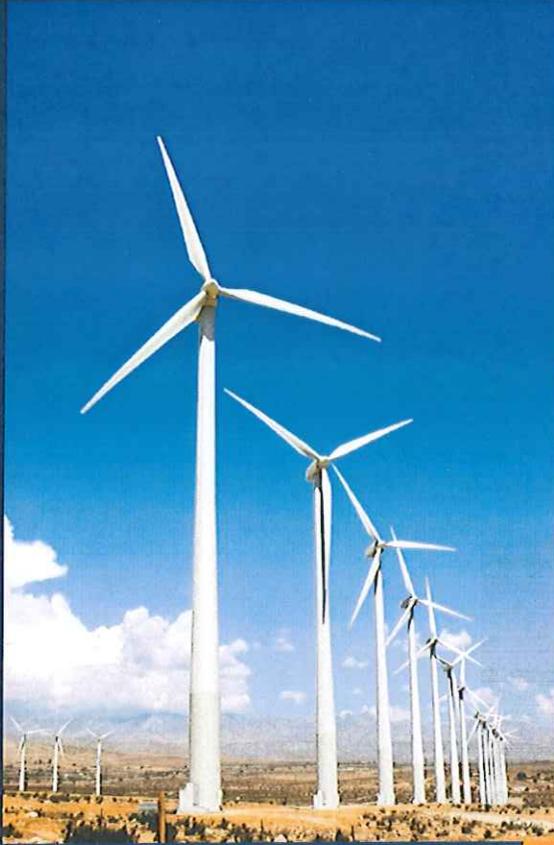


**FINDINGS OF THE WEBB CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
WHITETAIL WIND ENERGY, LLC**



October 15, 2012

**FINDINGS
OF THE
WEBB CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
WHITETAIL WIND ENERGY, LLC**

OCTOBER 15, 2012

Board Findings of the Webb Consolidated Independent School District

FINDINGS OF THE WEBB CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT BOARD OF
TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
WHITETAIL WIND ENERGY, LLC

STATE OF TEXAS §

COUNTY OF WEBB §

On the 15th day of October, 2012, a public meeting of the Board of Trustees of the Webb Consolidated 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 Whitetail Wind Energy, LLC (Whitetail Wind) 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 Webb Consolidated Independent School District makes the following findings with respect to the application of Whitetail Wind, and the economic impact of that application:

On July 16, 2012, the Superintendent of Schools of the Webb Consolidated Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Whitetail Wind 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, Whitetail Wind (Texas Taxpayer Id. 32040595871), 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**.

Board Findings of the Webb Consolidated Independent School District

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.

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 Webb County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on September 4, 2012. 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 Webb Consolidated 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 Webb Consolidated 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 Whitetail Wind, 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 Webb Consolidated 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 Whitetail Wind 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 Webb County, Texas is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Webb County is the 19th largest in the state in terms of population. Population growth in Webb County is positive and was the state's 31st fastest growing county from 2009 to 2010. The state population grew by 1.8 percent between 2009 and 2010, while the population of Webb County increased by 2.2 percent over the same period.

September 2011 employment for Webb County was up 2.7 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Webb County was 8.4 percent in September 2011, lower than the current state average of 8.5 percent.

Board Findings of the Webb Consolidated Independent School District

While recent population growth and employment trends are relatively positive, Webb County continues to have a substantially lower per capita personal income than the state as a whole. In terms of per capita income, Webb County's \$23,294 in 2009 ranked 245th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

Webb County will benefit from economic activity like that associated with the Whitetail Wind 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 \$45,000 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Whitetail Wind indicates that total employment will be approximately five (5) new jobs, of which four (4) 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. Four 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 Texas Development Council Region, where Webb County is located was \$28,806 in 2010. The annual average manufacturing wage for 2011 for Webb County is \$29,497. That same year, the county annual average wage for all industries was \$28,158. In addition to a salary of \$45,000, each qualifying position will receive the following benefits: medical insurance (with company paying at least 80% of premiums for employee only coverage), paid holidays, paid vacation, 401(k) retirement savings plan, skills training.

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 \$30 million on the basis of the goal of four (four) new qualifying positions for the entire Whitetail Wind project.

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

The project's total investment is \$120 million, resulting in a relative level of investment per qualifying job of \$30 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 would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility.

Based on previously approved Texas Economic Development Act energy applications and industry standards, the typical wind farm employs one person per 15 wind turbines. This project is consistent with that ratio.

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 Whitetail Wind'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 16 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 Webb Consolidated Independent School District

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	105	86	191	\$4,240,000	\$5,760,000	\$10,000,000
2013	5	9	14	\$240,000	\$1,760,000	\$2,000,000
2014	5	9	14	\$240,000	\$760,000	\$1,000,000
2015	5	8	13	\$240,000	\$760,000	\$1,000,000
2016	5	9	14	\$240,000	\$760,000	\$1,000,000
2017	5	10	15	\$240,000	\$760,000	\$1,000,000
2018	5	13	18	\$240,000	\$760,000	\$1,000,000
2019	5	13	18	\$240,000	\$1,760,000	\$2,000,000
2020	5	13	18	\$240,000	\$1,760,000	\$2,000,000
2021	5	16	21	\$240,000	\$1,760,000	\$2,000,000
2022	5	16	21	\$240,000	\$1,760,000	\$2,000,000
2023	5	15	20	\$240,000	\$1,760,000	\$2,000,000
2024	5	20	25	\$240,000	\$1,760,000	\$2,000,000
2025	5	15	20	\$240,000	\$1,760,000	\$2,000,000
2026	5	18	23	\$240,000	\$2,760,000	\$3,000,000
2027	5	18	23	\$240,000	\$2,760,000	\$3,000,000

Source: CPA, REMI, Whitetail Wind

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Webb CISD's ad valorem tax base in 2010 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010. During that same year, Webb CISD's estimated wealth per WADA was \$2,785,274. The impact on the facilities and finances of the district are presented in Attachment 2.

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

Board Findings of the Webb Consolidated 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	Webb CISD I&S Levy	Webb CISD M&O Levy	Webb CISD M&O and I&S Tax Levies (Before Credit Credited)	Webb CISD M&O and I&S Tax Levies (After Credit Credited)	Webb County	Estimated Total Property Taxes
				0.0486	0.8033			0.4201	
2013	\$120,000,000	\$120,000,000		\$58,320	\$963,960	\$1,022,280	\$1,022,280	\$201,626	\$1,223,906
2014	\$81,630,500	\$81,630,500		\$39,672	\$655,738	\$695,410	\$695,410	\$137,157	\$832,567
2015	\$77,563,675	\$30,000,000		\$37,696	\$240,990	\$278,686	\$278,686	\$130,324	\$409,010
2016	\$73,699,897	\$30,000,000		\$35,818	\$240,990	\$276,808	\$141,205	\$123,832	\$265,037
2017	\$70,029,020	\$30,000,000		\$34,034	\$240,990	\$275,024	\$140,173	\$117,664	\$257,837
2018	\$66,541,404	\$30,000,000		\$32,339	\$240,990	\$273,329	\$139,193	\$167,706	\$306,899
2019	\$63,227,893	\$30,000,000		\$30,729	\$240,990	\$271,719	\$138,262	\$159,355	\$297,617
2020	\$60,079,786	\$30,000,000		\$29,199	\$240,990	\$270,189	\$137,377	\$151,421	\$288,798
2021	\$57,088,819	\$30,000,000		\$27,745	\$240,990	\$268,735	\$136,537	\$143,883	\$280,420
2022	\$54,247,139	\$30,000,000		\$26,364	\$240,990	\$267,354	\$135,738	\$136,721	\$272,459
2023	\$51,547,289	\$51,547,289		\$25,052	\$414,079	\$439,131	\$236,086	\$216,527	\$452,613
2024	\$48,982,180	\$48,982,180		\$23,805	\$393,474	\$417,279	\$417,279	\$205,752	\$623,031
2025	\$46,545,082	\$46,545,082		\$22,621	\$373,897	\$396,518	\$396,518	\$195,515	\$592,032
2026	\$44,229,599	\$44,229,599		\$21,496	\$355,296	\$376,792	\$376,792	\$185,789	\$562,581
2027	\$42,029,654	\$42,029,654		\$20,426	\$337,624	\$358,051	\$358,051	\$176,548	\$534,598
						Total	\$4,749,587	\$2,449,820	\$7,199,407

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Whitetail Wind
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	Webb CISD I&S Levy	Webb CISD M&O Levy	Webb CISD M&O and I&S Tax Levies	Webb County	Estimated Total Property Taxes	
				0.0486	0.8033			0.4201	
2013	\$120,000,000	\$120,000,000		\$58,320	\$963,960	\$1,022,280	\$504,066	\$1,526,346	
2014	\$81,630,500	\$81,630,500		\$39,672	\$655,738	\$695,410	\$342,893	\$1,038,303	
2015	\$77,563,675	\$77,563,675		\$37,696	\$623,069	\$660,765	\$325,810	\$986,575	
2016	\$73,699,897	\$73,699,897		\$35,818	\$592,031	\$627,849	\$309,580	\$937,430	
2017	\$70,029,020	\$70,029,020		\$34,034	\$562,543	\$596,577	\$294,160	\$890,738	
2018	\$66,541,404	\$66,541,404		\$32,339	\$534,527	\$566,866	\$279,510	\$846,377	
2019	\$63,227,893	\$63,227,893		\$30,729	\$507,910	\$538,638	\$265,592	\$804,230	
2020	\$60,079,786	\$60,079,786		\$29,199	\$482,621	\$511,820	\$252,368	\$764,188	
2021	\$57,088,819	\$57,088,819		\$27,745	\$458,594	\$486,340	\$239,804	\$726,144	
2022	\$54,247,139	\$54,247,139		\$26,364	\$435,767	\$462,131	\$227,868	\$689,999	
2023	\$51,547,289	\$51,547,289		\$25,052	\$414,079	\$439,131	\$216,527	\$655,658	
2024	\$48,982,180	\$48,982,180		\$23,805	\$393,474	\$417,279	\$205,752	\$623,031	
2025	\$46,545,082	\$46,545,082		\$22,621	\$373,897	\$396,518	\$195,515	\$592,032	
2026	\$44,229,599	\$44,229,599		\$21,496	\$355,296	\$376,792	\$185,789	\$562,581	
2027	\$42,029,654	\$42,029,654		\$20,426	\$337,624	\$358,051	\$176,548	\$534,598	
						Total	\$8,156,448	\$4,021,783	\$12,178,231

Source: CPA, Whitetail Wind
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 \$120 million to the tax base for debt service purposes at the peak investment level for the 2013-14 school year. The Whitetail Wind project remains fully taxable for debt services taxes, with Webb CISD currently levying a \$0.049 per \$100 I&S rate. The value of the Whitetail Wind project is expected to depreciate over the life of the agreement and beyond. It is not expected that there will be a substantial reduction in the I&S tax rate due to the addition of this project, although the tax base growth resulting from the project is beneficial to Webb CISD.

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 Whitetail Wind 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 new wind project. This finding is confirmed by the TEA evaluation of this project's impact on the number and size of school facilities in Webb CISD 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 Whitetail Wind's application, "MAP Royalty, Inc. ("MAP"), one of the developers and early investors in the adjacent Cedro Hill Wind Project and the

Board Findings of the Webb Consolidated Independent School District

current owner of Whitetail Wind Energy, LLC, develops wind farms in different states around the United States of America. They have the ability to locate or relocate in another state, another region of Texas, or another region of the world, Whitetail Wind believes, however, that the proposed site in Webb County is a desirable business location. Receiving the Appraised Value Limitation from the school district is vital to obtaining financing and to maintaining the economic competitiveness of the project with other projects currently being developed by MAP and by others.”

Board Finding Number 10.

During the past two years, there were not application for value limitations under Tax Code, Chapter 313 submitted in the South Texas Development Council Region.

Board Finding Number 11.

The Board of Trustees hired consultants to review and verify the information in the Application from Whitetail Wind. 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 Thirty 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 2011 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2010 industrial value for Webb CISD is \$269.9 million. Webb CISD is categorized as Subchapter C, or a “rural” district, 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

Board Findings of the Webb Consolidated Independent School District

property in Webb CISD is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32040595871) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.

Board Finding Number 14.

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

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

Board Finding Number 15.

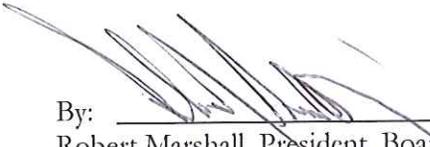
Considering the purpose and effect of the law and the terms of the Agreement, that it is in the best interest of the District and the State to enter into the attached Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Webb Consolidated 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 Webb Consolidated Independent School District.

Board Findings of the Webb Consolidated Independent School District

Dated the 15th day of October 2012.

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By: 
Robert Marshall, President, Board of Trustees

ATTEST:

By: 
Patricia Mata, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

October 10, 2012

President and Members
Board of Trustees
Webb Consolidated Independent School District
619 Ave F Street
Bruni, Texas 78344

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

Dear President Marshall 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 Webb Consolidated Independent School District, with respect to the pending Application of Whitetail Wind Energy 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 Whitetail Wind Energy LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
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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

October 10, 2012

President and Members
Of the Board of Trustees
Webb Consolidated Independent School District
PO Box 206
Bruni, Texas 78344

Re: Recommendations and Findings of the Firm Concerning Application of Whitetail Wind Energy LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2013

Dear President Marshall 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 Webb Consolidated Independent School District, with respect to the pending Application of Whitetail Wind Energy LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2013. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Whitetail Wind Energy LLC. Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.
2. Under the provisions of Chapter 313, WCISD may offer a minimum value limitation of \$30 million, based on the Comptroller's 2011 property value study.

