2022-2023	2023	\$ -	\$ -	\$ 17,000	100%	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	13	2023-2024	2024	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	14	2024-2025	2025	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
	15	2025-2026	2026	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
15	2026-2027	2027	\$ -	\$ -	\$ 17,000	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	

*For planning, construction and operation of the facility.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

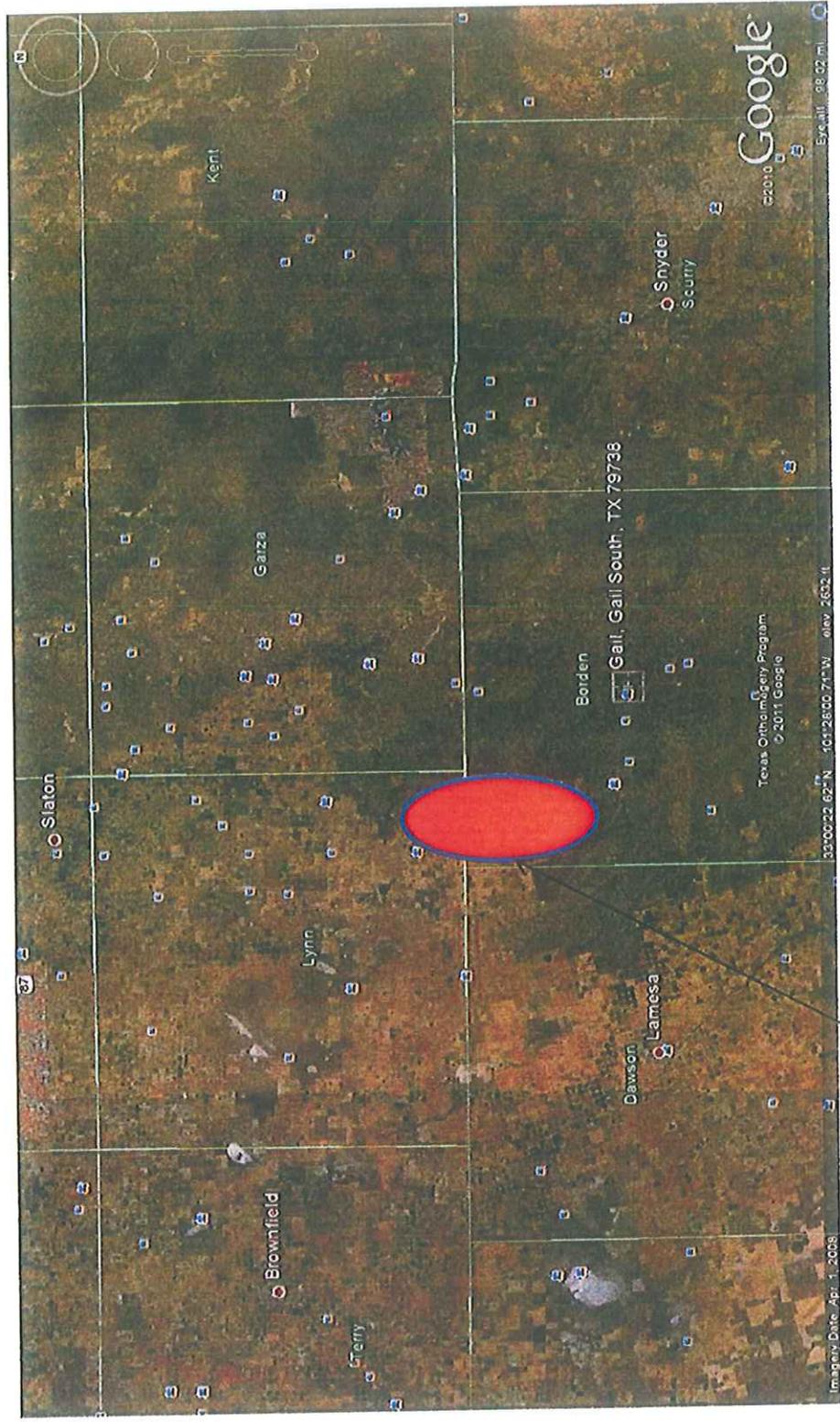
As of 5/2011

DATE

ATTACHMENT 21

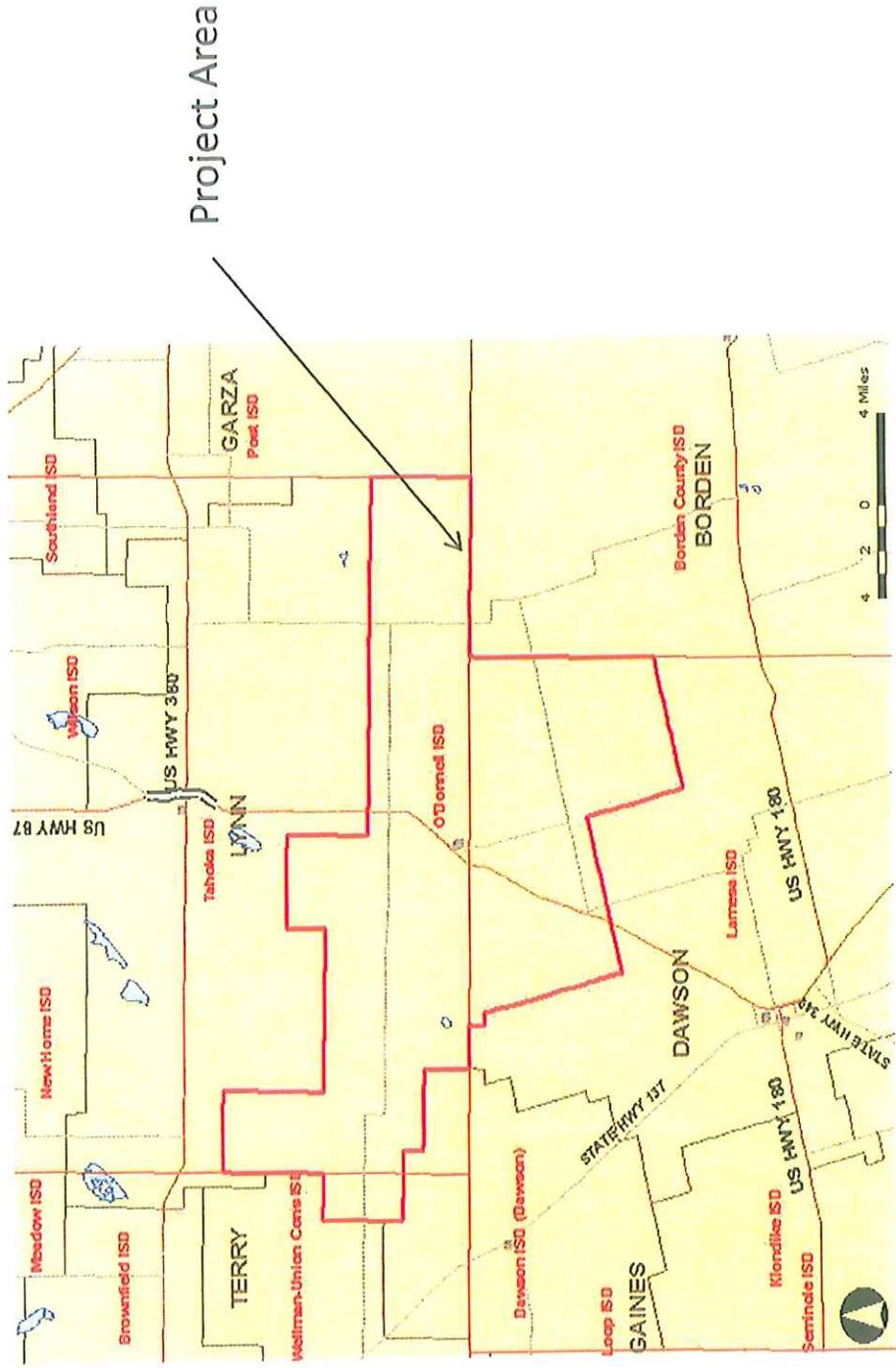
A map of the reinvestment zone is attached as is a vicinity map.

Vicinity Map



Project Area

O'Donnell ISD Map



ATTACHMENT 22

The resolution of the Lynn County Commissioners Court establishing the reinvestment zone is attached.

Exhibit B

STATE OF TEXAS §
 §
COUNTY OF LYNN §

Order Designating the BorLynn Wind Farm Reinvestment Zone

Whereas, Notice of a proposed Designation of a Reinvestment Zone was published in accordance with the Texas Tax Code and whereas Lynn County desires to create a Reinvestment Zone in Lynn County.