Letter to Webb Consolidated ISD
October 10, 2012
Page 2 of 2

3. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.
4. The Applicant has the current means and ability to complete the proposed project.
5. All applicable school finance implications arising from the contemplated Agreement have been explored.
6. 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 Whitetail Wind Energy LLC for a 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 (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 May 14, 2012
First Name Severita	Last Name Sanchez	
Title Superintendent		
School District Name Webb CISD		
Street Address 619 Ave F		
Mailing Address same		
City Bruni	State TX	ZIP 78344
Phone Number (361) 747-5415 X-101	Fax Number (361) 747-5202	
Mobile Number (optional)	E-mail Address severita.sanchez@webbcisd.com	

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

Will consultant be primary contact? Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name **Dan** Last Name **Casey**

Title **Partner**

Firm Name **Moak, Casey, & Associates**

Street Address **400 W. 15th Street, Suite 1410**

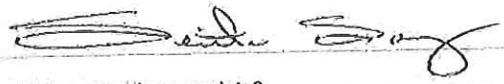
Mailing Address **same**

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 **6-1-12**

Has the district determined this application complete? Yes No

If yes, date determined complete. June 19, 2012

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name

Charles

Last Name

Bowser

Title

Assistant Treasurer

Organization

Whitetail Wind Energy, LLC

Street Address

4601 Westown Parkway, Suite 300

Mailing Address

same

City

West Des Moines

State

IA

ZIP

50266

Phone Number

(515) 221-5713

Fax Number

(515) 221-5798

Mobile Number (optional)

Business e-mail Address

charlie.bowser@exeloncorp.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

Whitetail Wind Energy, LLC

Street Address

Mailing Address

City

State

ZIP

Phone Number

Fax Number

Mobile Number (optional)

E-mail Address

dking @maproyalty.com

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

Wes

Last Name

Jackson

Title

Partner

Firm Name

Cummings Westlake LLC

Street Address

12837 Louetta Road, Suite201

Mailing Address

same

City

Cypress

State

TX

ZIP

77429-5611

Phone Number

713-266-4456 X-2

Fax Number

713-266-2333

Business email Address

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief. I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant))

[Handwritten Signature]

Date

5/17/12

GIVEN under my hand and seal of office this 17 day of May, 2012

[Handwritten Signature: Cynthia Pederson]
Notary Public, State of Iowa



(Notary Seal)

My commission expires Dec. 9, 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

Whitetail Wind Energy, LLC

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

32040595871

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 Company

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

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

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

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

ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies? 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 attached project description - Attachment 4

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

See attached project description - 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 June 2012 Begin Hiring New Employees October 2012
 Construction Complete December 2012 Fully Operational December 2012
 Purchase Machinery & Equipment May 2012

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
none	
_____	_____
_____	_____
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.)

Applicant has applied for tax abatement and anticipates entering into local Chapter 312 tax abatement with Webb County. Abatement terms negotiations are ongoing at the time of this filing. Requested terms of abatement are 60% abated for years 1-5, and 40% abated for years 6-10.

THE PROPERTY

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

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

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: <u>Webb 100%</u> <small>(Name and percent of project)</small>	City: <u>none</u> <small>(Name and percent of project)</small>
Hospital District: <u>none</u> <small>(Name and percent of project)</small>	Water District: <u>none</u> <small>(Name and percent of project)</small>
Other (describe): <u>none</u> <small>(Name and percent of project)</small>	Other (describe): <u>none</u> <small>(Name and percent of project)</small>

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

INVESTMENT

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

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

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

What is your total estimated qualified investment? \$120,000,000

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

What is the anticipated date of application approval? September 2012

What is the anticipated date of the beginning of the qualifying time period? September, 2012

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? \$120,000,000

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

Attach the following items to this application:

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

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? Yes No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

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

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? Yes No

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

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

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? Yes No

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

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

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? Yes No

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

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

Will the project be on leased land? Yes No

QUALIFIED PROPERTY (CONTINUED)

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

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

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

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

Miscellaneous

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

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

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

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

WAGE AND EMPLOYMENT INFORMATION

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

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

First Quarter Second Quarter Third Quarter Fourth Quarter of 2012 (year)

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

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

Total number of new jobs that will have been created when fully operational 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 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)? 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? 4

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 \$595.65
 110% of the county average weekly wage for manufacturing jobs in the county is \$623.98
 110% of the county average weekly wage for manufacturing jobs in the region is \$583.87

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$32,446.70

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? \$45,000.00

- 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? 60%

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.)

Medical Insurance (w/co paying at least 80% of premiums for employee only coverage. Paid holidays and vacation, 401(k) Retirement Savings Plan

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. Jan. 2010): Investment

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 (rental 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+C)
The year preceding the last complete tax year of the qualifying time period (assuming no deferrals):	Investment made before filing complete application with district (as this qualified property not eligible to become qualified investment)					X		
	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	1					X		
	2							
	3							
	4							
	5							
	6							
	7							
	8							
	9							
	10							
Credit Settle-Up Period (with 50% carry-over)	Continue to Maintain Value Present	11						
		12						
		13						
Post-Settle-Up Period		14						
Post-Settle-Up Period		15						

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. [For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. Include estimates of investment for "replacement" property - property that is part of original agreement but scheduled for probable replacement during limitation period.
- Column B:** The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E). For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.
- Column D:** Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value - 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.

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

DATE

Schedule B (Rev. Jan. 2010): Estimated Market and Taxable Value

Applicant Name _____

ISD Name _____

	Year	School Year (YYYYYY)	Tax Year (if in actual tax year) YYYY	Qualified Property			Reductions From Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of applicable personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for MSO - after all reductions	Final taxable value for MSO - after all reductions
	pre-year 1								
Complete tax years of qualifying time period	1								
	2								
	3								
Tax Credit Period (with 50% cap on credit)	4								
	5								
	6								
	7								
	8								
	9								
	10								
Credit Settle-Up period	11								
	12								
	13								
Post-Settle-Up Period	14								
Post-Settle-Up Period	15								

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 _____

DATE _____

Schedule C - Application: Employment Information

Applicant Name _____

ISD Name _____

	Year	School Year (YYYY-YYYY)	Tax Year (Full Inactive tax year) YYYY	Construction		New Jobs	Qualifying Jobs			
				Column A: Number of Construction FTEs or man-hours (specify)	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 qual- ifying jobs appli- cant commits to create meeting all criteria of Sec. 518.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
	pre-year 1									
Tax Credit Period (with 50% cap on credit)	Complete the years of qualify- ing time period	1								
		2								
		3								
		4								
		5								
	Value Limitation Period		6							
			7							
			8							
			9							
			10							
Credit Settle-Up period	Continue to Maintain Value Presence	11								
		12								
		13								
Post-Settle-Up Period		14								
Post-Settle-Up Period		15								

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 _____

DATE _____

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

Applicant Name

ISD Name

	Year	School Year (YYY)	Tax/Calendar Year (YYY)	Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought				
				Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other	
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Taxes NOT subject to sales tax	Column H: Estimate of franchise tax due from (or attributable to) the applicant	Fill in percent age exemption requested or granted in each year of the agreement	Fill in percent age exemption requested or granted in each year of the agreement	Fill in percent age exemption requested or granted in each year of the agreement	Fill in percent age exemption requested or granted in each year of the agreement	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Complete tax years of qualifying time period	1									
		2									
		3									
		4									
		5									
		6									
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	7									
		8									
		9									
		10									
		11									
Cost Set-Up Period	Continue to Make a Viable Presence	12									
		13									
Pre-Set-Up Period	14										
Post-Set-Up Period	15										

*For planning, construction and operation of the facility

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

ATTACHMENT 2

Proof of payment 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

Not Applicable.

ATTACHMENT 4

Description of the Project

Whitetail Wind Energy, LLC ("Whitetail Wind") is requesting a Chapter 313 Appraised Value Limitation Agreement from Webb CISD ("WCISD") for a proposed renewable energy project using wind turbines (wind farm) to be constructed in eastern Webb County.

The wind farm will be constructed as one single phase, and is expected to be fully operational by the end of 2012, within a reinvestment zone established by Webb County Commissioners Court and wholly located within the boundaries of WCISD. A map showing the location of the wind farm is furnished as part of Attachment 7. This map is the area boundary of the Whitetail Wind project that Webb County Commissioners Court designated as a reinvestment zone at their September 26, 2011 meeting. The legal description of the land included in the proposed reinvestment zone is attached as Attachment 23. The resolution establishing the reinvestment zone is included herein as Attachment 22.

The wind farm will have an estimated capacity of 92 megawatts. To construct the wind farm, Whitetail Wind will install an estimated 57 GE 1.6 MW capacity each wind turbines (or its equivalent subject to completion of wind turbine selection and procurement process) in Webb CISD. In addition to the wind turbines, a project electrical sub-station, collection system, and associated electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines. An operations and maintenance building is also expected to be constructed on the wind farm site.

Construction of the wind farm is proposed to begin in June of 2012 and take approximately seven months to complete, with commercial operations estimated to begin in December 2012. At the peak of construction an estimated 100 construction workers are expected to be employed at the project site, and when complete the project is expected to have five permanent employees on site.

MAP Royalty, Inc. ("MAP"), one of the developers and early investors in the adjacent Cedro Hill Wind Project and the current owner of Whitetail Wind Energy, LLC, develops wind farms in different states around the United States of America. They have the ability to locate or relocate in another state, another region of Texas, or another region of the world. Whitetail Wind believes, however, that the proposed site in Webb County is a desirable business location. Receiving the Appraised Value Limitation from the school district is vital to obtaining financing and to maintaining the economic competitiveness of the project with other projects currently being developed by MAP and by others.

ATTACHMENT 5

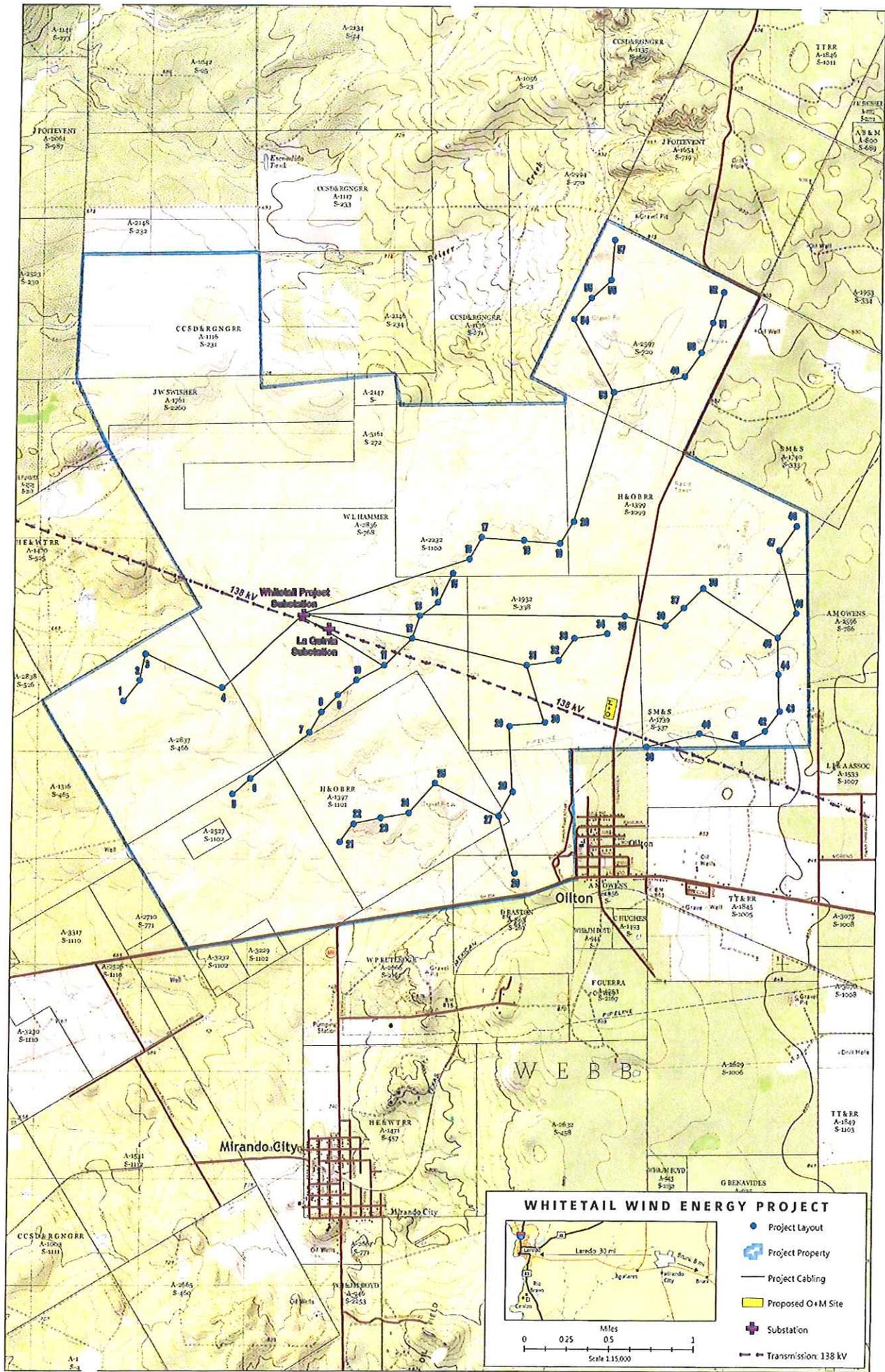
The project is 100% located in Webb CISD

ATTACHMENT 6

The wind farm will have an estimated initial capacity of 92 megawatts. To construct the wind farm, Whitetail Wind will install an estimated 57 GE 1.6 MW capacity each wind turbines in Webb CISD (or its equivalent subject to completion of wind turbine selection and procurement process). This application covers qualified property necessary for the commercial operations of the wind farm. Qualified property includes, but is not limited to, turbines, towers, pads, electrical interconnections, project electrical substations, collection system, transmission lines, met towers, foundations, roads, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

ATTACHMENT 7

See attached maps (wind farm map with project boundaries, tentative turbine locations, and the reinvestment zone, vicinity map, and Webb CISD map)