It is **Hereby Ordered** that the County designates the property located in Lynn County having the legal description attached to this order as Exhibit "A" as the BorLynn Wind Farm Reinvestment Zone under the Lynn County Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones, having determined that the improvements are feasible and would benefit the Zone after expiration of any tax abatement agreement, and that the designation will contribute to the retention or expansion of primary employment and will attract major investment in the zone that will benefit the zone and will contribute to the economic development of the County; and

That the County declares eligible for property tax abatement all eligible property now or hereafter located in the Lynn County Wind Farm Reinvestment Zone as authorized by the Lynn County Guidelines and Criteria for Granting Tax Abatements in Reinvestment Zones and Chapter 312 of the Texas Tax Code.

Passed and approved at the regular meeting of the Lynn County Commissioner's Court, at which a quorum was present on the 14th day of September, 2009.

By:


H.G. Franklin, County Judge

ATTEST:

By:


Susan Tipton, County Clerk



PAGE 11 OF 14
CERTIFICATION:
TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN LYNN COUNTY
CLERK'S OFFICE

Exhibit "A"

BORLYNN WIND FARM REINVESTMENT ZONE LEGAL DESCRIPTION
Lynn County, Texas

Project contains the following real property located in Lynn County, Texas:

Section 99, Block 100, & Section 100, Block 4, D. & S.E. Survey Co., Lynn County, Texas;
Section 102, Block 1, & Section 101, Block O, D. & W. R.R. Survey Co., Lynn County, Texas;
Sections 405, 406, 407 and 408, Block 2, & Sections 801 and 802, Block 7, H.E. & W.T. Survey
Co., Lynn County, Texas; Section 433, Block 3, & Section 434, J.H. Gibson Survey Co., Lynn
County, Texas; Section 103, Block 1, & Sections 437, 438, 439 and 440, Block 3, & Sections
396, 409, 410, 417, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430 and 431, Block 9, &
Sections 4, 5, 6, 7 and 9, Block 10, E.L. & R.R. R.R. Survey Co., Lynn County, Texas; Sections
36, 37, 38, 39, 40, 47, 48, 49 and 50, Block 32, & Section 435, T.T. R.R. Survey Co., Lynn
County, Texas.



PAGE 12 OF 14
CERTIFICATION:
TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN LYNN COUNTY
CLERK'S OFFICE

ATTACHMENT 23

The legal description of the reinvestment zone is attached.

Exhibit "A"

BORLYNN WIND FARM REINVESTMENT ZONE LEGAL DESCRIPTION
Lynn County, Texas

Project contains the following real property located in Lynn County, Texas:

Section 99, Block 100, & Section 100, Block 4, D. & S.E. Survey Co., Lynn County, Texas;
Section 102, Block 1, & Section 101, Block O, D. & W. R.R. Survey Co., Lynn County, Texas;
Sections 405, 406, 407 and 408, Block 2, & Sections 801 and 802, Block 7, H.E. & W.T. Survey
Co., Lynn County, Texas; Section 433, Block 3, & Section 434, J.H. Gibson Survey Co., Lynn
County, Texas; Section 103, Block 1, & Sections 437, 438, 439 and 440, Block 3, & Sections
396, 409, 410, 417, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430 and 431, Block 9, &
Sections 4, 5, 6, 7 and 9, Block 10, E.L. & R.R. R.R. Survey Co., Lynn County, Texas; Sections
36, 37, 38, 39, 40, 47, 48, 49 and 50, Block 32, & Section 435, T.T. R.R. Survey Co., Lynn
County, Texas.



PAGE 12 OF 14
CERTIFICATION:
TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN LYNN COUNTY
CLERK'S OFFICE

ATTACHMENT 24

The guidelines and criteria for Lynn County are attached.

GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENTS IN REINVESTMENT ZONES

Lynn County, Texas

I. PURPOSE

Lynn County, hereinafter referred to as "County" is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax phase-in, which includes the designation of reinvestment zones, application for tax abatements and entering into tax abatement agreements, to stimulate growth and development.

It is the intent of the County that such incentives will be provided in accord with the procedures and criteria outlined in this document. However, nothing in these Guidelines and Criteria shall imply or suggest to be construed to imply or suggest that tax entities are under any obligation to provide any incentives to any applicant. All such applicants for tax phase-in incentives shall be considered on an individual basis for both the qualification for tax abatement and the amount of any tax abatement. The adoption of these guidelines and criteria shall not create any property, contract or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement, and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone. All abatement contracts will be for a term no longer than allowed by law. Additionally, the Lynn County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

II. DEFINITIONS

The attached Glossary is a list of words with their definitions that are found in this document, and the Glossary is incorporated herein by reference.

III. GUIDELINES AND CRITERIA

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement as a minimum must meet the following:

- (a) Be an authorized Facility. A facility may be eligible for abatement if it is a(n):

Aquaculture/Agriculture Facility,

Distribution Center Facility,
Manufacturing Facility,
Office Building,
Regional Entertainment/Tourism Facility,
Research Facility,
Regional Service Facility,
Historic Building in designated area,
Wind Energy Facility or
Other Basic Industry

- (b) The project must be reasonably expected to have an increase in positive net economic benefit to Lynn County of at least \$150,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and for capital improvement.

In consideration of the request for designation as a reinvestment zone and to receive tax abatement, the following factors will also be considered:

- (1) Jobs. The projected new jobs created including the number of jobs, the retention of existing jobs, the type of jobs, the average payroll, the total payroll and the number of local persons hired.
- (2) Fiscal Impact. The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, the amount of direct sales tax that will be generated, the infrastructure improvements by the County that will be required by the facility, the infrastructure improvements made by the facility, and the compatibility of the project.
- (3) Community Impact.

The pollution, if any, as well as other negative environmental impacts affecting the health and safety of the community that will be created by the project:

The revitalization of a depressed area;

The business opportunities of existing local vendors;

The alternative development possibilities for proposed site;

The impact on other taxing entities, including the use of municipal or county infrastructure; and/or

Whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Lynn County to another.

IV. ABATEMENT AUTHORIZED

- (a) **Authorized Date.** A facility may be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction; provided, that such facility meets the criteria granting tax abatement in reinvestment zones created in Lynn County pursuant to these Guidelines and Criteria for a period not to exceed ten years.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee (and lessor if required pursuant to IV (E)), subject to such limitations as the Guidelines and Criteria may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion. If the modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) **Eligible Property.** Abatement may be extended to the value of the following: new, expanded, replaced or modernized buildings and structures, fixed machinery and equipment, site improvements plus that office space and related fixed improvements necessary to the operation and administration of the facility, and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code.
- (e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement:
- Land,
 - Animals,
 - Inventories,
 - Supplies,
 - Tools,
 - Furnishings and other forms of movable personal property,
 - Vehicles,
 - Vessels,
 - Aircraft,
 - Housing or residential property,
 - Fauna,

Flora,
Deferred Maintenance investments,
Property to be rented or leased except as provided in Part IV(f),
Any improvements including those to produce, store or distribute natural
gas or fluids that are not integral to the operation of the facility,
Property owned or used by the State of Texas or its political subdivision or
by any organization owned, operated or directed by a political subdivision
of the State of Texas.

- (f) **Owned/Leased Facilities.** If a leased facility is granted an abatement, the agreement shall be executed with the lessor and lessee.
- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement or the qualifying facility in service date or whichever is later. The value of new eligible properties shall be abated according to the approved agreement between applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement. The table in the attached Exhibit "A", incorporated herein by referenced, shall be the maximum abatement available, the actual amount of abatement granted is in the sole discretion of the Lynn County Commissioner's Court, but shall not exceed said maximum.

The abatement may be extended through an initial agreement and a subsequent agreement as may be required to comply with state law regarding the term of the reinvestment zone.

- (h) **Taxability.** From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:
- (1) The value of ineligible property as provided in Part IV(e) shall be fully taxable.
 - (2) The base year value of existing eligible property as determined each year shall be fully taxable.
 - (3) The additional value of new eligible property shall be taxable in the manner described in Part IV(g).

V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner, assignee or lessee of taxable property in Lynn County may request the creation of a reinvestment zone and tax abatement by filing written request either with the County or applicable taxing entity. The completed Application must be accompanied by the payment of a five hundred dollar (\$500) non-refundable application fee for

administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to Lynn County.

- (b) The application shall consist of a completed application form accompanied by:
- (1) a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;
 - (2) a descriptive list of the improvements which will be part of the facility;
 - (3) a map and property description or a site plan;
 - (4) a time schedule for undertaking and completing the planned improvements;
 - (5) in the case of modernizing or replacing existing facilities in whole or in part, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application; and
 - (6) The application form may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the taxing entity receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the jurisdiction receiving such application shall through public hearings afford the applicant and the designated representative of any affected jurisdiction the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the jurisdiction receiving such application to be posted at least seven (7) days prior to the hearing.
- (d) The jurisdiction receiving the application shall approve or disapprove the application for tax abatement within forty-five (45) days after receipt of the application. The presiding officer of the legislative body of the jurisdiction receiving such application shall notify the applicant of the approval or disapproval promptly thereafter.