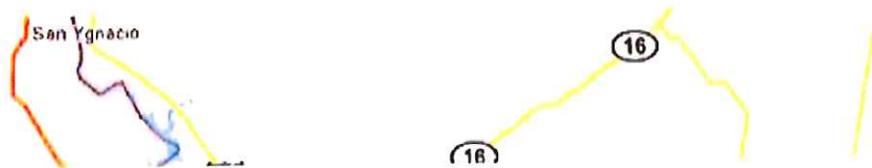
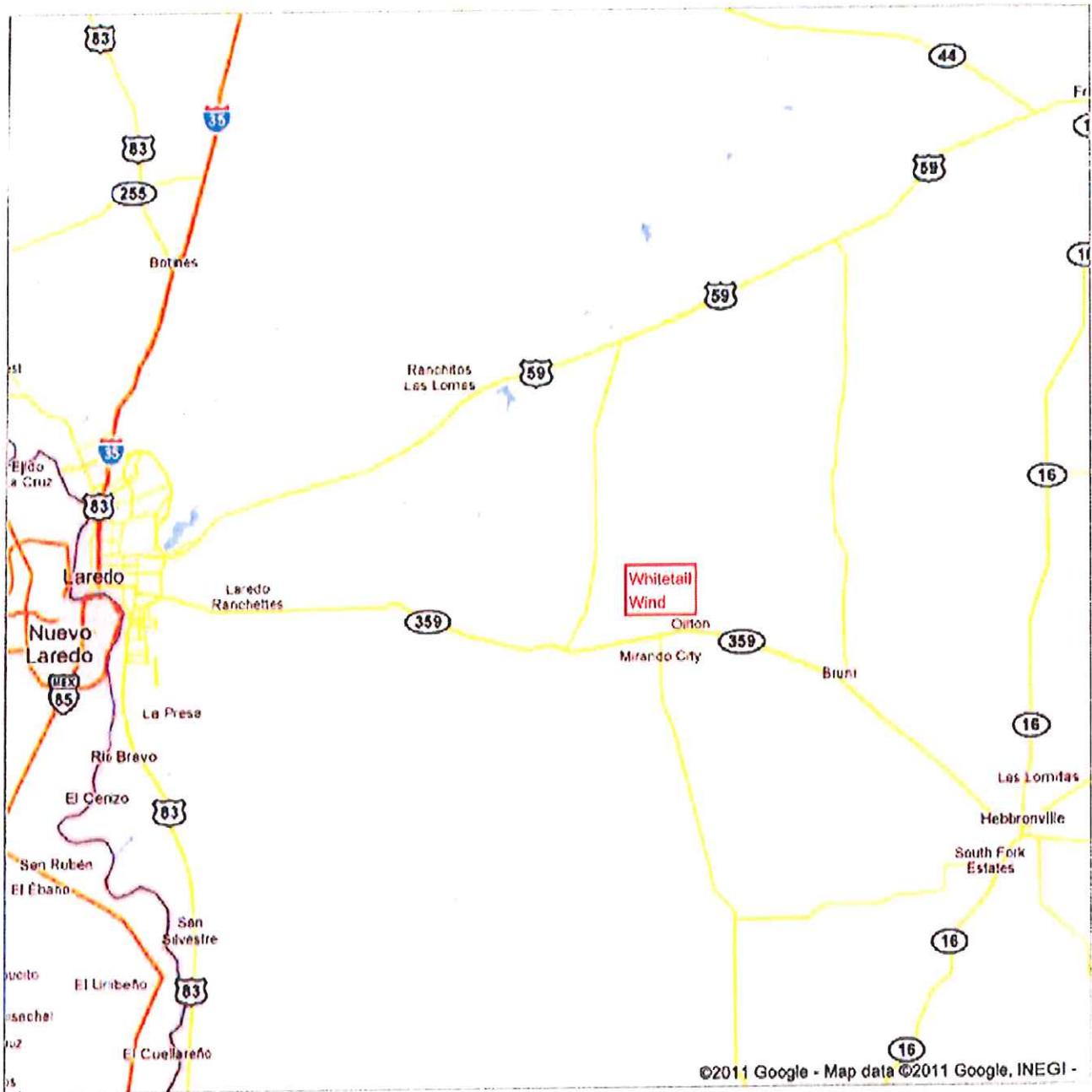


WHITETAIL WIND ENERGY PROJECT

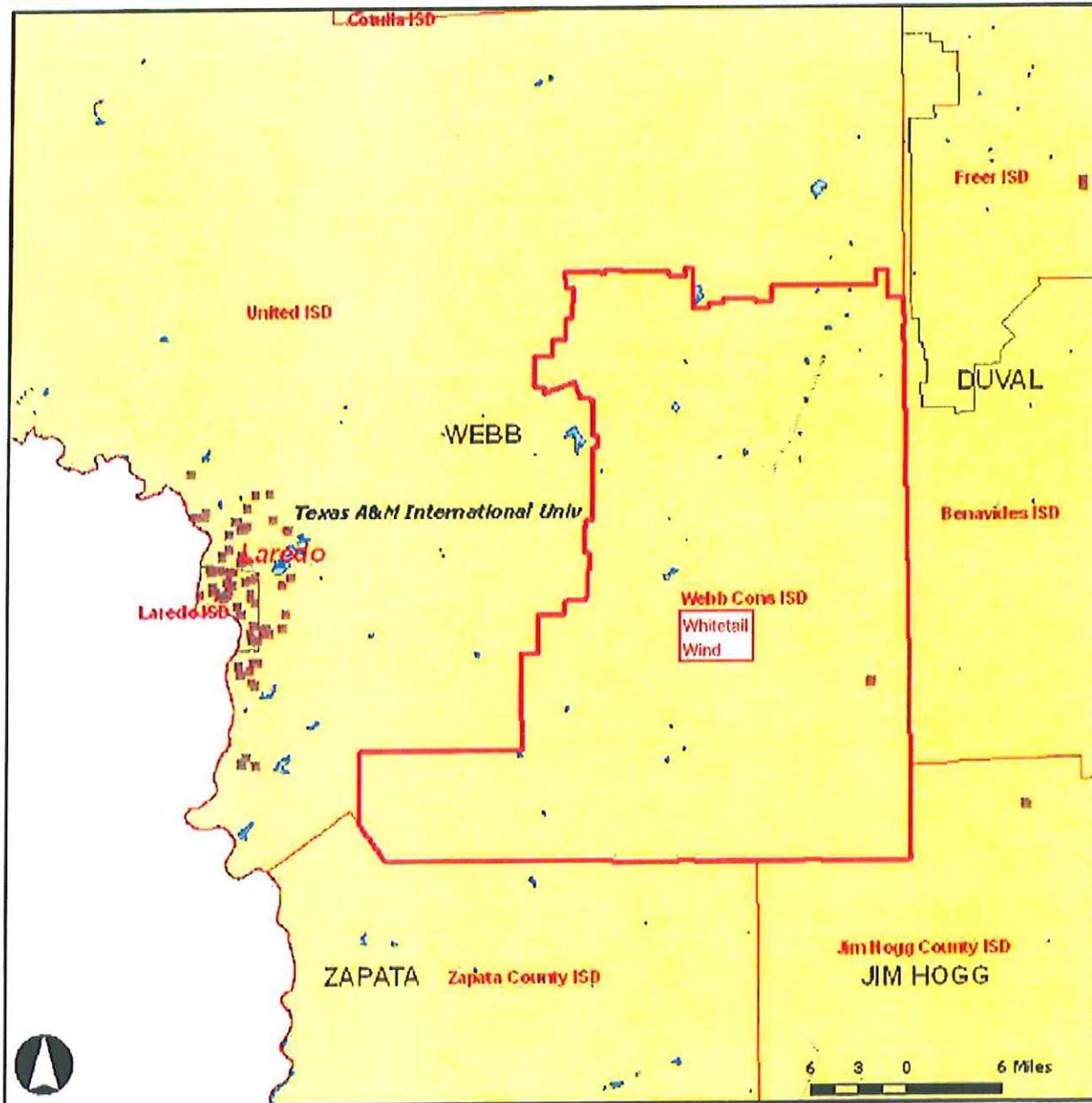
Miles
0 0.25 0.5 1
Scale 1:15,000

- Project Layout
- Project Property
- Project Cabling
- Proposed O+M Site
- + Substation
- Transmission 138 kV

WHITETAIL WIND ENERGY, LLC - VICINITY MAP - WEBB CISD



WHITETAIL WIND ENERGY, LLC - WEBB CISD MAP



Schools4

- Schools

HigherEd

- Universities

Cities

- Major Cities

Gulf

- Gulf

Counties1

- Counties

Counties3

Hydrology

Districts2

School Districts

- School Districts

Districts

Texas

- Texas

Cities

- Major Cities

Gulf

- Gulf

Texas

- Texas

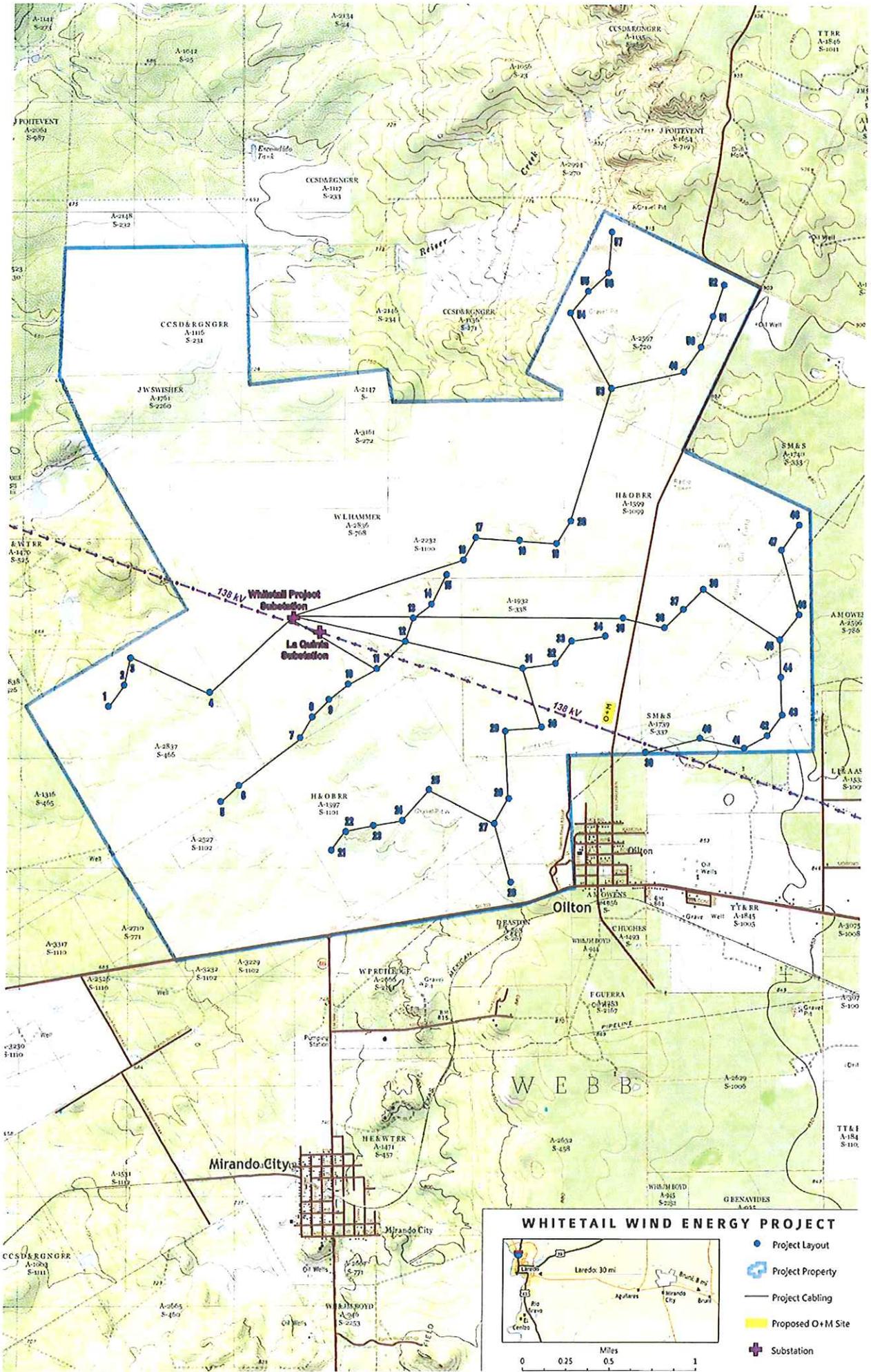
ATTACHMENT 8

The wind farm will have an estimated initial capacity of 92 megawatts. To construct the wind farm, Whitetail Wind will install an estimated 57 GE 1.6 MW capacity each wind turbines in Webb CISD (or its equivalent subject to completion of wind turbine selection and procurement process). This application covers qualified property necessary for the commercial operations of the wind farm. Qualified property includes, but is not limited to, turbines, towers, pads, electrical interconnections, project electrical substations, transmission lines, met towers, foundations, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

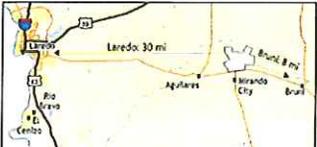
ATTACHMENT 9

Map of Qualified Property showing location of improvement with vicinity map

See attached maps (wind farm map with project boundaries, tentative turbine locations, vicinity map, and Webb CISD map)

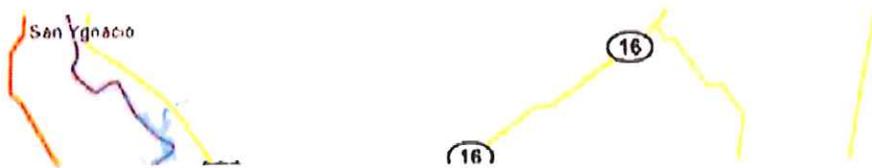
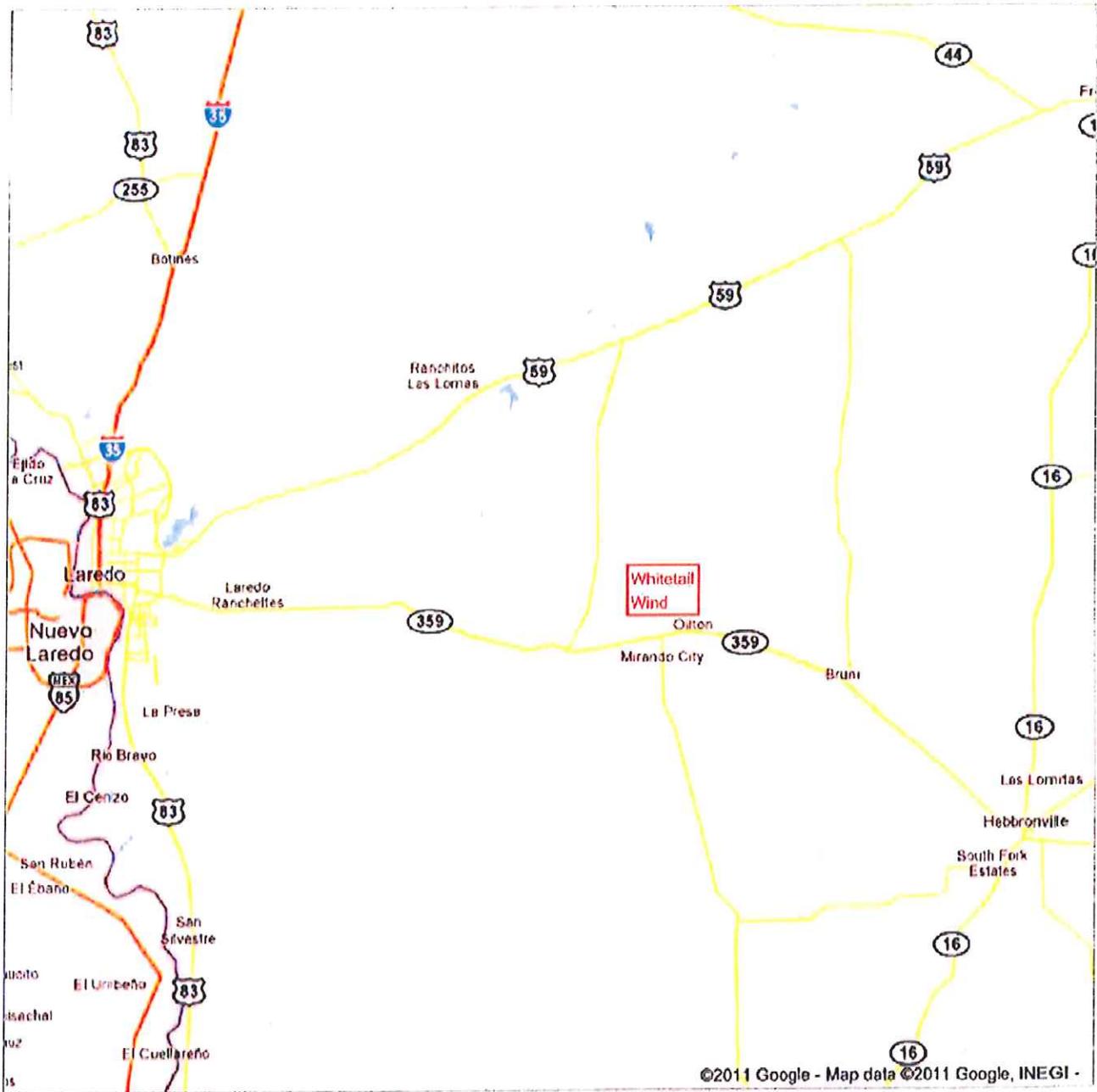


WHITETAIL WIND ENERGY PROJECT

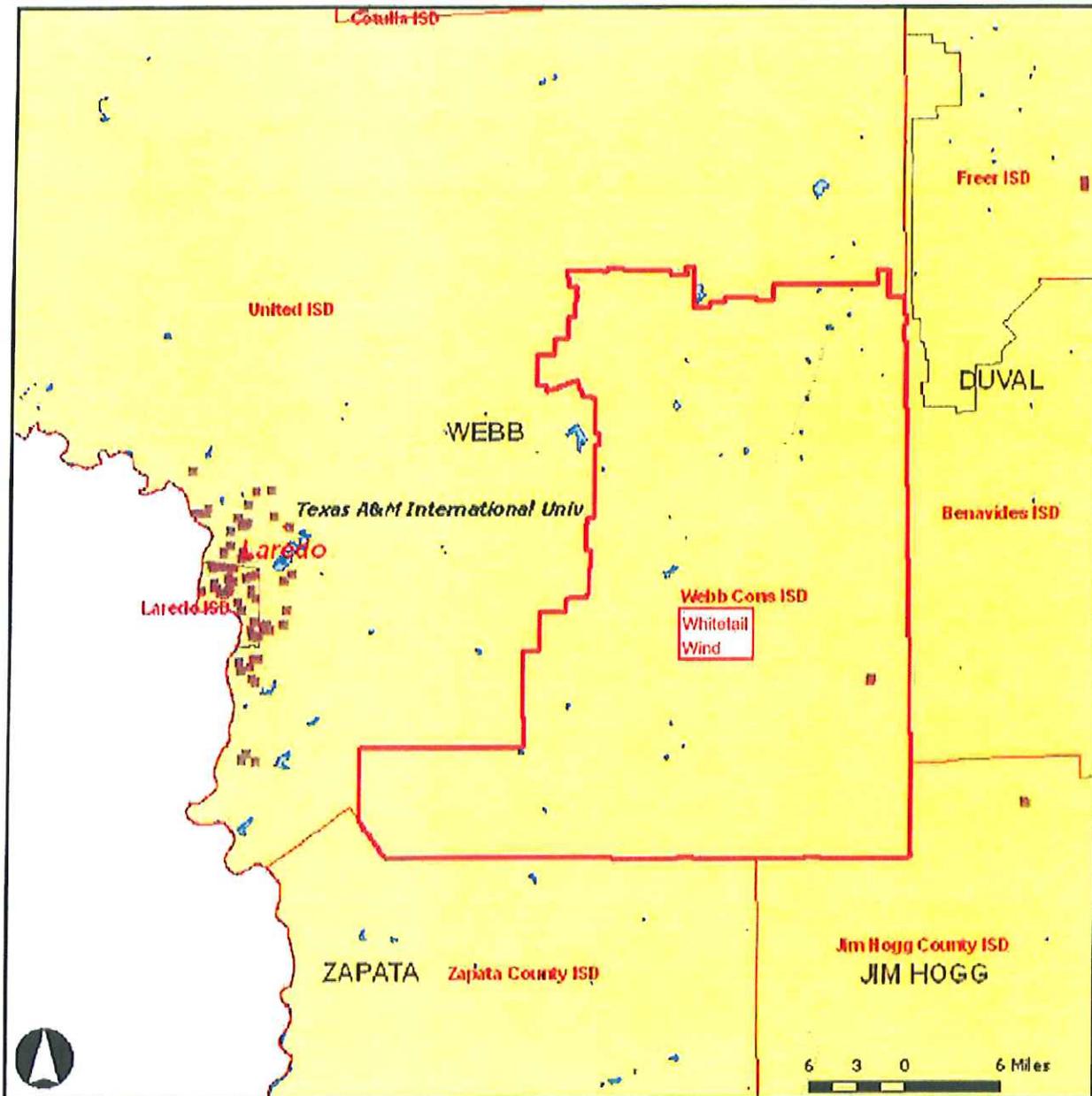


- Project Layout
- Project Property
- Project Cabling
- Proposed O + M Site
- ⊕ Substation

WHITETAIL WIND ENERGY, LLC - VICINITY MAP - WEBB CISD



WHITETAIL WIND ENERGY, LLC - WEBB CISD MAP



Schools4

■ Schools

HigherEd

★ Universities

Cities

● Major Cities

Gulf

■

Counties1

□ Counties

Counties3

Hydrology

■

Districts2

■

School Districts

■ School Districts

Districts

Texas

□

Cities

● Major Cities

Gulf

■

Texas

□

ATTACHMENT 10

Legal Description Land

The legal description of the land within the project, being the same as that in the reinvestment zone, is attached. The entire project will be on leased land described herein. 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.

Attachment 10

Whitetail Wind Energy LLC

Webb County, Texas

Parcel #	Survey	Abstract	Acreage
1	231	1116	455.9
2	272	3161, 2147	344.2
3	466	2837	640.0
4	768	2836	1337.0
5	1100	2232	480.0
6	1101	1397	320.0
7	1102	3229, 3232, 2527	559.5
8	2260	1761	204.7
9	1101	1397	320.0
10	786	1956	202.8
11	261	868	101.5
12	338	1932	640.0
13	337	1739	583.2
14	1099	1399	838.3
15	1100	2232	169.7
16	720	2597	640.0
17	2161	2666	57.3

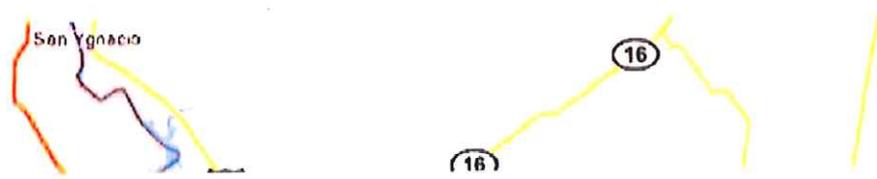
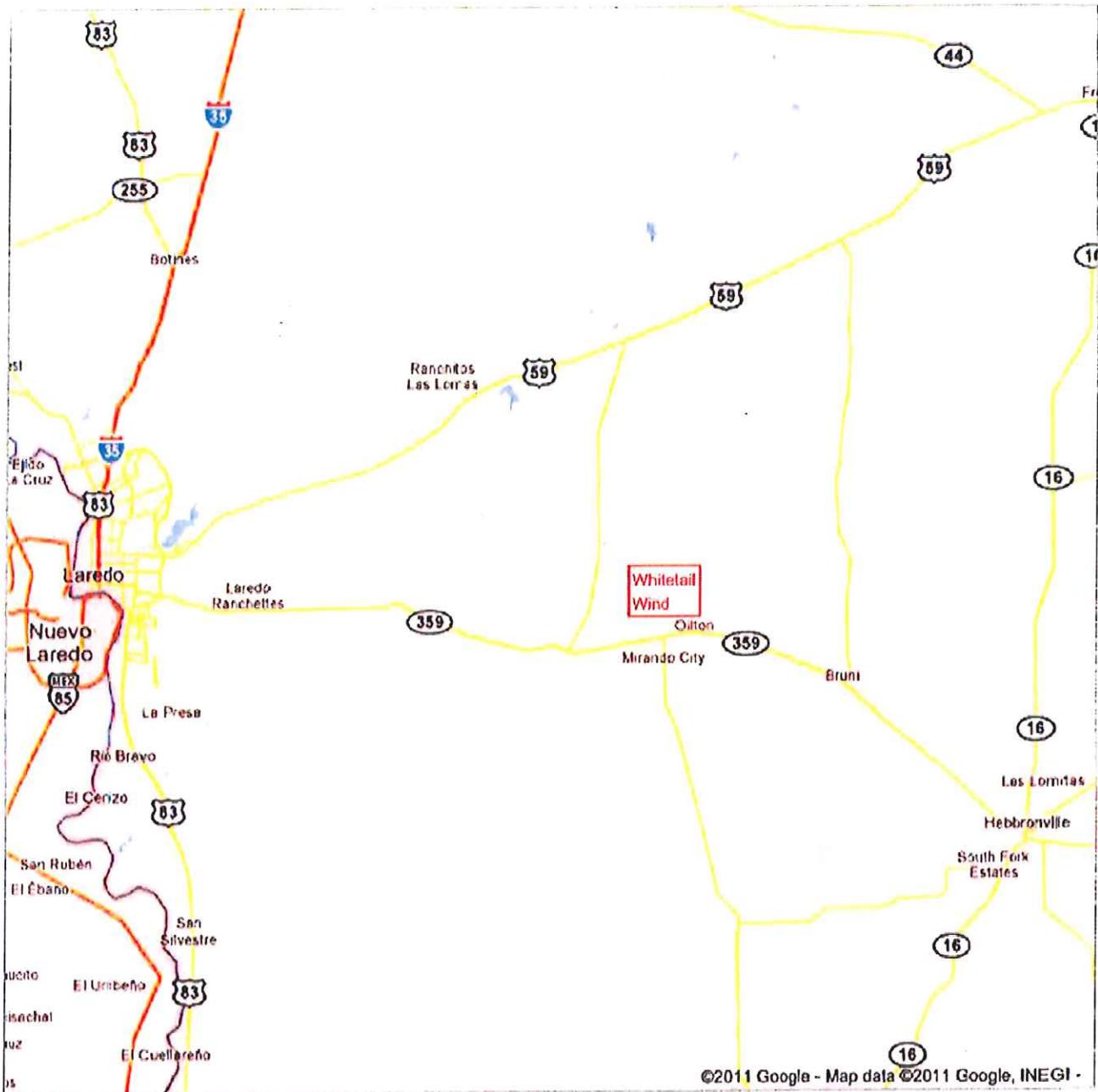
TOTALS