- (e) A request for reinvestment zone for the purpose of abatement shall not, except pursuant to subsection (e), be granted if the jurisdiction receiving the application finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization expansion or new facility.
- (f) Variance. Requests for variance from the provisions of subsections (a) through (e) of Part V may be made in written form to the presiding officer of the jurisdiction receiving the application. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of a request for variance requires a three-fourths (3/4) vote of the governing body of the affected jurisdiction as provided in State Statutes.

VI. PUBLIC HEARING

- (a) Should any affected jurisdiction be able to show cause in the public hearing why the granting of abatement will have a substantial adverse effect on its bonds, tax revenue, service incapacity or the provision of service, that showing shall be reason for the jurisdiction receiving the application to deny the granting of ad valorem tax abatement.
- (b) Neither a reinvestment zone nor an abatement shall be authorized if it is determined that:
 - (1) There would be a substantial adverse affect on the provision of a government service or tax base of an affected jurisdiction.
 - (2) The applicant has insufficient financial capacity.
 - (3) Planned or potential use of the property would constitute a hazard to public safety, health or morals.
 - (4) Planned or potential use of the property violates other governmental codes or laws.

VII. AGREEMENT

- (a) After approval of the tax abatement application, each affected jurisdiction shall formally pass a resolution and execute an agreement with the owner and/or lessee of the facility which shall include:
 - (1) Estimated value to be abated and the base year value.

- (2) Percent of value to be abated each year as provided in Part IV(g) of these Guidelines and Criteria.
 - (3) The commencement date and the termination date of abatement.
 - (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description and improvements list as provided in Part V of these Guidelines and Criteria.
 - (5) Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes recapture, administration and assignment as provided herein and other provisions that may be required for uniformity or by state law.
 - (6) Amount of investment and/or average number of jobs involved for the period of abatement.
 - (7) Said contract shall meet all of the requirements of Texas Tax Code Sec. 312 et. seq.
- (b) Such agreement shall be executed within thirty (30) days after the later of the date applicant has forwarded all necessary information to the jurisdiction receiving the application or the date of the approval of the application.
- (c) Each affected jurisdiction shall make its own determination of abatement which shall not bind any other affected jurisdiction.

VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues producing product or service for any reason excepting fire, explosion or other casualty or accident or natural disaster for a period of more than one (1) year during the abatement period, then the abatement agreement shall terminate and so shall the abatement of taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to each affected jurisdiction within the County within sixty (60) days from the date of termination.
- (b) Should the jurisdiction establishing a reinvestment zone and signing a tax abatement agreement determine that a company or individual is in default according to the terms and conditions of its agreement, the jurisdiction

shall notify the company or individual in writing at the address stated in the agreement, and if such is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Further, it will be a default under a tax abatement granted pursuant to these Guidelines and Criteria if the owner of the eligible property subject to the abatement is delinquent in paying any undisputed taxes to any taxing authority in Lynn County, Texas.

(c) In the event that the company or individual:

- (1) Allows its ad valorem taxes owed the County or an affected jurisdiction to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest; or
- (2) Violates any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

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

IX. ADMINISTRATION

- (a) The Chief Appraiser of the Lynn County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving abatement shall furnish the assessor with such information as may be necessary for abatement, including the number of new or retained employees associated with the facility. Once value has been established, the Chief Appraiser shall notify the affected jurisdictions which levy taxes on the amount of the assessment.
- (b) The agreement shall stipulate that employees and/or designated representatives of the jurisdiction establishing the reinvestment zone and entering into a tax abatement agreement will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.
- (c) Upon completion of construction the jurisdiction establishing the reinvestment zone and entering into a tax abatement agreement shall

annually evaluate each facility and report possible violations of the contract and/or agreement to each affected jurisdiction.

- (d) All proprietary information acquired by an affected jurisdiction for purposes monitoring compliance with the terms and conditions of an abatement agreement shall be considered confidential.

X. ASSIGNMENT

- (a) Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of each affected jurisdiction, subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with each affected jurisdiction.
- (b) The contractual agreement with the new owner or lessee shall not exceed the termination date of the abatement agreement with the original owner and/or lessee.
- (c) No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any affected jurisdiction for outstanding taxes or other obligations.
- (d) Approval shall not be unreasonably withheld.

XI. SUNSET PROVISION

- (a) These Guidelines and Criteria are effective upon the date of the adoption and will remain in force for two (2) years, unless amended by three quarters vote of the Commissioners Court of Lynn County, Texas, at which time all reinvestment zones and tax abatement contracts created pursuant hereto will be reviewed by each affected jurisdiction to determine whether the goals have been achieved. Based on that review, these Guidelines and Criteria may be modified, renewed or eliminated, providing that such actions shall not affect existing contracts.
- (b) These Guidelines and Criteria do not amend any existing Industrial District Contracts or agreements with the owners of real property in areas deserving of specific attention as agreed by the affected jurisdiction.
- (c) Prior to the date for review, as defined above, these Guidelines and Criteria may be modified by a two-thirds (2/3) vote of the affected taxing authorities, as provided for under the laws of the State of Texas.

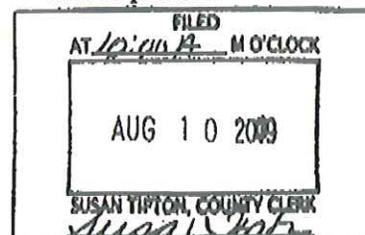
XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph or any part of these Guidelines and Criteria shall for any reason, be adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of these Guidelines and Criteria.
- (b) Property that is in a reinvestment zone that is owned or leased by the following cannot benefit from a tax abatement:
 - (1) A member of the governing body of a municipality or by a member of a planning board or commission of the municipality; or
 - (2) A member of the commissioner's court or a member of a planning board or commission of the County is excluded from property tax abatement.
- (c) If these Guidelines and Criteria have omitted any mandatory requirements of the applicable tax abatement laws of the State of Texas, then such requirements are hereby incorporated as a part of this Guideline Statement.

GLOSSARY

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real property in a reinvestment zone designated by the County or a city for economic development purposes.
- (b) "Aquaculture/Agriculture Facility" means building, structures and major earth structure improvements, including fixed machinery and equipment, the primary purpose of which is of food and/or fiber products in commercially marketable quantities.
- (c) "Affected Jurisdiction" means Lynn County and any municipality, or school district, the majority of which is located in Lynn County that levies ad valorem taxes upon and/or provides services to property located within the proposed or existing reinvestment zone designated by Lynn County or any municipality.
- (d) "Agreement" means a contractual agreement between a property owner and/or lessee and the affected jurisdiction for the purpose of tax abatement.
- (e) "Base year value" means the assessed value of eligible property on January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1 but before the filing of an application for tax abatement.
- (f) "Deferred maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process of technology.
- (g) "Distribution Center Facility" means building and structures, including machinery and equipment, used or to be used primarily to receive, store, service or distribute goods or materials owned by the facility, from which a majority of revenue generated by activity at the facility are derived from outside of Lynn County.
- (h) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (i) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- (j) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

- (k) "Modernization" means the upgrading and or replacement of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.
- (l) "New Facility" means improvements to real estate previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (m) "New Jobs" means a newly created employment position on a full-time permanent basis. Two or more part-time permanent employees totaling an average of not less than 40 hours per week may be considered as one full-time permanent employee.
- (n) "Office Building" means a new office building.
- (o) "Other Basic Industry" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the County and results in the creation of new permanent jobs and new wealth in the County.
- (p) "Regional Entertainment/Tourism Facility" means buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment and/or tourism related services, from which a majority of revenues generated by activity at the facility are derived from outside Lynn County.
- (q) "Research Facility" means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production process thereto.
- (r) "Regional Service Facility" means buildings and structures, including fixed machinery and equipment, used or to be used to provide a service from which a majority of revenues generated by activity at the facility are derived from outside Lynn County.
- (s) "Wind Energy Facility" means buildings and structures, including but not limited to wind energy generating turbines, electric transmission lines, electric power substations, electrical gathering equipment, communications systems and roads, fixed machinery and equipment, used or to be used to provide electrical energy.



Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

November 7, 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

WIND TEX ENERGY-STEPHENS, 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 7th day of
November 2011 A.D.

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

Susan Combs
Texas Comptroller

Taxpayer number: 32034592389
File number: 0800930602

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



October 6, 2011

Randy Allen
Superintendent
O'Donnell Independent School District
P. O. Box 487
O'Donnell, Texas 79351

Dear Superintendent Allen:

On September 21, 2011, the agency received the completed application for a limitation on appraised value originally submitted to the O'Donnell Independent School District (O'Donnell ISD) by Wind Tex Energy - Stephens, LLC (Wind Tex Energy) in August, 2011, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Wind Tex Energy'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, O'Donnell 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 (\$219,407,232) 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.