7894.0

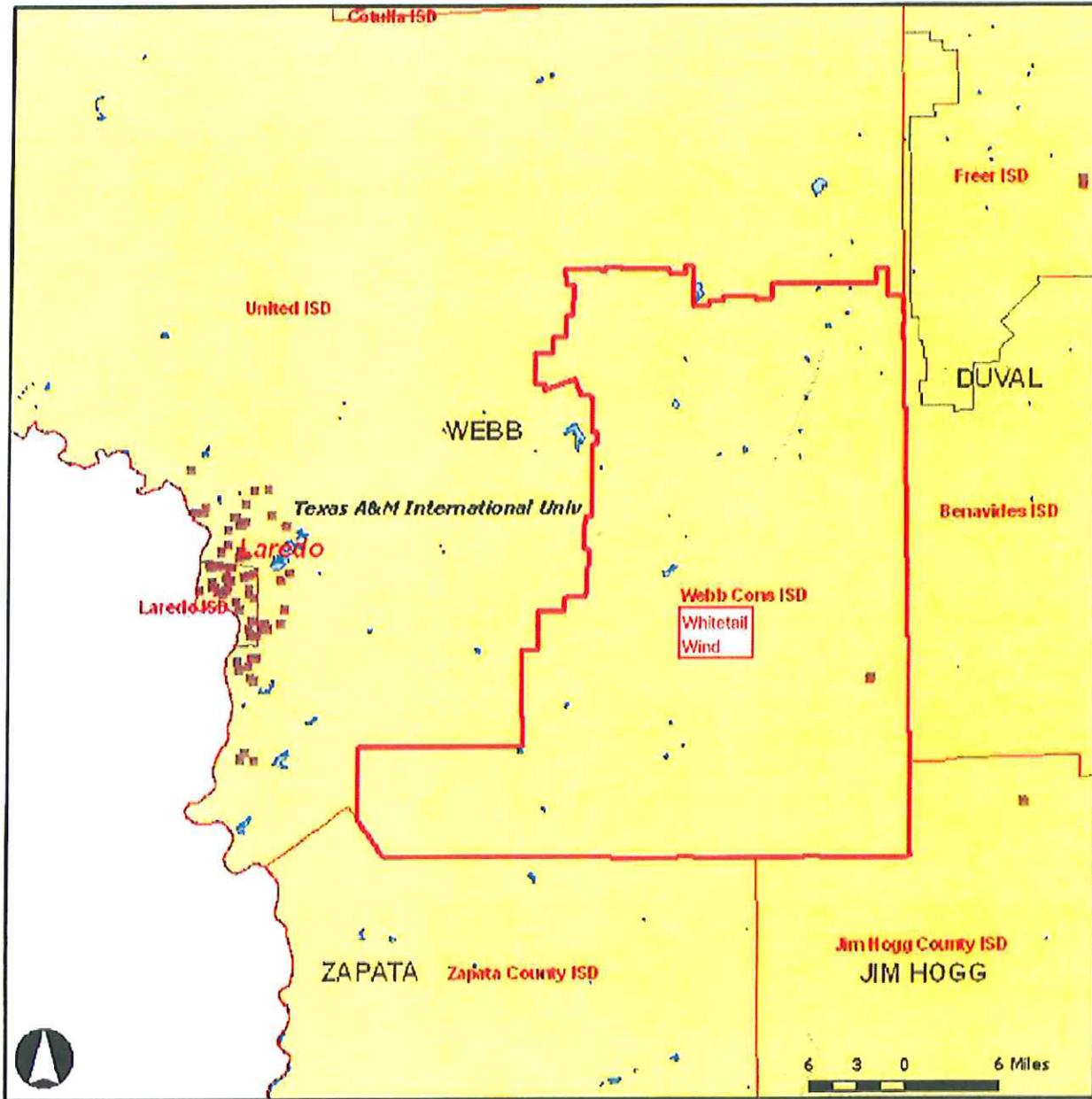
ATTACHMENT 11

Please see attached maps

WHITETAIL WIND ENERGY, LLC - VICINITY MAP - WEBB CISD



WHITETAIL WIND ENERGY, LLC - WEBB CISD MAP



Schools4

■ Schools

HigherEd

★ Universities

Cities

● Major Cities

Gulf

■

Counties1

□ Counties

Counties3

Hydrology

■

Districts2

■

School Districts

□ School Districts

Districts

Texas

■

Cities

● Major Cities

Gulf

■

Texas

■

ATTACHMENT 12

There are no existing wind farm related improvements at the site as of May 14, 2012. Any improvements at the site belong to the landowners, not to Whitetail Wind Energy, LLC and are not part of this agreement

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 Fax: 713-266-2333

May 14, 2012

Dr. Severita Sanchez
Superintendent
Webb CISD
619 Ave F
Bruni, TX 78344

Re: Wind Project Job Creation – Whitetail Wind Energy, LLC

Dear Dr. Sanchez:

Whitetail Wind Energy, LLC requests that Webb CISD 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 @ wjackson@cwlp.net.

Sincerely,



J. Weston Jackson
Partner

cc: Mr. Dan King, Whitetail Wind Energy, LLC

ATTACHMENT 14

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

WHITETAIL WIND ENERGY, LLC
ATTACHMENT 14 TO CHAPTER 313 APPLICATION - WEBB CISD

CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2011	\$ 514.00	\$ 26,728.00
SECOND	2011	\$ 524.00	\$ 27,248.00
THIRD	2011	\$ 555.00	\$ 28,860.00
FOURTH	2011	\$ 573.00	\$ 29,796.00
AVERAGE		\$ 541.50	\$ 28,158.00
		X 110%	110%
		<u>\$ 595.65</u>	<u>\$ 30,973.80</u>

CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
FIRST	2011	\$ 541.00	\$ 28,132.00
SECOND	2011	\$ 537.00	\$ 27,924.00
THIRD	2011	\$ 595.00	\$ 30,940.00
FOURTH	2011	\$ 596.00	\$ 30,992.00
AVERAGE		\$ 567.25	\$ 29,497.00
		X 110%	110%
		<u>\$ 623.98</u>	<u>\$ 32,446.70</u>

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
	2010	\$ 530.79	\$ 27,601.00
		X 110%	110%
		<u>\$ 583.87</u>	<u>\$ 30,218.10</u>

* 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
2011	1st Qtr	Webb County	Private	00	0	10	Total, All Industries	\$514
2011	2nd Qtr	Webb County	Private	00	0	10	Total, All Industries	\$524
2011	3rd Qtr	Webb County	Private	00	0	10	Total, All Industries	\$555
2011	4th Qtr	Webb County	Private	00	0	10	Total, All Industries	\$573

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
2011	1st Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$541
2011	2nd Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$537
2011	3rd Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$595
2011	4th Qtr	Webb County	Private	31	2	31-33	Manufacturing	\$596

**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

Source: Texas Occupational Employment and Wages
 Data published: June 2011
 Data published annually, next update will be June 2012.

$$\begin{aligned} &\div 52 = \$530.79 \\ &\quad \times 110\% \\ &\hline & \$583.87 \end{aligned}$$

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

Whitetail Wind Energy, LLC employees will meet the qualifying job requirements under Texas Tax Code 313.021(5)(A). Whitetail Wind Energy, LLC will provide its employees with benefits including but not limited to the following:

- Medical Insurance (with company paying at least 80% of premiums for employee only coverage)
- Paid Holidays
- Paid Vacation
- 401(k) Retirement Savings Plan
- Skills Training

ATTACHMENT 16

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

ATTACHMENT 17

Please see attached Schedule A

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name: WHITETAIL WIND ENERGY, LLC
 ISD Name: WEBB CISD

PROPERTY INVESTMENT AMOUNTS

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

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B 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)	2012-2013	2012	0	0		0	0
			5,000,000	350,000		0	0
			114,650,000		114,650,000	0	114,650,000
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
Tax Credit Period (with 50% cap on credit)	2013-2014	2013	114,650,000		114,650,000	0	114,650,000
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			Credit Settle-Up Period	2014-2015	2014	0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
0	0	0				0	0
Post-Settle-Up Period	2015-2016	2015				0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0
			0	0	0	0	0

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 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 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.

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]
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

[Signature]
 ASST. TREASURER

DATE

6/12/12

ATTACHMENT 18

Please see attached Schedule B

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
WHITETAIL WIND ENERGY, LLC
WEBB CISD

Form 50-296

Applicant Name
 ISD Name

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	
			Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions	
pre-year 1	2012-2013	2012	0	0	0	0	0	0	0
Complete tax years of qualifying time period	1	2013-2014	0	119,500,000	500,000	0	0	120,000,000	120,000,000
	2	2014-2015	0	81,140,500	490,000	0	0	81,630,500	81,630,500
	3	2015-2016	0	77,083,475	480,200	0	0	77,563,675	10,000,000
Value Limitation Period	4	2016-2017	0	73,229,301	470,596	0	0	73,699,897	10,000,000
	5	2017-2018	0	69,567,836	461,184	0	0	70,029,020	10,000,000
	6	2018-2019	0	66,089,444	451,960	0	0	66,541,405	10,000,000
	7	2019-2020	0	62,784,972	442,921	0	0	63,227,893	10,000,000
	8	2020-2021	0	59,645,724	434,063	0	0	60,079,786	10,000,000
	9	2021-2022	0	56,663,437	425,382	0	0	57,088,819	10,000,000
	10	2022-2023	0	53,830,266	416,874	0	0	54,247,139	10,000,000
Credit Settle-Up Period	11	2023-2024	0	51,138,752	408,536	0	0	51,547,289	10,000,000
	12	2024-2025	0	48,581,815	400,366	0	0	48,982,180	48,982,180
	13	2025-2026	0	46,152,724	392,358	0	0	46,545,082	46,545,082
Post-Settle-Up Period	14	2026-2027	0	43,845,088	384,511	0	0	44,229,599	44,229,599
	15	2027-2028	0	41,652,833	376,821	0	0	42,029,654	42,029,654

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]
 Charles Bourke ASST TMA-SUICL

6/19/12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

ATTACHMENT 19

Please see attached Schedule C

ATTACHMENT 20

Please see attached Schedule D

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

Form 50-296

Applicant Name

WHITETAIL WIND ENERGY, LLC

ISD Name

WEBB CUSD

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)		2012-2013	2012	16,500,000	103,500,000	0	0	N/A	N/A	N/A	N/A
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2013-2014	-	-	0	60%	N/A	N/A	N/A	N/A
		2	2014-2015	-	-	11,000	60%	N/A	N/A	N/A	N/A
		3	2015-2016	-	-	11,000	60%	N/A	N/A	N/A	N/A
		4	2016-2017	-	-	11,000	60%	N/A	N/A	N/A	N/A
		5	2017-2018	-	-	11,000	60%	N/A	N/A	N/A	N/A
		6	2018-2019	-	-	11,000	40%	N/A	N/A	N/A	N/A
		7	2019-2020	-	-	11,000	40%	N/A	N/A	N/A	N/A
		8	2020-2021	-	-	11,000	40%	N/A	N/A	N/A	N/A
		9	2021-2022	-	-	11,000	40%	N/A	N/A	N/A	N/A
		10	2022-2023	-	-	11,000	40%	N/A	N/A	N/A	N/A
		11	2023-2024	-	-	11,000	-	-	-	-	-
		12	2024-2025	-	-	11,000	-	-	-	-	-
		13	2025-2026	-	-	11,000	-	-	-	-	-
		14	2026-2027	-	-	11,000	-	-	-	-	-
		15	2027-2028	-	-	11,000	-	-	-	-	-

*For planning, construction and operation of the facility.

[Signature] Charles Bowser, Ass't Treasurer

6/19/12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

ATTACHMENT 21

A map of the reinvestment zone created by Webb County on October 11, 2011 showing tentative turbine locations is attached.

John F. Watson & Company

PROFESSIONAL LAND SURVEYORS & PLANNERS

200 N. Loraine, Suite 220, Midland, Texas 79701, (432) 520-2400, Fax (432) 520-2404

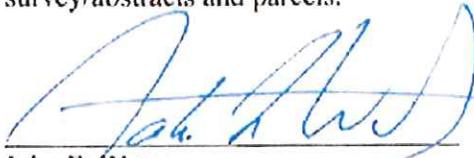
www.windearthwater.com

May 18, 2012

RE: Whitetail Wind Energy, LLC, Wind Energy Project Map, Webb County, Texas

To Whom It May Concern,

I hereby certify that the attached site map labeled "WHITETAILED WIND ENERGY, VILLARREAL PROPERTY, WEBB COUNTY, TEXAS" dated May 18, 2012 is a simplified graphic representation of the survey/abstract lines surveyed on-the-ground under my supervision while performing an ALTA/ACSM Survey of this project dated March 7, 2012. Said ALTA/ACSM Survey is on file in my Midland office as well as in the office of Whitetail Wind Energy, LLC. The proposed wind turbine generator locations as indicated on this site map were staked on-the-ground in January, 2012 under my supervision within the boundary lines of these survey/abstracts and parcels.


John F. Watson
Texas Registered Professional Land Surveyor
RPLS No. 5498
Job No. 11-0082



ATTACHMENT 22

The October 11, 2011 resolution of Webb County Commissioners Court creating the reinvestment zone is attached.

**RESOLUTION AND ORDER OF THE COMMISSIONERS COURT OF
WEBB COUNTY, TEXAS DESIGNATING CERTAIN REAL PROPERTY WITHIN
UNINCORPORATED AREAS OF EASTERN WEBB COUNTY, TEXAS AS WEBB COUNTY
WIND ENERGY REINVESTMENT ZONE NO.3 UNDER CHAPTER 312, TEXAS TAX CODE**

WHEREAS, on October 11, 2011 the Commissioner's Court of Webb County, Texas (sometimes hereinafter referred to as "this Court) conducted a public hearing on the advisability of designating the property tracts with property descriptions contained in Exhibit A (hereinafter referred to as the "Subject Tracts"), attached hereto and incorporated herein as if set out in full, as a reinvestment zone pursuant to and in conformity with Chapter 312 of the Texas Tax Code and the Guidelines And Criteria Governing Tax Abatements By Webb County, Texas (approved 9/26/2011) (hereinafter "the Guidelines"); and

WHEREAS, not later than the seventh day before the date of said hearing, notice of the hearing was (1) published in the Laredo Morning Times, a newspaper having a general circulation in Webb County, Texas and. (2) delivered in writing to the presiding officer of the Webb Consolidated Independent School District, said entity being the only other taxing unit that includes the Subject Tracts in its boundaries; and

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

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

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

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

(3) that the designation of the Subject Tracts as a reinvestment zone is consistent with the Guidelines And Criteria Governing Tax Abatements By Webb County, Texas adopted by this Court on September 26, 2011;

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

(5) that the following orders should be entered:

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

1. That the Subject Tracts described in Exhibit A be, and such tracts hereby are, designated as the Webb County Wind Energy Reinvestment Zone No. 3 and are hereby declared eligible for property tax abatement as authorized by Guidelines And Criteria Governing Tax Abatements By Webb County, Texas heretofore adopted by the Commissioner's Court of Webb County, Texas pursuant to Chapter 312 of the Texas Tax Code.

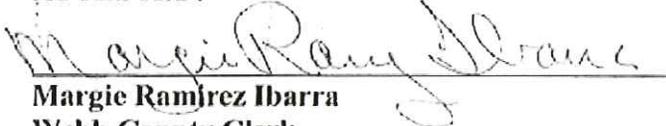
2, That the foregoing designation shall be effective for a period of five years from the date of this order; provided that such designation may be renewed by appropriate action of this Court at a future date, for an additional period of five years.

PASSED AND APPROVED on the 11th day of October, 2011.



The Honorable Danny Valdez
Webb County Judge

ATTESTED:



Margie Ramirez Ibarra
Webb County Clerk

APPROVED AS TO FORM:



Anna L. Cavazos Ramirez
Webb County Attorney*

***By Law, the County Attorney's office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorneys.**

Exhibit - A

**Whitetail Wind Energy LLC
Webb County, Texas**

Parcel #	Survey	Abstract	Acreage
1	231	1116	455.9
2	272	3161, 2147	344.2
3	466	2837	640.0
4	768	2836	1337.0
5	1100	2232	480.0
6	1101	1397	320.0
7	1102	3229, 3232, 2527	559.5
8	2260	1761	204.7
9	1101	1397	320.0
10	786	1956	202.8
11	261	868	101.5
12	338	1932	640.0
13	337	1739	583.2
14	1099	1399	838.3
15	1100	2232	169.7
16	720	2597	640.0
17	2161	2666	57.3

TOTALS

7894.0

Attachment 23 - Legal Description of Reinvestment Zone

Whitetail Wind Energy LLC

Webb County, Texas

Parcel #	Survey	Abstract	Acreage
1	231	1116	455.9
2	272	3161, 2147	344.2
3	466	2837	640.0
4	768	2836	1337.0
5	1100	2232	480.0
6	1101	1397	320.0
7	1102	3229, 3232, 2527	559.5
8	2260	1761	204.7
9	1101	1397	320.0
10	786	1956	202.8
11	261	868	101.5
12	338	1932	640.0
13	337	1739	583.2
14	1099	1399	838.3
15	1100	2232	169.7
16	720	2597	640.0
17	2161	2666	57.3
TOTALS			7894.0

ATTACHMENT 24

The guidelines and criteria for Webb County, adopted on September 26, 2011 are attached.

**ORDER AND RESOLUTION OF WEBB COUNTY COMMISSIONERS COURT
ESTABLISHING GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENTS
BY WEBB COUNTY, TEXAS**

WHEREAS, the Laredo Development Foundation recommends that tax abatements be initiated in the County of Webb; and

WHEREAS, the Webb County Commissioners Court finds that tax abatements, in accordance with the "Guidelines and Criteria Governing Tax Abatements by Webb County, Texas," attached hereto as Exhibit "A" and incorporated herein for all purposes, contributes to the economic development of Webb County and is in Exhibit "A" of the policies and objectives of the County as authorized in Chapter 312 of the Texas Tax Code, and will assist the County in the achievement of its objectives to create jobs for the citizens of the County, build the tax base of the County, and provide an attractive environment for businesses to build capital intensive projects within Tax Abatement Reinvestment Zones; and

WHEREAS, state law requires re-adoption of guidelines governing tax abatements every two years.

WHEREAS, the Webb County Commissioners Court adopted Guidelines and Criteria Governing Tax Abatements by Webb County on April 28, 2008 and were amended on July 13, 2009; and later expired on July 13, 2011.

WHEREAS, the Webb County Commissioners Court believes it necessary to reinstate Tax Abatement Guidelines and Criteria for the County; and

**NOW THEREFORE, BE IT ORDERED BY THE COMMISSIONERS COURT OF
WEBB COUNTY, TEXAS THAT:**

Section 1. Guidelines and Criteria Governing Tax Abatements Adopted. In accordance with the requirements in Section 312.002 of the Texas Tax Code, the Webb County Commissioners Court hereby adopts the "Guidelines and Criteria Governing Tax Abatements by Webb County", attached hereto as Exhibit "A" and incorporated herein for all purposes as if set forth in full.

Section 2. No Limits. Adoption of the Guidelines and Criteria adopted in Section 1 herein does not:

(1) Limit the discretion of the Webb County Commissioners Court to decide whether to enter into a specific tax abatement agreement;

(2) Create, nor shall it be construed to create, any property, contract, or other legal right in any person or entity to have the Webb County Commissioners Court consider or grant a specific application or request for tax abatement.

Section 3. Effectiveness of Amended Guidelines. The Amended Guidelines and Criteria adopted in Section 1 herein shall be effective for two (2) years from the effective date of this Order. During that period, the said Amended Guidelines and Criteria Governing Tax Abatements

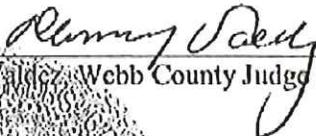
may be amended or repealed only by a vote of three-fourths of the members of the Webb County Commissioners Court.

Section 4. Effective Date. This Resolution and Order shall become effective upon passage and approval.

Section 5. Severability. If any provision, section, subsection, sentence, clause or phrase of this Resolution and Order, or the application of same to any person or set of circumstances is for any reason held to be unconstitutional, void, invalid or for any reason unenforceable, the validity of the remaining portion of this Resolution and Order or its application to any person or set of circumstances shall not be affected thereby, it being the intent of the Commissioners Court of Webb County, Texas in adopting this Resolution and Order that no portion hereof or provision or regulation contained herein shall become inoperative or fail by reason of any unconstitutionality, voidness or invalidity, and all provisions are declared severable for that purpose.

PASSED and APPROVED this 26th day of September 2011.

WEBB COUNTY



Danny Valdez, Webb County Judge

ATTESTED:



Margie Ramirez Ibarra
Webb County Clerk

APPROVED AS TO FORM:



Anna L. Cavazos Ramirez
Webb County Attorney*

*By Law, the County Attorney's office may only advise or approve contracts or legal documents on behalf of its clients. It may not advise or approve a contract or legal document on behalf of other parties. Our review of this document was conducted solely from the legal perspective of our client. Our approval of this document was offered solely for the benefit of our client. Other parties should not rely on this approval, and should seek review and approval of their own respective attorneys.

EXHIBIT A
GUIDELINES AND CRITERIA
GOVERNING TAX ABATEMENTS
WEBB COUNTY, TEXAS
September 26, 2011

SECTION 1: GENERAL PURPOSE AND OBJECTIVES

The County of Webb is committed to enhancing the competitiveness and the expansion potential of the County; to attracting and encouraging new industry and investment; to improving Webb County and its infrastructure which attracts and supports development; and to expanding the tax base, employment opportunities, and the overall quality of life for its citizens. This document describes the Guidelines and Criteria to opportunities Webb County may consider in attempts to assert positive economic development. Nothing herein shall imply or suggest that the County of Webb is under obligation to afford these opportunities to any applicant. All applicants shall be reviewed on a case-by case basis. The customized design of a total incentives package is intended to allow maximum flexibility in addressing the unique concerns of each applicant while enabling Webb County to respond to the changing needs of the County. Consideration will be given to applicants according to the criteria listed in this document and to Chapter 312 of the State Tax Code.

1.1 Purpose:

Chapter 312 of the Texas Tax Code allows, but does not obligate or require, the County to grant a tax abatement on the value added to a particular property on account of a specific development project that meets the eligibility requirements set forth in these Guidelines and Criteria. In order for the County to enter into tax abatement agreements, the County is required to establish guidelines and criteria governing tax abatements and to pass a resolution stating that the County elects to become eligible to participate in tax abatement.

1.2 Objective:

The County of Webb is committed to the promotion of high quality developments in all parts of Webb County and to ongoing improvement in the quality of life for all citizens. These objectives are generally served by the enhancement and expansion of the local economy, the County of Webb, will on a case-by-case determination, give consideration to providing tax abatement as stimulus for economic development within the boundaries of the County of Webb. It is herein proclaimed to be a policy of the County of Webb to make available tax abatement for both new facilities and for the expansion or modernization of existing structures. It is further recognized to be a policy of Webb County that the consideration of tax abatement will be made in accordance with the procedures and criteria set forth herein. Nothing herein shall imply, suggest or in any way be interpreted to obligate the County of Webb to provide a tax abatement to any applicant.

1.3 General Eligibility Criteria:

A tax abatement can only be granted to persons or entities eligible for tax abatement pursuant to Section 312.402 of the Texas Tax Code, which persons or entities as of the effective date of these Amended Guidelines and Criteria are:

- (i) the owner of taxable real property located in a reinvestment zone;
- (ii) the owner of a leasehold interest in tax-exempt real property located in a tax abatement reinvestment zone;
- (iii) the owner of a leasehold interest in real property located in a tax abatement reinvestment zone; or
- (iv) the owner of tangible personal property located in a reinvestment zone.

1.4 General Exclusions and Limitations:

1.4.1 Leases of Real Property

A person or entity seeking tax abatement on real property that is leased from a third party should be advised that, pursuant to state law, the County of Webb can only abate taxes on the increased value of the taxable leasehold interest in the real property, if any, and the increase in value of taxable improvements and tangible personal property located on the real property and subject to the leasehold interest, if any. Before applying for a tax abatement from the County of Webb, such persons or entities should seek professional and legal guidance, and may wish to consult with the appraisal district having jurisdiction over the property in question, as to whether their development projects will result in a taxable leasehold interest in the property and, if so, the anticipated value of that leasehold interest.

SECTION 2: DEFINITIONS.

As used within these Guidelines and criteria, the following words or phrases shall have the following meanings:

2.1 "Abatement" or "Tax Abatement" means the temporary, full or partial exemption from ad valorem taxes of certain eligible taxable real and in some cases tangible personal property and/or improvements located in a Reinvestment Zone designated for economic development purposes.

2.2. "Added Value" means the increase in the assessed value, as compared to base year value, of an eligible property as a result of "expansion" or "modernization" of an existing facility or construction of a "new facility." It does not mean or include "deferred maintenance".

2.3 "Agreement" means a contractual agreement between an owner and/or lessee of eligible property and the County of Webb for the purposes of tax abatement.

2.4 "Base Year Value" means the assessed value of eligible property as determined by the Webb County Appraisal District located in a reinvestment zone on January 1 of the year in which the agreement is executed.

2.5 "Deferred maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.

2.6 "Expansion" means the addition of buildings, structures, fixed machinery or equipment for the purposes of increasing production capacity.

2.7 "Affected Jurisdiction" means Webb County and every other taxing unit that includes within its boundaries property located within a proposed or existing reinvestment zone.

2.8 "Economic Life" means the number of years a property improvement is expected to be in service in a reinvestment zone.

2.9 "Expansion" means the addition of buildings, structures, machinery, or equipment for purposes of increasing production capacity.

2.10 "Facility" means property improvements completed or in the process of construction which together compromise an integral whole.

2.11 "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.

2.12 "Modernization" means the replacement and upgrading of existing facilities which increase the productive input or output, updates the technology or substantially lowers the unit cost of the operation, and extends the economic life of the facilities. 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, repairing or completion of deferred maintenance.

2.13 "New Facility" means a property previously undeveloped, which is placed into service by means other than or in conjunction with an expansion or modernization.

2.14 "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 primarily serve a market outside Webb County, Texas. Corporate Home Office is included in this definition.

2.15 "Other Basic Industry Facility" means property, previously undeveloped, which is placed into service by means other than or in conjunction with expansion or modernization.

2.16 "Owner" means the owner of property subject to abatement. If the eligible property is constructed or located on a leased property, the owner shall be the party which owns the property eligible for a tax abatement. The other party to the lease may join in the execution of agreement but shall not be obligated to assure performance of the party receiving the abatement.

2.17 "Permanent Full-Time Job" means a new employment position created by a business that provides a regular work schedule of at least 35 hours per week or 1820 hours of

regular employment per year to a Webb County, Texas resident and maintains the employment position during the term of the abatement agreement.

2.18 "Productive Life" means the number of years a property improvement is expected to be in service in a facility.

2.19 "Proximate Relocations" means moving a business within Webb County, Texas.

2.20 "Employee" means a person whose employment is both permanent and fulltime, who works for and is an employee of the Owner or an employee of a Contractor, who works a minimum of 1,750 hours per year exclusively within the reinvestment zone, who receives industry-standard benefits, and whose employment is reflected in the Owner's (and Contractor's, if applicable) quarterly report filed with the Texas Workforce Commission ("TWC"); but excluding any direct contract (seasonal, part-time, and full-time equivalent).

2.21 "Tax Abatement Reinvestment Zone" means any real property within Webb County, Texas which has been designated as a reinvestment zone, by the Webb County Commissioners Court and may include any land within the City of Laredo, that has been designated as a reinvestment zone by Laredo City Council.

SECTION 3: ABATEMENT AUTHORIZED

3.1 Authorized Facility: Abatement may be eligible for new facilities and improvements to existing facilities for the purpose of Modernization or Expansion.

3.2 Creation of New Value: Abatement may only be granted for the Added Value of eligible property improvements based on valuations as determined by the Webb County Appraisal District and subject to and listed in an abatement agreement between County and the property owner and lessee, if required, subject to such limitations as said jurisdiction may require.

3.3 Eligible Property: Abatement may be extended to the Added Value of real and tangible personal property as noted in Section 3.6.

3.4 Ineligible Property: The following types of property shall be fully taxable and ineligible for abatement: Land; inventories; supplies; tools; furnishings, and other forms of movable personal property; vehicles; vessels; aircraft; housing; hotel accommodations; deferred maintenance investments; property with an economic life of less than 15 years; property owned or used by the state of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the state of Texas, or any property exempted by local, state or federal law. When such exempted property includes manufacturing machinery and equipment listed in the Investment Budget (as required in "Application"), then the value of such property may not be included toward the achievement of investment or valuation thresholds set out in the Agreement.