Wind Tex Energy is proposing the construction of a wind power electric generation facility in Lynn and Borden Counties. Wind Tex Energy 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 Wind Tex Energy, the Comptroller's recommendation is that Wind Tex Energy'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. Randy Allen
October 6, 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 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 or by phone at 1-800-531-5441, 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	Wind Tex Energy - Stephens, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	O'Donnell Independent School District
2008-09 Enrollment in School District	338
County	Lynn & Borden
Total Investment in District	\$224,966,000
Qualified Investment	\$219,407,232
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	5*
Number of qualifying jobs committed to by applicant	5
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$713
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$713
Minimum Annual Wage committed to by applicant for qualified jobs	\$37,089
Investment per Qualifying Job	\$44,993,200
Estimated 15 year M&O levy without any limit or credit:	\$24,473,760
Estimated gross 15 year M&O tax benefit	\$16,794,129
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$16,461,699
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,252,067
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$8,012,061
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	67.3%
Percentage of tax benefit due to the limitation	86.6%
Percentage of tax benefit due to the credit.	13.4%
* 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 Wind Tex Energy (the project) applying to O'Donnell Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

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

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

After construction, the project will create five new jobs when fully operational. All five jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains State Planning Region, where Lynn County is located was \$33,696 in 2010. The annual average manufacturing wage for 2010 for Lynn County is \$28,600. That same year, the county annual average wage for all industries was \$30,264. In addition to a salary of \$37,089, each qualifying position will receive benefits such as medical insurance coverage, paid holidays, paid vacation, and 401(k) retirement savings plan. The project's total investment is \$224 million, resulting in a relative level of investment per qualifying job of \$45 million.

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

According to Wind Tex Energy's application, "Wind Tex Energy - Stephens, LLC has the ability to locate a wind farm in numerous locations in the United States."

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

During the past two years, zero project in the South Plains State Planning 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 Wind Tex Energy 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 Wind Tex Energy'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 Wind Tex Energy

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	30	30	60	\$1,710,000	\$2,290,000	\$4,000,000
2012	80	77	157	\$4,460,445	\$4,539,555	\$9,000,000
2013	5	6	11	\$185,445	\$814,555	\$1,000,000
2014	5	14	19	\$185,445	\$1,814,555	\$2,000,000
2015	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2016	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2017	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2018	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2019	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2020	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2021	5	18	23	\$185,445	\$1,814,555	\$2,000,000
2022	5	16	21	\$185,445	\$1,814,555	\$2,000,000
2023	5	17	22	\$185,445	\$2,814,555	\$3,000,000
2024	5	15	20	\$185,445	\$1,814,555	\$2,000,000
2025	5	14	19	\$185,445	\$1,814,555	\$2,000,000
2026	5	17	22	\$185,445	\$1,814,555	\$2,000,000

Source: CPA, REMI, Wind Tex Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. O'Donnell ISD's ad valorem tax base in 2010 was \$109.5 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, O'Donnell ISD's estimated wealth per WADA was \$176,788. 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, Lynn County, Lynn County Hospital District, and High Plains Underground Water Conservation District #1, with all property tax incentives sought being granted using estimated market value from Wind Tex Energy's application. Wind Tex Energy has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with Lynn County and Lynn County Hospital District. Table 3 illustrates the estimated tax impact of the Wind Tex Energy project on the region if all taxes are assessed.

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	O'Donnell ISD I&S Levy	O'Donnell ISD M&O Levy	O'Donnell ISD M&O and I&S Tax Levies (Before Credit Credited)	O'Donnell ISD M&O and I&S Tax Levies (After Credit Credited)	Lynn County	Lynn County Hospital District	High Plains Underground Water Conservation District #1	Estimated Total Property Taxes
				0.0000	1.1700			0.8611	0.2475	0.0079	
2012	\$6,550,000	\$6,550,000		\$0	\$76,635	\$76,635	\$76,635	\$56,402	\$16,208	\$520	\$149,765
2013	\$202,484,400	\$202,484,400		\$0	\$2,369,067	\$2,369,067	\$2,369,067	\$0	\$0	\$16,077	\$2,385,145
2014	\$194,387,250	\$10,000,000		\$0	\$117,000	\$117,000	\$117,000	\$0	\$0	\$15,434	\$132,434
2015	\$186,614,000	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$14,817	\$73,317
2016	\$179,151,500	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$14,225	\$72,725
2017	\$171,984,700	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$13,656	\$72,156
2018	\$161,667,600	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$12,836	\$71,336
2019	\$151,969,400	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$12,066	\$70,566
2020	\$142,853,100	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$11,343	\$69,843
2021	\$134,283,700	\$10,000,000		\$0	\$117,000	\$117,000	\$58,500	\$0	\$0	\$10,652	\$69,162
2022	\$126,228,300	\$126,228,300		\$0	\$1,476,871	\$1,476,871	\$0	\$0	\$0	\$10,023	\$10,023
2023	\$118,656,200	\$118,656,200		\$0	\$1,388,278	\$1,388,278	\$1,022,581	\$1,021,749	\$293,615	\$9,421	\$2,347,366
2024	\$111,538,400	\$111,538,400		\$0	\$1,304,999	\$1,304,999	\$1,022,581	\$960,457	\$276,002	\$8,856	\$2,550,314
2025	\$104,847,600	\$104,847,600		\$0	\$1,226,717	\$1,226,717	\$1,226,717	\$902,843	\$259,445	\$8,325	\$2,397,330
2026	\$98,558,200	\$98,558,200		\$0	\$1,153,131	\$1,153,131	\$1,153,131	\$848,685	\$243,882	\$7,826	\$2,253,523
						Total	\$7,679,631	\$3,790,135	\$1,089,152	\$166,087	\$12,725,005

Assumes School Value Limitation and Tax Abatement with the County and Hospital District.

Source: CPA, Wind Tex Energy, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	O'Donnell ISD I&S Levy	O'Donnell ISD M&O Levy	O'Donnell ISD M&O and I&S Tax Levies	Lynn County	Lynn County Hospital District	High Plains Underground Water Conservation District #1	Estimated Total Property Taxes	
				0.0000	1.1700		0.8611	0.2475	0.0079		
2012	\$6,550,000	\$6,550,000		\$0	\$76,635	\$76,635	\$56,402	\$16,208	\$520	\$149,765	
2013	\$202,484,400	\$202,484,400		\$0	\$2,369,067	\$2,369,067	\$1,743,593	\$501,048	\$16,077	\$4,629,786	
2014	\$194,387,250	\$194,387,250		\$0	\$2,274,331	\$2,274,331	\$1,673,869	\$481,011	\$15,434	\$4,444,645	
2015	\$186,614,000	\$186,614,000		\$0	\$2,183,384	\$2,183,384	\$1,606,933	\$461,776	\$14,817	\$4,266,910	
2016	\$179,151,500	\$179,151,500		\$0	\$2,096,073	\$2,096,073	\$1,542,674	\$443,310	\$14,225	\$4,096,281	
2017	\$171,984,700	\$171,984,700		\$0	\$2,012,221	\$2,012,221	\$1,480,960	\$425,576	\$13,656	\$3,932,413	
2018	\$161,667,600	\$161,667,600		\$0	\$1,891,511	\$1,891,511	\$1,392,120	\$400,046	\$12,836	\$3,696,514	
2019	\$151,969,400	\$151,969,400		\$0	\$1,778,042	\$1,778,042	\$1,308,609	\$376,048	\$12,066	\$3,474,765	
2020	\$142,853,100	\$142,853,100		\$0	\$1,671,381	\$1,671,381	\$1,230,108	\$353,490	\$11,343	\$3,266,322	
2021	\$134,283,700	\$134,283,700		\$0	\$1,571,119	\$1,571,119	\$1,156,317	\$332,285	\$10,662	\$3,070,383	
2022	\$126,228,300	\$126,228,300		\$0	\$1,476,871	\$1,476,871	\$1,086,952	\$312,352	\$10,023	\$2,886,197	
2023	\$118,656,200	\$118,656,200		\$0	\$1,388,278	\$1,388,278	\$1,021,749	\$293,615	\$9,421	\$2,713,062	
2024	\$111,538,400	\$111,538,400		\$0	\$1,304,999	\$1,304,999	\$960,457	\$276,002	\$8,856	\$2,550,314	
2025	\$104,847,600	\$104,847,600		\$0	\$1,226,717	\$1,226,717	\$902,843	\$259,445	\$8,325	\$2,397,330	
2026	\$98,558,200	\$98,558,200		\$0	\$1,153,131	\$1,153,131	\$848,685	\$243,882	\$7,826	\$2,253,523	
						Total	\$24,473,760	\$18,012,269	\$5,176,096	\$166,087	\$47,828,211

Source: CPA, Wind Tex Energy, LLC

¹Tax 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 \$24,473,760. The estimated gross 15 year M&O tax benefit, or levy loss, is \$16,794,129.