3.5 Types Of Industry: In keeping with the broad based approach to economic development, agreements will not be restricted to any particular type of industry. Preference will, however, be given to manufacturing and any other type of industry which provides relatively

higher wages. In keeping with obtaining the highest cost-benefit, tax abatements will be granted on the basis of (a) new jobs and (b) additional investments, for a maximum term of 10 years.

3.6 Period and Percentage of Abatement:

THE BASIC FORMULA:

New Permanent Full Time Jobs	Added Value in Real Property, as assessed by Webb County Appraisal District	Percent of Abatement	Term
50 to 100 jobs	\$1 million up to \$2.5 million	25%	5 years
101 to 150 jobs	over 42.5 million up to \$5 million	50%	5 years
151 to 200 jobs	over \$5 million up to \$10 million	75%	5 years
Over 200 jobs	Over \$10 million	100%	5 years
New Permanent Full Time Jobs	Added Value in Real and Tangible Personal Property, as Assessed by Webb County Appraisal District	Percent of Abatement	Term
Over 200 Jobs	Over \$20 million	100%	5 years

In cases where the required additional investment exceeds \$10 million and the number of jobs is not expected to be met, an abatement may be allowed utilizing the following criteria:

New Permanent Full Time Jobs	Added Value in Real Property, as assessed by Webb County Appraisal District	Percent of Abatement	Term
At least 10 jobs	Over \$10 million	100%	Year 1
		80%	Year 2
		60%	Year 3
		40%	Year 4
		20%	Year 5
At least 5 jobs	Over \$50 million	60%	Years 1-5
		40%	Years 6-10

3.7. Living Wage Requirement: In order to count as a permanent full-time job under this tax abatement program, the job should pay employees wages at a minimum level which is equal to two dollars (\$2.00) above the U.S. minimum wage in effect at the time of the agreement. Additional compensation, such as commissions and mileage, will be taken into consideration and will be included in the wages. However, overtime will not be considered.

3.8 Other General Amended Guidelines:

3.8.1 Companies shall pay permanent full time employees with at least 50% of their health benefits.

3.8.2 They must be offered to local companies for the expansion of existing facilities as well as new facilities.

3.8.3 They must be "performance based" to provide cost benefit advantages to Laredo and Webb County.

3.8.4 They must not permit outside companies to unfairly compete with local companies in the same business in the local market: competing companies may be considered if 75% of their customers are outside Laredo/Webb County, or if any other measures are offered which are judged to make the companies compatible with County of Webb interests.

3.8.5 They must be negotiated quickly and in good faith by representatives of all concerned local entities.

3.8.6 They must be contractual and fully and accurately disclosed to the public.

3.8.7 The contracts must be effectively protected by cancellation, recalibration and "claw-back" provisions which would insure the return of the community's funds if the companies default on their part of the agreement. There should however, be no levy of penalties above repayment of actual local costs.

39 Negotiation and Variance

3.9.1 Notwithstanding anything to the contrary in these Amended Guidelines, the Webb County Commissioners Court may, depending upon the applicant, grant tax abatements which differ from the Basic Formula contained in Section 3.6 taking into consideration the cost benefit, company's financial statements or D&B rating, past business history, nature of the production process, environmental hazards, cost breakdown of the investment into land, building, equipment, probable project status at the end of 10 years, percent of hiring of local workers, and benefits to be paid to local workers and other criteria deemed appropriate by Webb County Commissioners Court.

3.9.2 The Webb County Commissioners Court further reserves the right to vary the term and percent of abatement from the Basic Formula contained in Section 3.6, on a case by case basis, where the applicant shows unique-circumstances that, in the opinion of Webb County Commissioners Court, meet the economic development goals and objectives of Webb County, Texas.

SECTION 4: APPLICATION

41 Any owner of taxable property in Webb County may request the designation of a reinvestment zone and a tax abatement agreement by filing a written application with the County of Webb.

- 4.2 The application shall be signed by the owner accompanied by
- 4.2.1 a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements to be undertaken;
 - 4.2.2 a descriptive list of the improvements which will be a part of the facility;
 - 4.2.3 an estimate of the cost of the improvements;
 - 4.2.4 an estimate of the number of employees during construction, and thereafter, to operate the facility;
 - 4.2.5. a map, metes and bounds or other valid legal property description of the property proposed as a reinvestment zone;
 - 4.2.6 a time schedule for undertaking and completing the planned improvements; and a proposed program for the recruitment of local employees in the construction and operation of the facility together with a statement affirming the applicants commitment to equal opportunity hiring, at all levels, and
 - 4.2.7 a plan to implement and ensure such hiring.
 - 4.2.8 an application fee of \$1,000 to defray cost of administration and maintenance of these guidelines is required for projects in the unincorporated areas of the County.

4.3 In the case of modernization, 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.

4.4 The application shall provide such financial and other information as required by the County to enable it to evaluate the financial capacity of the applicant. In the case of an application based on job retention, the applicant shall include sufficient information to verify the potential of job loss that would occur without abatement.

4.5 If the County intends to act favorably on the application and enter into an agreement, it shall do so in writing with the owner of the taxable real property located in an area designated as a reinvestment zone to exempt from taxation all of the increase in the value of the property over its value in the year in which the agreement is executed.

4.6 The County may not enter into a tax abatement agreement unless it finds that the terms of the agreement and the property subject to the agreement meet the applicable provisions of these "Guidelines and Criteria". Not later than the seventh day before the date on which the County enters into such an agreement the County Judge, or an officer or employee of the County designated by him, shall deliver to the presiding officer of the governing body of each other taxing unit in which the property to be subject to the agreement is located a written notice that the County intends to enter into an agreement. The notice shall be placed in the mail, postage paid, properly addressed, and sent by certified mail with return receipt requested.

4.7 A resolution designating an area as a reinvestment zone may not be adopted by the County until the Webb County Commissioners Court has held a public hearing on the designation.

4.7.1 The County must find that the improvements sought are feasible and practical

and would be a benefit to the land to be included in the zone and to the County after the agreement entered with the owner has expired.

- 4.7.2. It also must be found that the area of the proposed reinvestment zone is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract major investment in the zone that would be a benefit to the property and would contribute to the economic development of the County.
- 4.7.3. At the hearing, interested persons are entitled to speak and present evidence for or against the designation.
- 4.7.4. Not later than the seventh day before the date of such hearing, notice of the hearing must be published in a newspaper having general circulation in Webb County; and said notice shall be delivered in writing to the presiding officer of the governing body of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone.
- 4.7.5. The notice shall be placed in the mail, postage paid, and properly addressed to the appropriate presiding officer.
- 4.7.6. The County shall not establish a reinvestment zone for the purpose of tax abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.

SECTION 5: AGREEMENT

After the hearing the Commissioners Court shall adopt a resolution finding: that the proposed agreement filed with the resolution, a copy of which is to be attached thereto, meets the applicable provisions of these "Guidelines and Criteria". The resolution shall also authorize the execution of the agreement with the owner, to include provisions for:

5.1 The exemption from taxation of all the increases in value of the property, over its value in the year in which the agreement was executed for the period of time provided.

5.2 A listing of the kind, number, and location of all proposed improvements of the property;

5.3 Access to and inspection of property by County employees to ensure that the improvements or repairs are made according to the specifications and conditions of the agreement;

5.4 Limiting the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;

5.5 Recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided by the agreement.

5.6 A map showing proposed improvements and uses in the reinvestment zone.

5.7 Total estimated cost of the improvements and employment estimates.

5.8 The commencement date, the termination date of the tax abatement and the date taxes are first due the County.

5.9 The nature of the construction, time schedule, property description and improvement list as provided in the application in accordance with SECTION 7.2.1 through 7.2.8; and

5.10 A provision that the agreement shall be effective when executed by all parties and upon the final passage of an ordinance designating the reinvestment zone.

5.11 A provision that the applicant is required to file an annual report to the County describing the efforts of the applicant toward local hires and using local vendors and subsequent to completion, progress on construction.

SECTION 6: RECAPTURE

6.1 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 one year during the abatement period, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the affected jurisdiction and other taxing agencies within sixty days from the date of termination.

6.2 Should the County of Webb determine that the company or individual is in default according to the terms and conditions of its agreement, the County shall notify the company or individual in writing at the address stated in the agreement, and if the default is not cured within sixty (60) days from the date of such notice ("Cure Period"), the agreement may be terminated.

6.3 In the event that the company or individual (1) allows any ad valorem taxes owed the County of Webb or affected jurisdictions 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 any default within the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement shall be recaptured and paid within sixty (60) days of the termination.

SECTION 7: ADMINISTRATION

7.1 Each year, the company or individual receiving abatement shall furnish the Chief Appraiser of Webb County with such information as may be necessary for the abatement. The Chief Appraiser will annually determine the assessment of the real and personal property comprising the reinvestment zone and notify the affected jurisdictions of the amount of the assessment.

7.2 Upon completion of construction, Webb County shall annually evaluate each facility receiving abatement to insure compliance with the agreement.

SECTION 8: ASSIGNMENT

Tax 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 the Commissioners Court, subject to the financial capacity of the assignee, and provided all conditions and obligations in the tax abatement agreement are guaranteed by the execution of a new contractual agreement with the County of Webb. No assignment or transfer shall be approved if the parties to the existing

agreement, the new owner or new lessee are liable to the County of Webb or any affected jurisdiction or other taxing agency for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

SECTION 9: SUNSET PROVISION

These Amended Guidelines and Criteria are effective for two years from the date adopted. During that period, the "Amended Guidelines and Criteria" may be amended or repealed only by a vote of three-fourths of the members of the Commissioners Court.

SECTION 10: LEGAL NOTICE TO POTENTIAL APPLICANTS

The adoption of these guidelines and criteria by the County does not and shall not:

10.1 Limit the discretion of the County to decide whether to enter into a specific tax abatement agreement;

10.2 Limit the discretion of the County to delegate to its employee the authority to determine whether or not the County should consider a particular application or request for tax abatement; or

10.3 Create any property, contract, or other legal rights in any person to have the County consider or grant a specific application or request for tax abatement.

10.4 Waive or relinquish any immunity or defense on behalf of the County, its commissioners, offices, employees and agents as a result of the execution of a tax abatement agreement and/or the performance of the functions and obligations described herein.

Attachment B

Certificate of Account Status



TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

October 9, 2012

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

WHITETAIL WIND ENERGY, 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, 2013.

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 9th day of
October 2012 A.D.

A handwritten signature in black ink that reads "Susan Combs".

Susan Combs
Texas Comptroller

Taxpayer number: 32040595871
File number: 0801188971

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

Attachment C

State Comptroller's Recommendation

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



September 4, 2012

Severita Sanchez
Superintendent
Webb Consolidated Independent School District
619 Ave. F
Bruni, Texas 78344

Dear Superintendent Sanchez:

On July 16, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on May 14, 2012 to the Webb Consolidated Independent School District (Webb CISD) by Whitetail Wind Energy, LLC. This letter presents the results of the comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Webb CISD is currently classified as a rural school district in Category 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$120 million) is consistent with the proposed appraised value limitation sought (\$30 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. Whitetail Wind Energy, LLC is proposing the construction of a wind power electric generation facility in Webb County. Whitetail Wind Energy, LLC is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by Whitetail Wind Energy, LLC, the Comptroller's recommendation is that Whitetail Wind Energy, LLC's application under Tax Code Chapter 313 be approved.

Our review of the application 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. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is

¹ All statutory references are to the Texas TaxCode, unless otherwise noted.

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.

Note that any new building or other improvement existing as of the application review start date of July 16, 2012, or any tangible personal property placed in service prior that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency 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 must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

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	Whitetail Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Webb CISD
2010-11 Enrollment in School District	350
County	Webb
Total Investment in District	\$120,000,000
Qualified Investment	\$120,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	5*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$865.38
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$609.36
Minimum Annual Wage committed to by applicant for qualified jobs	\$45,000
Investment per Qualifying Job	\$30,000,000
Estimated 15 year M&O levy without any limit or credit:	\$7,690,893
Estimated gross 15 year M&O tax benefit	\$3,406,861
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):	\$3,345,942
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$1,137,718
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$4,344,951
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	43.5%
Percentage of tax benefit due to the limitation	66.6%
Percentage of tax benefit due to the credit.	33.4%
* 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 Whitetail Wind (the project) applying to Webb Consolidated 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. Four 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 Texas Development Council Region, where Webb County is located was \$28,806 in 2010. The annual average manufacturing wage for 2011 for Webb County is \$29,497. That same year, the county annual average wage for all industries was \$28,158. In addition to a salary of \$45,000, each qualifying position will receive the following benefits: medical insurance (with company paying at least 80% of premiums for employee only coverage), paid holidays, paid vacation, 401(k) retirement savings plan, skills training. The project's total investment is \$120 million, resulting in a relative level of investment per qualifying job of \$30 million.

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

According to Whitetail Wind's application, "MAP Royalty, Inc. ("MAP"), one of the developers and early investors in the adjacent Cedro Hill Wind Project and the current owner of Whitetail Wind Energy, LLC, develops wind farms in different states around the United States of America. They have the ability to locate or relocate in another state, another region of Texas, or another region of the world, Whitetail Wind believes, however, that the proposed site in Webb County is a desirable business location. Receiving the Appraised Value Limitation from the school district is vital to obtaining financing and to maintaining the economic competitiveness of the project with other projects currently being developed by MAP and by others."