Attachment 3 is an economic overview of Lynn 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.



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

Robert Scott
Commissioner

September 28, 2011

Mr. Robert Wood
Director, Economic Development and Analysis
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 Wind Tex Energy - Stephens LLC project on the number and size of school facilities in O'Donnell Independent School District (OISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the OISD superintendent, Mr. Randy Allen, the TEA has found that the Wind Tex Energy - Stephens LLC project would not have a significant impact on the number or size of school facilities in OISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Belinda Dyer". The signature is written in a cursive style.

Belinda Dyer
Division Manager
Office of School Finance

BD/hd



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

Robert Scott
Commissioner

September 28, 2011

Mr. Robert Wood
Director, Economic Development and Analysis
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 Wind Tex Energy - Stephens LLC project for the O'Donnell Independent School District (OISD). Projections prepared by our Office of School Finance 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 Wind Tex Energy - Stephens LLC project on OISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in cursive script that reads "Belinda Dyer".

Belinda Dyer
Division Manager
Office of School Finance

BD/hd

Lynn County

Population

Total county population in 2009 for Lynn County: 5,674, down 0.5 percent from 2008. State population increased 2.0 percent in the same time period. Lynn County was the state's 196th largest county in population in 2009 and the 205th fastest growing county from 2008 to 2009. Lynn County's population in 2009 was 48.1 percent Anglo (above the state average of 46.7 percent), 3.4 percent African-American (below the state average of 11.3 percent) and 47.0 percent Hispanic (above the state average of 36.9 percent).

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

Tahoka:	2,465	O'Donnell:	895
Wilson:	451	New Home:	297

Economy and Income

Employment

August 2011 total employment in Lynn County: 2,621, up 1.6 percent from August 2010. State total employment increased 0.6 percent during the same period.

August 2011 Lynn County unemployment rate: 8.3 percent, up from 7.2 percent in August 2010. The statewide unemployment rate for August 2011 was 8.5 percent, up from 8.2 percent in August 2010.

August 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

Lynn County's ranking in per capita personal income in 2009: 201st with an average per capita income of \$28,608, up 5.7 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 Lynn County averaged \$127.18 million annually from 2007 to 2010. County total agricultural values in 2010 were up 80.0 percent from 2009. Major agriculture related commodities in Lynn County during 2010 included:

Sorghum	Sunflowers	Other Beef	Cottonseed	Cotton
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2010 oil and gas production in Lynn County: 230,776.0 barrels of oil and 74,330.0 Mcf of gas. In February 2011, there were 91 producing oil wells and 0 producing gas wells.

Taxes

Sales Tax - Taxable Sales

Quarterly (September 2010 through December 2010)

Taxable sales in Lynn County during the fourth quarter 2010: \$3.80 million, up 20.5 percent from the same quarter in 2009.

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

Tahoka:	\$2.68 million, up 31.9 percent from the same quarter in 2009.
O'Donnell:	\$134,697.00, up 15.3 percent from the same quarter in 2009.
Wilson:	\$29,691.00, down 33.1 percent from the same quarter in 2009.

Annual (2010)

Taxable sales in Lynn County during 2010: \$14.86 million, up 10.7 percent from 2009.

Lynn County sent an estimated \$928,816.50 (or 0.01 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.

Taxable sales during 2010 in the city of:

Tahoka:	\$10.41 million, up 15.5 percent from 2009.
O'Donnell:	\$425,338.00, down 3.8 percent from 2009.
Wilson:	\$137,355.00, down 25.9 percent from 2009.

Sales Tax - Local Sales Tax Allocations

Monthly

Statewide payments based on the sales activity month of July 2011: \$483.96 million, up 10.0 percent from July 2010.

Payments to all cities in Lynn County based on the sales activity month of July 2011: \$12,475.73, up 21.4 percent from July 2010.

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

Tahoka*:	\$10,690.15, up 20.8 percent from July 2010.
O'Donnell:	\$1,088.54, up 17.3 percent from July 2010.
Wilson:	\$697.04, up 41.3 percent from July 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 Lynn County based on sales activity months in 2010: \$149,412.89, up 32.4 percent from 2009.

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

Tahoka*:	\$119,838.43, up 40.4 percent from 2009.
O'Donnell:	\$18,727.17, up 6.8 percent from 2009.
Wilson:	\$10,847.29, up 9.0 percent from 2009.

*On 4/1/2010, the city of Tahoka's local sales tax rate increased by 0.00 from 1.500 percent to 1.500 percent.

Property Tax

As of January 2009, property values in Lynn County: \$531.96 million, up 12.2 percent from January 2008 values. The property tax base per person in Lynn County is \$93,754, above the statewide average of \$85,809. About 7.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

Lynn County's ranking in state expenditures by county in fiscal year 2010: 196th. State expenditures in the county for FY2010: \$20.12 million, down 0.1 percent from FY2009.

In Lynn County, 5 state agencies provide a total of 21 jobs and \$726,829.00 in annualized wages (as of 4th quarter 2010).

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

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

Higher Education

Community colleges in Lynn County fall 2010 enrollment:

None.

Lynn County is in the service area of the following:

South Plains College with a fall 2010 enrollment of 10,153. Counties in the service area include:

Bailey County
Cochran County
Crosby County
Floyd County
Gaines County
Garza County
Hale County
Hockley County
Lamb County
Lubbock County
Lynn County
Molley County
Terry County
Yoakum County

Institutions of higher education in Lynn County fall 2010 enrollment:

None.

School Districts

Lynn County had 4 school districts with 8 schools and 1,312 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.)

New Home ISD had 184 students in the 2009-10 school year. The average teacher salary was \$41,576. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.

O'Donnell ISD had 338 students in the 2009-10 school year. The average teacher salary was \$44,625. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

Tahoka ISD had 640 students in the 2009-10 school year. The average teacher salary was \$40,132. The percentage of students meeting the 2010 TAKS passing standard for all tests was 75 percent.

Wilson ISD had 150 students in the 2009-10 school year. The average teacher salary was \$39,194. The percentage of students meeting the 2010 TAKS passing standard for all tests was 65 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED WIND
TEX ENERGY - STEPHENS, LLC PROJECT ON THE FINANCES OF
THE O'DONNELL INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

September 6, 2011

Final Report-Revised

PREPARED BY



Estimated Impact of the Proposed Wind Tex Energy - Stephens, LLC Project on the Finances of the O'Donnell Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Wind Tex Energy - Stephens, LLC (Wind Tex Energy) has requested that the O'Donnell Independent School District (O'DISD) 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 O'DISD on August 16, 2011. Wind Tex Energy proposes to invest \$224.97 million to construct a new wind energy project in O'DISD.

The Wind Tex Energy 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, O'DISD may offer a minimum value limitation of \$10 million. Based on the application, the qualifying time period would begin with the 2012-13 school year. The full taxable value of the investment is projected to reach \$202 million in 2014-15, 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 2012-13 and 2013-14 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 2012-13 and 2013-14 school years. Beginning in 2014-15, 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. O'DISD currently does not levy an I&S tax rate, having retired its most recent bond issue last year.

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 pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes—in districts where they are levied—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 generally problematical for a school district that approved a Chapter 313 value limitation. This typically 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 under 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.

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 have 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 Wind Tex Energy 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 296 students in average daily attendance (ADA) in analyzing the effects of the Wind Tex Energy project on the finances of O'DISD. The District's local tax base reached \$96.9 million for the 2011 tax year. While the district's tax base has decreased in 2011 from the prior year, the underlying \$96.9 million taxable value for 2011-12 is maintained for the forecast period in order to isolate the effects of the property value limitation. O'DISD is not a property-wealthy district in terms of its underlying tax base, with wealth per weighted ADA or WADA of approximately \$184,267 for the 2011-12 school year. These assumptions are summarized in Table 1 for the forecast period.

School Finance Impact

A baseline model was prepared for O'DISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influences future state funding. (The 2010-11 Austin yield is maintained for the 2011-12 and 2012-13 school years based on recent legislative changes.) 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 agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Wind Tex Energy 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 Wind Tex Energy value but imposes the proposed property value limitation effective in the third year, which in this case is the 2014-15 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 \$1.17 per \$100 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately \$3.4 million a year in net General Fund revenue.

Under these assumptions, O'DISD would experience a revenue loss as a result of the implementation of the value limitation in the 2014-15 school year (-\$332,430). 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 2014-15 school year. The formula loss of \$332,430 cited above between the base and the limitation models is based on an assumption of \$2,157,331 in M&O tax savings for Wind Tex Energy when the \$10 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, a reduction of \$117,401 in recapture costs is expected to offset a portion of this reduction in M&O tax collections. In addition, a \$1,599,899 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 2015-16 school year and thereafter show the offset coming almost entirely from an increase in state aid that would be owed to O'DISD.

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 in the 2012-13 school year. This change has been made in the models presented here. Given the fact that O'DISD does not currently levy an I&S tax, the change in the Comptroller's property value study will not have an impact that is inconsistent with current law.

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 \$1.17 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 \$16.7 million over the life of the agreement. In addition, Wind Tex Energy 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 \$2.2 million over the life of the agreement, with no unpaid tax credits anticipated.

The key O'DISD revenue losses are associated with the interaction of the reduction in local M&O taxes the first year the value limitation tax effect and state funding formulas. The net reduction in formula funding is expected to total approximately \$332,430 in the third year of the agreement, when the \$10 million value limitation takes effect. It is also anticipated that the District will be reimbursed in full by the state for the tax credit payments. The potential net tax benefits are

estimated to total \$16.4 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the 2014-15 school year, there would still be a substantial tax benefit to Wind Tex Energy under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Wind Tex Energy project remains fully taxable for debt services taxes; however, O'DISD is not levying an I&S rate beginning in the 2011-12 school year. The value of the Wind Tex Energy 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 209 percent to O'DISD's current tax base, which should assist the District in meeting any future debt service needs.

The Wind Tex Energy project is not expected to affect O'DISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Wind Tex Energy wind energy project enhances the tax base of O'DISD. 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 \$16.4 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 O'DISD in meeting any future debt service needs.

Table 1 – Base District Information with Wind Tex Energy - Stephens, 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	2012-13	295.93	581.89	\$1.1700	\$0.0000	\$103,443,644	\$103,443,644	\$95,131,448	\$95,131,448	\$163,487	\$163,487
2	2013-14	295.93	581.89	\$1.1700	\$0.0000	\$299,378,044	\$299,378,044	\$101,681,448	\$101,681,448	\$174,744	\$174,744
3	2014-15	295.93	581.89	\$1.1700	\$0.0000	\$291,280,894	\$106,893,644	\$297,615,848	\$297,615,848	\$511,466	\$511,466
4	2015-16	295.93	581.89	\$1.1700	\$0.0000	\$283,507,644	\$106,893,644	\$289,518,698	\$105,131,448	\$497,550	\$180,673
5	2016-17	295.93	581.89	\$1.1700	\$0.0000	\$276,045,144	\$106,893,644	\$281,745,448	\$105,131,448	\$484,192	\$180,673
6	2017-18	295.93	581.89	\$1.1700	\$0.0000	\$268,878,344	\$106,893,644	\$274,282,948	\$105,131,448	\$471,367	\$180,673
7	2018-19	295.93	581.89	\$1.1700	\$0.0000	\$258,561,244	\$106,893,644	\$267,116,148	\$105,131,448	\$459,051	\$180,673
8	2019-20	295.93	581.89	\$1.1700	\$0.0000	\$248,863,044	\$106,893,644	\$256,799,048	\$105,131,448	\$441,320	\$180,673
9	2020-21	295.93	581.89	\$1.1700	\$0.0000	\$239,746,744	\$106,893,644	\$247,100,848	\$105,131,448	\$424,653	\$180,673
10	2021-22	295.93	581.89	\$1.1700	\$0.0000	\$231,177,344	\$106,893,644	\$237,984,548	\$105,131,448	\$408,987	\$180,673
11	2022-23	295.93	581.89	\$1.1700	\$0.0000	\$223,121,944	\$223,121,944	\$229,415,148	\$105,131,448	\$394,260	\$180,673
12	2023-24	295.93	581.89	\$1.1700	\$0.0000	\$215,549,844	\$215,549,844	\$221,359,748	\$221,359,748	\$380,416	\$380,416
13	2024-25	295.93	581.89	\$1.1700	\$0.0000	\$208,432,044	\$208,432,044	\$213,787,648	\$213,787,648	\$367,403	\$367,403
14	2025-26	295.93	581.89	\$1.1700	\$0.0000	\$201,741,244	\$201,741,244	\$206,669,848	\$206,669,848	\$355,171	\$355,171
15	2026-27	295.93	581.89	\$1.1700	\$0.0000	\$195,451,844	\$195,451,844	\$199,979,048	\$199,979,048	\$343,673	\$343,673

*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	2012-13	\$1,016,963	\$1,818,217	\$60,705	\$0	\$0	\$257,809	\$358,064	\$0	\$3,511,757
2	2013-14	\$2,809,199	\$1,757,081	\$0	\$0	\$0	\$712,157	\$879,505	\$0	\$6,157,942
3	2014-15	\$2,765,820	\$69,526	\$231,883	\$0	-\$171,344	\$701,160	\$30,672	-\$196,432	\$3,431,284
4	2015-16	\$2,693,266	\$100,599	\$198,229	\$0	-\$96,209	\$682,767	\$35,544	-\$182,375	\$3,431,820
5	2016-17	\$2,623,613	\$121,314	\$174,898	\$0	-\$23,940	\$665,109	\$40,234	-\$168,863	\$3,432,364
6	2017-18	\$2,556,720	\$146,053	\$193,111	\$0	\$0	\$648,151	\$44,746	-\$155,872	\$3,432,909
7	2018-19	\$2,460,422	\$212,946	\$222,517	\$0	\$0	\$623,738	\$48,460	-\$141,534	\$3,426,548
8	2019-20	\$2,369,901	\$309,244	\$216,740	\$0	\$0	\$600,791	\$54,673	-\$123,788	\$3,427,560
9	2020-21	\$2,284,811	\$399,765	\$211,308	\$0	\$0	\$579,220	\$60,543	-\$107,058	\$3,428,589
10	2021-22	\$2,204,827	\$484,855	\$206,203	\$0	\$0	\$558,943	\$66,091	-\$91,286	\$3,429,632
11	2022-23	\$2,111,675	\$564,840	\$219,370	\$0	\$0	\$535,328	\$70,733	-\$75,769	\$3,426,176
12	2023-24	\$2,042,412	\$640,027	\$213,445	\$0	\$0	\$517,769	\$75,680	-\$61,887	\$3,427,448
13	2024-25	\$1,977,305	\$710,704	\$207,876	\$0	\$0	\$501,264	\$80,365	-\$48,784	\$3,428,730
14	2025-26	\$1,916,103	\$777,140	\$202,641	\$0	\$0	\$485,749	\$84,802	-\$36,415	\$3,430,020
15	2026-27	\$1,858,573	\$839,591	\$197,720	\$0	\$0	\$471,165	\$89,005	-\$24,737	\$3,431,318

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	2012-13	\$1,016,963	\$1,818,217	\$60,705	\$0	\$0	\$257,809	\$358,064	\$0	\$3,511,757
2	2013-14	\$2,809,199	\$1,757,081	\$0	\$0	\$0	\$712,157	\$879,505	\$0	\$6,157,942
3	2014-15	\$1,048,520	\$69,526	\$1,831,782	\$0	-\$53,943	\$265,809	\$11,628	-\$74,467	\$3,098,854
4	2015-16	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
5	2016-17	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
6	2017-18	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
7	2018-19	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
8	2019-20	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
9	2020-21	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
10	2021-22	\$1,048,520	\$1,724,879	\$122,485	\$0	\$0	\$265,809	\$308,776	\$0	\$3,470,470
11	2022-23	\$2,111,675	\$1,724,879	\$0	\$0	\$0	\$535,328	\$621,861	\$0	\$4,993,743
12	2023-24	\$2,042,412	\$640,027	\$213,445	\$0	\$0	\$517,769	\$75,680	-\$61,887	\$3,427,448
13	2024-25	\$1,977,305	\$710,704	\$207,876	\$0	\$0	\$501,264	\$80,365	-\$48,784	\$3,428,730
14	2025-26	\$1,916,103	\$777,140	\$202,641	\$0	\$0	\$485,749	\$84,802	-\$36,415	\$3,430,020
15	2026-27	\$1,858,573	\$839,591	\$197,720	\$0	\$0	\$471,165	\$89,005	-\$24,737	\$3,431,318

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	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2014-15	-\$1,717,300	\$0	\$1,599,899	\$0	\$117,401	-\$435,351	-\$19,044	\$121,965	-\$332,430
4	2015-16	-\$1,644,746	\$1,624,281	-\$75,744	\$0	\$96,209	-\$416,957	\$273,231	\$182,375	\$38,649
5	2016-17	-\$1,575,092	\$1,603,566	-\$52,413	\$0	\$23,940	-\$399,300	\$268,542	\$168,863	\$38,106
6	2017-18	-\$1,508,200	\$1,578,826	-\$70,626	\$0	\$0	-\$382,342	\$264,030	\$155,872	\$37,560
7	2018-19	-\$1,411,901	\$1,511,933	-\$100,032	\$0	\$0	-\$357,929	\$260,316	\$141,534	\$43,921
8	2019-20	-\$1,321,381	\$1,415,635	-\$94,254	\$0	\$0	-\$334,982	\$254,103	\$123,788	\$42,909
9	2020-21	-\$1,236,291	\$1,325,114	-\$88,823	\$0	\$0	-\$313,411	\$248,233	\$107,058	\$41,881
10	2021-22	-\$1,156,306	\$1,240,024	-\$83,718	\$0	\$0	-\$293,134	\$242,685	\$91,286	\$40,838
11	2022-23	\$0	\$1,160,039	-\$219,370	\$0	\$0	\$0	\$551,128	\$75,769	\$1,567,567
12	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Wind Tex Energy - Stephens, LLC Project Property Value Limitation Request Submitted to O'DISD at \$1.17 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	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	2012-13	\$6,550,000	\$6,550,000	\$0	\$1.170	\$76,635	\$76,635	\$0	\$0	\$0	\$0	\$0
2	2013-14	\$202,484,400	\$202,484,400	\$0	\$1.170	\$2,369,067	\$2,369,067	\$0	\$0	\$0	\$0	\$0
3	2014-15	\$194,387,250	\$10,000,000	\$184,387,250	\$1.170	\$2,274,331	\$117,000	\$2,157,331	\$0	\$2,157,331	-\$332,430	\$1,824,901
4	2015-16	\$186,614,000	\$10,000,000	\$176,614,000	\$1.170	\$2,183,384	\$117,000	\$2,066,384	\$58,500	\$2,124,884	\$0	\$2,124,884
5	2016-17	\$179,151,500	\$10,000,000	\$169,151,500	\$1.170	\$2,096,073	\$117,000	\$1,979,073	\$58,500	\$2,037,573	\$0	\$2,037,573
6	2017-18	\$171,984,700	\$10,000,000	\$161,984,700	\$1.170	\$2,012,221	\$117,000	\$1,895,221	\$58,500	\$1,953,721	\$0	\$1,953,721
7	2018-19	\$161,667,600	\$10,000,000	\$151,667,600	\$1.170	\$1,891,511	\$117,000	\$1,774,511	\$58,500	\$1,833,011	\$0	\$1,833,011
8	2019-20	\$151,969,400	\$10,000,000	\$141,969,400	\$1.170	\$1,778,042	\$117,000	\$1,661,042	\$58,500	\$1,719,542	\$0	\$1,719,542
9	2020-21	\$142,853,100	\$10,000,000	\$132,853,100	\$1.170	\$1,671,381	\$117,000	\$1,554,381	\$58,500	\$1,612,881	\$0	\$1,612,881
10	2021-22	\$134,283,700	\$10,000,000	\$124,283,700	\$1.170	\$1,571,119	\$117,000	\$1,454,119	\$58,500	\$1,512,619	\$0	\$1,512,619
11	2022-23	\$126,228,300	\$126,228,300	\$0	\$1.170	\$1,476,871	\$1,476,871	\$0	\$1,476,871	\$1,476,871	\$0	\$1,476,871
12	2023-24	\$118,656,200	\$118,656,200	\$0	\$1.170	\$1,388,278	\$1,388,278	\$0	\$365,696	\$365,696	\$0	\$365,696
13	2024-25	\$111,538,400	\$111,538,400	\$0	\$1.170	\$1,304,999	\$1,304,999	\$0	\$0	\$0	\$0	\$0
14	2025-26	\$104,847,600	\$104,847,600	\$0	\$1.170	\$1,226,717	\$1,226,717	\$0	\$0	\$0	\$0	\$0
15	2026-27	\$98,558,200	\$98,558,200	\$0	\$1.170	\$1,153,131	\$1,153,131	\$0	\$0	\$0	\$0	\$0
Totals						\$24,473,760	\$9,931,698	\$14,542,062	\$2,252,067	\$16,794,129	-\$332,430	\$16,461,699

Tax Credit for Value Over Limit in First 2 Years

	Year 1	Year 2	Max Credits
	\$0	\$2,252,067	\$2,252,067
Credits Earned			\$2,252,067
Credits Paid			<u>\$2,252,067</u>
Excess Credits Unpaid			\$0

Attachment F

Taxable Value of Property

DATE: 07/27/2011
 TIME: 10:13:16

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
 2010 ISD SUMMARY WORKSHEET
 153-903/0'Donnell ISD
 SCHOOL DISTRICT TOTALS

PAGE: 007
 REPT: PFS265
 WRSN: W

CATEGORY	LOCAL TAX ROLL VALUE	2010 WTD MEAN RATIO	2010 PTD VALUE ESTIMATE	2010 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	14,955,150	N/A	14,955,150	14,955,150
B. MULTIFAMILY RESIDENCES	53,190	N/A	53,190	53,190
C. VACANT LOTS	160,340	N/A	160,340	160,340
D. RURAL REAL (TAXABLE)	44,531,480	N/A	44,531,480	44,531,480
F1. COMMERCIAL REAL	1,128,810	N/A	1,128,810	1,128,810
F2. INDUSTRIAL REAL	2,686,220	N/A	2,686,220	2,686,220
G. OIL, GAS, MINERALS	37,917,580	N/A	37,917,580	37,917,580
J. UTILITIES	5,167,370	N/A	5,167,370	5,167,370
L1. COMMERCIAL PERSONAL	3,084,460	N/A	3,084,460	3,084,460
L2. INDUSTRIAL PERSONAL	589,620	N/A	589,620	589,620
M. MOBILE HOMES	166,140	N/A	166,140	166,140
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	110,440,360		110,440,360	110,440,360
LESS TOTAL DEDUCTIONS	7,683,983		7,683,983	7,683,983
TOTAL TAXABLE VALUE	102,756,377		102,756,377	102,756,377 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED			
ACRES & FARM/RANCH IMP	6,960,960	1.0000	6,960,960
PROD VALUE QUALIFIED ACRES	37,570,520	1.0000	37,570,520
TAXABLE VALUE	44,531,480		44,531,480

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**

by and between

O'DONNELL INDEPENDENT SCHOOL DISTRICT

and

WIND TEX ENERGY-STEPHENS, LLC
(Texas Taxpayer ID # 32034592389)

Dated

November 14, 2011

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

STATE OF TEXAS §

COUNTY OF LYNN §

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 **O'DONNELL 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 **WIND TEX ENERGY-STEPHENS, LLC**, Texas Taxpayer Identification Number 32034592389, hereinafter referred to as the "Applicant." The Applicant and the District are each 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 or about August 16, 2011, the Superintendent of Schools of the O'Donnell Independent School District (hereinafter referred to as "Superintendent"), 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 August 16, 2011, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Wind Tex Energy-Stephens, LLC, and on August 29, 2011, the Superintendent acknowledged receipt of a completed 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, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the "Comptroller") for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, the Comptroller has established September 21, 2011 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the appropriate County Appraisal District under Texas law (the "County Appraisal District"), pursuant to Texas Tax Code §6.01; and,

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on October 6, 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 the November 14, 2011 public hearing held in connection with the Board's consideration of the Application; and,

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

WHEREAS, on November 14, 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 November 14, 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, November 14, 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 November 14, 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 November 14, 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 as of the date of this Agreement; and,

WHEREAS, on _____, 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 October 6, 2011 that the Application be approved; and,

WHEREAS, on November 14, 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 specified in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, the Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021. 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, 2014, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of November 14, 2011 and ending on December 31, 2013 is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). The Applicant shall not be entitled to the 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, 2021. This Agreement will terminate in full on the Final Termination Date, except as otherwise provided herein. 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, including any Tax Credit, 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.

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):

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing November 14, 2011)	January 1, 2011	2011-12	2011	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2014	2014-15	2014	\$ 10 million property value limitation.
4	January 1, 2015	2015-16	2015	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2016	2016-17	2016	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2017	2017-18	2017	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
10	January 1, 2021	2021-22	2021	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	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.
13	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.

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 2011-12 average daily attendance of 320.10, 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 2011, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Wind Tex Energy-Stephens, LLC, *Texas Taxpayer Identification Number 3203459238*, the company listed in the Preamble of this Agreement who, on or about August 16, 2011, filed the Original 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 Original 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 or about August 16, 2011, which has been certified by the Comptroller’s office to collectively constitute a complete final Application as of the date of September 21, 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” or “County Appraisal District” means the Lynn County Appraisal District.

“Board of Trustees” means the Board of Trustees of the O’Donnell Independent School District.

“Commencement Date” means November 14, 2011, the date on which this Agreement was approved by the District’s Board of Trustees.

“Completed Application Date” means September 21, 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 F, together with any court or administrative decisions interpreting same.

“County” means Lynn County, Texas.

“Determination of Breach” shall have the meaning assigned to such term in Section 7.8 of this Agreement

“District” or “School District” means the O’Donnell 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, 2024, except for any final payment obligation under Sections 3.3 or 4.2, below.

“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/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 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 (but not less than zero) equal to (i) 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, (ii) adding to the amount determined under clause (i) all Tax Credits

received by the Applicant under Chapter 313, Texas Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) 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 of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means the total number of "new jobs" defined by 34 Texas Administrative 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 on the project 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 described in the Application and in the description of the Applicant's Qualified Investment and the Applicant's Qualified Property as set forth in Section 2.3, below, 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, 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 Time Period" means the period that begins on the Commencement Date (i.e., November 14, 2011) and ends on December 31, 2013.

"Revenue Protection Amount" means the amount calculated pursuant to Section 3.2 of this Agreement.

"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 Texas 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 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 Texas 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 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 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, 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 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 Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description that is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. 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** that is placed in service under the terms of the Application during the Qualifying Time Period described in both Section 1.2, above and the definition of Qualifying Time Period set forth in Section 1.3, 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 21, 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 Property 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.

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

At the end of the Qualifying Time Period, or 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 specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the 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 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 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 following eight (8) Tax Years 2014, 2015, 2016, 2017, 2018, 2019, 2020, and 2021, 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 §313.023.

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. Such compensation shall be independent of, and in addition to, all such other

payments as are set forth in Article III and Article IV. Subject only 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, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

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 the 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 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 the full M & O 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. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8; and,
- (c) any other loss of the District revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf 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 County Appraisal District in their annual certified tax rolls 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 County Appraisal District to the District's certified tax rolls 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 and 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. 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 five (5) 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 for all calculations under this Agreement under Section 3.6, above, 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 any

expenses under this Section 3.7 and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Sections 3.3(b), 3.4, and 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 of receipt of the certification. Within thirty (30) 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.

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 County Appraisal District on 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 by the County Appraisal District.

If as a result of an appraisal 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 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 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.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

In interpreting the provisions of Article IV, the parties agree as follows:

(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 or required to be increased by the Legislature at a future year of this Agreement; however, in such event it shall not exceed the stipulated Supplemental Payment amount described in Section 4.2 and 4.3 below.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

On or before January 31, 2015 (The payment due date for Tax Year 2014), and continuing thereafter on or before the January 31 of each of the ten (10) years thereafter (*i.e.* through January 31, 2025, the payment due date for Tax Year 2024), Applicant shall make a Supplemental Payment to the District in an amount equal to the lesser of the following:

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as forty percent (40%) of the Net Tax Benefit; or,

(b) the Aggregate Limit.

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 2013) 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 2014) and continuing thereafter through Tax Year thirteen (Tax Year 2024), 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.

Any of the Applicant's Stipulated Supplemental Payment Amount, which cannot be paid to the District prior to the end of Tax Year thirteen (Tax Year 2024), 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: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Annual Limit and the Aggregate Limit; (iii) 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, (iv) 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 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, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments 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 a 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 to the Applicant 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 4.6 shall not alter the Aggregate Limit on Supplemental Payments described in Section 4.4, above.

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 2014 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 Section 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 their 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, the Comptroller's Rules and/or the Texas Education Agency's 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, and such payment, thirty (30) days past due from the date of the reimbursement claim, shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. 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 County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code §22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof. 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 respective County 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.

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, 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. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

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 2014 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 that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled 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 taxes for all of the Tax Years for which the Tax Limitation 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.

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. 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 7.6 MATERIAL BREACH OF AGREEMENT

The Applicant shall be in "Material Breach" of this Agreement 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 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 consideration for this Agreement are not barred by this provision.
- (h) Applicant fails to 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 Breach 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, such as making a material misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or that the Applicant has otherwise committed a 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 of this Agreement, 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 of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not satisfied with such response and/or that such 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 breach has occurred and, if so, whether such 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 of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the 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 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 Material Breach 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 residing in Lynn County, Texas. The Parties agree to sign a document that designates 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 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 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, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a 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.

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 to the District's Authorized Representative as follows:

Randy Allen, Superintendent
O'DONNELL INDEPENDENT SCHOOL DISTRICT
PO Box 487
O'Donnell, Texas 79351
Fax: (806) 428-3395

E-mail: rallen@esc17.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 to:

Steven K. DeWolf, Manager
WIND TEX ENERGY-STEPHENS, LLC
10000 North Central Expressway, Suite 900
Dallas, Texas 75231
Fax: (214) 954-9541
Email: sdewolf@bd-law.com

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, 2013.

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 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 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 Texas 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 County 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 Lynn County, Texas, the County seat of the county in which the District's central office is located.

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, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

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 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

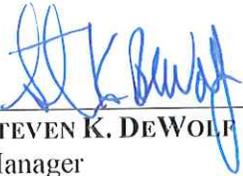
The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting Tax Credits under Texas Tax Code §313.103, as follows:

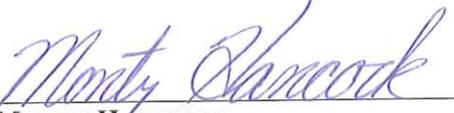
- a. Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 does 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 ___ day of _____ 2011.

WIND TEX ENERGY-STEPHENS, LLC

O'DONNELL INDEPENDENT SCHOOL DISTRICT

By: 
STEVEN K. DEWOLF
Manager
WIND TEX ENERGY-STEPHENS, LLC

By: 
MONTY HANCOCK
President
Board of Trustees

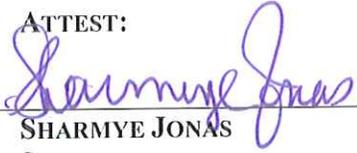
ATTEST:

SHARMYE JONAS
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The BorLynn Wind Farm Reinvestment Zone was originally created on September 14, 2009 by action of the Lynn County Commissioner Court. *The BorLynn Wind Farm Reinvestment Zone* is attached as the last page of this EXHIBIT 1.

More specifically, *the BorLynn Wind Farm Reinvestment Zone* contains the following property and tracks:

Section 99, Block 100, & Section 100, Block 4, D. & S.E. Survey Co., Lynn County, Texas; Section 102, Block 1, & Section 101, Block 0, D. & W. R.R. Survey Co., Lynn County, Texas; Sections 405, 406, 407 and 408, Block 2, & Sections 801 and 802, Block 7, H.E. & W.T. Survey Co., Lynn County, Texas; Section 433, Block 3, & Section 434, J.H. Gibson Survey Co., Lynn County, Texas; Section 103, Block I, & Sections 437, 438, 439 and 440, Block 3, & Sections 396, 409, 410, 417, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430 and 431, Block 9, & Sections 4, 5, 6, 7 and 9, Block 10, E.L. & R.R. RR. Survey Co., Lynn County, Texas; Sections 36, 37, 38, 39, 40, 47, 48, 49 and 50, Block 32, & Section 435, T.T. R.R. Survey Co., Lynn County, Texas.

[EXHIBIT CONTINUED ON NEXT PAGE]

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the O'Donnell Independent School District and the *BorLynn Wind Farm Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

Section 99, Block 100, & Section 100, Block 4, D. & S.E. Survey Co., Lynn County, Texas; Section 102, Block 1, & Section 101, Block 0, D. & W. R.R. Survey Co., Lynn County, Texas; Sections 405, 406, 407 and 408, Block 2, & Sections 801 and 802, Block 7, H.E. & W.T. Survey Co., Lynn County, Texas; Section 433, Block 3, & Section 434, J.H. Gibson Survey Co., Lynn County, Texas; Section 103, Block I, & Sections 437, 438, 439 and 440, Block 3, & Sections 396, 409, 410, 417, 420, 421, 422, 423, 424, 425, 426, 427, 428, 429, 430 and 431, Block 9, & Sections 4, 5, 6, 7 and 9, Block 10, E.L. & R.R. RR. Survey Co., Lynn County, Texas; Sections 36, 37, 38, 39, 40, 47, 48, 49 and 50, Block 32, & Section 435, T.T. R.R. Survey Co., Lynn 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 property will include, but is not limited to, the following: up to approximately 77 2.4-megawatt wind power turbine generators with a nameplate generating capacity of approximately 185 megawatts; or equivalent from alternate manufacturers; a reinforced concrete slab supporting the weight of each turbine 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 hold maintenance supplies, replacement parts, and related equipment; and various appurtenant equipment and small items related to the above. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require the use of some amount of personal property.