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

During the past two years, zero projects in the South Texas Development Council 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 Whitetail Wind 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 Whitetail Wind'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 16 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 Whitetail Wind

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2012	105	86	191	\$4,240,000	\$5,760,000	\$10,000,000
2013	5	9	14	\$240,000	\$1,760,000	\$2,000,000
2014	5	9	14	\$240,000	\$760,000	\$1,000,000
2015	5	8	13	\$240,000	\$760,000	\$1,000,000
2016	5	9	14	\$240,000	\$760,000	\$1,000,000
2017	5	10	15	\$240,000	\$760,000	\$1,000,000
2018	5	13	18	\$240,000	\$760,000	\$1,000,000
2019	5	13	18	\$240,000	\$1,760,000	\$2,000,000
2020	5	13	18	\$240,000	\$1,760,000	\$2,000,000
2021	5	16	21	\$240,000	\$1,760,000	\$2,000,000
2022	5	16	21	\$240,000	\$1,760,000	\$2,000,000
2023	5	15	20	\$240,000	\$1,760,000	\$2,000,000
2024	5	20	25	\$240,000	\$1,760,000	\$2,000,000
2025	5	15	20	\$240,000	\$1,760,000	\$2,000,000
2026	5	18	23	\$240,000	\$2,760,000	\$3,000,000
2027	5	18	23	\$240,000	\$2,760,000	\$3,000,000

Source: CPA, REMI, Whitetail Wind

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Webb CISD's ad valorem tax base in 2010 was \$1.7 billion. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010. During that same year, Webb CISD's estimated wealth per WADA was \$2,785,274. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Webb County, with all property tax incentives sought being granted using estimated market value from Whitetail Wind's application. Whitetail Wind has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Whitetail Wind 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	Webb CISD I&S Levy	Webb CISD M&O Levy	Webb CISD M&O and I&S Tax Levies (Before Credit Credited)	Webb CISD M&O and I&S Tax Levies (After Credit Credited)	Webb County	Estimated Total Property Taxes
				0.0486	0.8033			0.4201	
2013	\$120,000,000	\$120,000,000		\$58,320	\$963,960	\$1,022,280	\$1,022,280	\$201,626	\$1,223,906
2014	\$81,630,500	\$81,630,500		\$39,672	\$655,738	\$695,410	\$695,410	\$137,157	\$832,567
2015	\$77,563,675	\$30,000,000		\$37,696	\$240,990	\$278,686	\$278,686	\$130,324	\$409,010
2016	\$73,699,897	\$30,000,000		\$35,818	\$240,990	\$276,808	\$141,205	\$123,832	\$265,037
2017	\$70,029,020	\$30,000,000		\$34,034	\$240,990	\$275,024	\$140,173	\$117,664	\$257,837
2018	\$66,541,404	\$30,000,000		\$32,339	\$240,990	\$273,329	\$139,193	\$167,706	\$306,899
2019	\$63,227,893	\$30,000,000		\$30,729	\$240,990	\$271,719	\$138,262	\$159,355	\$297,617
2020	\$60,079,786	\$30,000,000		\$29,199	\$240,990	\$270,189	\$137,377	\$151,421	\$288,798
2021	\$57,088,819	\$30,000,000		\$27,745	\$240,990	\$268,735	\$136,537	\$143,883	\$280,420
2022	\$54,247,139	\$30,000,000		\$26,364	\$240,990	\$267,354	\$135,738	\$136,721	\$272,459
2023	\$51,547,289	\$51,547,289		\$25,052	\$414,079	\$439,131	\$236,086	\$216,527	\$452,613
2024	\$48,982,180	\$48,982,180		\$23,805	\$393,474	\$417,279	\$417,279	\$205,752	\$623,031
2025	\$46,545,082	\$46,545,082		\$22,621	\$373,897	\$396,518	\$396,518	\$195,515	\$592,032
2026	\$44,229,599	\$44,229,599		\$21,496	\$355,296	\$376,792	\$376,792	\$185,789	\$562,581
2027	\$42,029,654	\$42,029,654		\$20,426	\$337,624	\$358,051	\$358,051	\$176,548	\$534,598
						Total	\$4,749,587	\$2,449,820	\$7,199,407

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Whitetail Wind

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Webb CISD I&S Levy	Webb CISD M&O Levy	Webb CISD M&O and I&S Tax Levies	Webb County	Estimated Total Property Taxes	
				0.0486	0.8033		0.4201		
2013	\$120,000,000	\$120,000,000		\$58,320	\$963,960	\$1,022,280	\$504,066	\$1,526,346	
2014	\$81,630,500	\$81,630,500		\$39,672	\$655,738	\$695,410	\$342,893	\$1,038,303	
2015	\$77,563,675	\$77,563,675		\$37,696	\$623,069	\$660,765	\$325,810	\$986,575	
2016	\$73,699,897	\$73,699,897		\$35,818	\$592,031	\$627,849	\$309,580	\$937,430	
2017	\$70,029,020	\$70,029,020		\$34,034	\$562,543	\$596,577	\$294,160	\$890,738	
2018	\$66,541,404	\$66,541,404		\$32,339	\$534,527	\$566,866	\$279,510	\$846,377	
2019	\$63,227,893	\$63,227,893		\$30,729	\$507,910	\$538,638	\$265,592	\$804,230	
2020	\$60,079,786	\$60,079,786		\$29,199	\$482,621	\$511,820	\$252,368	\$764,188	
2021	\$57,088,819	\$57,088,819		\$27,745	\$458,594	\$486,340	\$239,804	\$726,144	
2022	\$54,247,139	\$54,247,139		\$26,364	\$435,767	\$462,131	\$227,868	\$689,999	
2023	\$51,547,289	\$51,547,289		\$25,052	\$414,079	\$439,131	\$216,527	\$655,658	
2024	\$48,982,180	\$48,982,180		\$23,805	\$393,474	\$417,279	\$205,752	\$623,031	
2025	\$46,545,082	\$46,545,082		\$22,621	\$373,897	\$396,518	\$195,515	\$592,032	
2026	\$44,229,599	\$44,229,599		\$21,496	\$355,296	\$376,792	\$185,789	\$562,581	
2027	\$42,029,654	\$42,029,654		\$20,426	\$337,624	\$358,051	\$176,548	\$534,598	
						Total	\$8,156,448	\$4,021,783	\$12,178,231

Source: CPA, Whitetail Wind

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 \$7,690,893. The estimated gross 15 year M&O tax benefit, or levy loss, is \$3,406,861.

Attachment 3 is an economic overview of Webb County.

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



TEXAS EDUCATION AGENCY

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

Robert Scott
Commissioner

August 28, 2012

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 Whitetail Wind Energy LLC project for the Webb Consolidated Independent School District (WCISD). 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 Whitetail Wind Energy LLC project on WCISD 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 black ink that reads "Belinda Dyer".

Belinda Dyer
Division Manager
Office of School Finance

BD/bd



TEXAS EDUCATIONAL AGENCY

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

August 28, 2012

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 Whitetail Wind Energy LLC project on the number and size of school facilities in Webb Consolidated Independent School District (WCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the WCISD superintendent, Dr. Maria Severita Sanchez, the TEA has found that the Whitetail Wind Energy LLC project would not have a significant impact on the number or size of school facilities in WCISD.

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/bd

Webb County

Population

- Total county population in 2010 for Webb County: 245,960 , up 2.2 percent from 2009. State population increased 1.8 percent in the same time period.
- Webb County was the state's 19st largest county in population in 2010 and the 31st fastest growing county from 2009 to 2010.
- Webb County's population in 2009 was 4.7 percent Anglo (below the state average of 46.7 percent), 0.2 percent African-American (below the state average of 11.3 percent) and 94.5 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Webb County:

Laredo:	226,124	Rio Bravo:	5,656
El Cenizo:	3,612		

Economy and Income

Employment

- September 2011 total employment in Webb County: 88,117 , up 2.7 percent from September 2010. State total employment increased 0.9 percent during the same period.

(October 2011 employment data will be available November 18, 2011).

- September 2011 Webb County unemployment rate: 8.4 percent, up from 8.3 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

Laredo: 7.8 percent, up from 7.6 percent in September 2010.

(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

- Webb County's ranking in per capita personal income in 2009: 245th with an average per capita income of \$23,294, down 1.3 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 Webb County averaged \$48.08 million annually from 2007 to 2010. County total agricultural values in 2010 were up 36.2 percent from 2009. Major agriculture related commodities in Webb County during 2010 included:
 - Fed Beef - Horses - Nursery - Hunting - Other Beef
- 2011 oil and gas production in Webb County: 111,790.0 barrels of oil and 172.4 million Mcf of gas. In September 2011, there were 122 producing oil wells and 4990 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Webb County during the fourth quarter 2010: \$567.78 million, up 10.8 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Laredo:	\$563.72 million, up 10.7 percent from the same quarter in 2009.
Rio Bravo:	\$861,596.00, up 5.9 percent from the same quarter in 2009.
El Cenizo:	\$141,168.00, down 21.9 percent from the same quarter in 2009.

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Webb County through the fourth quarter of 2010: \$1.92 billion, up 7.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Laredo:	\$1.90 billion, up 7.6 percent from the same period in 2009.
Rio Bravo:	\$3.30 million, up 3.0 percent from the same period in 2009.
El Cenizo:	\$522,791.00, down 18.8 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Webb County during 2010: \$1.92 billion, up 7.6 percent from 2009.
- Webb County sent an estimated \$120.07 million (or 0.70 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Laredo:	\$1.90 billion, up 7.6 percent from 2009.
Rio Bravo:	\$3.30 million, up 3.0 percent from 2009.

El Cenizo: \$522,791.00, down 18.8 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Webb County based on the sales activity month of August 2011: \$2.93 million, up 20.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 - Laredo: \$2.92 million, up 20.7 percent from August 2010.
 - Rio Bravo: \$4,222.18, up 37.0 percent from August 2010.
 - El Cenizo: \$1,127.20, up 7.8 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Webb County based on sales activity months from September 2010 through August 2011: \$34.23 million, up 15.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 - Laredo: \$34.17 million, up 15.9 percent from fiscal 2010.
 - Rio Bravo: \$45,061.23, up 9.1 percent from fiscal 2010.
 - El Cenizo: \$12,223.68, up 8.3 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Webb County based on sales activity months through August 2011: \$22.79 million, up 19.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Laredo: \$22.75 million, up 19.4 percent from the same period in 2010.
 - Rio Bravo: \$30,262.65, up 4.8 percent from the same period in 2010.
 - El Cenizo: \$8,481.34, up 11.6 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Webb County based on sales activity in the 12 months ending in August 2011: \$34.23 million, up 15.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Laredo: \$34.17 million, up 15.9 percent from the previous 12-month period.
 - Rio Bravo: \$45,061.23, up 9.1 percent from the previous 12-month period.
 - El Cenizo: \$12,223.68, up 8.3 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through October 2011:
 - Laredo: \$29.07 million, up 17.2 percent from the same period in 2010.
 - Rio Bravo: \$37,433.48, up 6.8 percent from the same period in 2010.
 - El Cenizo: \$10,486.83, up 10.6 percent from the same period in 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 Webb County based on sales activity months in 2010: \$30.53 million, up 4.3 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Laredo: \$30.47 million, up 4.3 percent from 2009.
 - Rio Bravo: \$43,682.24, up 15.9 percent from 2009.
 - El Cenizo: \$11,345.19, up 0.2 percent from 2009.

Property Tax

- As of January 2009, property values in Webb County: \$15.57 billion, unchanged 0.0 percent from January 2008 values. The property tax base per person in Webb County is \$64,477, below the statewide average of \$85,809. About 16.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Webb County's ranking in state expenditures by county in fiscal year 2010: 20th. State expenditures in the county for FY2010: \$1.06 billion, unchanged 0.0 percent from FY2009.
- In Webb County, 27 state agencies provide a total of 2,035 jobs and \$18.00 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Texas A & M International University
 - Texas A & M University System
 - Department of Public Safety
 - Health & Human Services Commission
 - Department of Transportation

Higher Education

- Community colleges in Webb County fall 2010 enrollment:
 - Laredo Community College, a Public Community College, had 9,994 students.
- Webb County is in the service area of the following:
 - Laredo Community College with a fall 2010 enrollment of 9,994. Counties in the service area include:
 - Jim Hogg County
 - Webb County
 - Zapata County
- Institutions of higher education in Webb County fall 2010 enrollment:
 - Texas A&M International University, a Public University (part of Texas A&M University System), had 6,853 students.

School Districts

- Webb County had 3 school districts with 75 schools and 65,765 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.)
 - Laredo ISD had 24,682 students in the 2009-10 school year. The average teacher salary was \$50,288. The percentage of students meeting the 2010 TAKS passing standard for all tests was 59 percent.
 - United ISD had 40,733 students in the 2009-10 school year. The average teacher salary was \$48,514. The percentage of students meeting the 2010 TAKS passing standard for all tests was 68 percent.
 - Webb CISD had 350 students in the 2009-10 school year. The average teacher salary was \$58,403. The percentage of students meeting the 2010 TAKS passing standard for all tests was 81 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED
WHITETAIL WIND ENERGY, LLC PROJECT ON THE FINANCES OF
THE WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE
LIMITATION**

July 12, 2012

Final Report

PREPARED BY



Estimated Impact of the Proposed Whitetail Wind Energy, LLC Project on the Finances of the Webb Consolidated Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Whitetail Wind Energy, LLC (Whitetail Wind Energy) has requested that the Webb Consolidated Independent School District (WCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to WCISD on June 19, 2012, Whitetail Wind Energy proposes to invest \$120 million to construct a new wind energy project in WCISD.

The Whitetail Wind 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, Chapter 313 of the Tax Code granted eligibility to companies engaged in manufacturing, research and development, and renewable electric energy production 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.

Under the provisions of Chapter 313, WCISD may offer a minimum value limitation of \$30 million, based on the Comptroller's 2011 property value study. The provisions of Chapter 313 call for the project to be fully taxable in the 2013-14 and 2014-15 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2013-14 and 2014-15 school years. Beginning in the 2015-16 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with WCISD currently levying a \$0.049 I&S tax rate. The full value of the investment is expected to reach \$120 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

In the case of the Whitetail Wind 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. WCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$17,406), with similar or smaller losses estimated for the out-years.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$3.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

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 its 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 based on the full project value throughout the qualifying and value limitation period (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.

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results 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, assuming a similar deduction is made in the state property values.

Under the HB 1 system adopted in 2006, 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.

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. 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 786 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 241 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. These changes are expected to result in 403 districts receiving ASATR funding, with 624 districts operating on formula.

For the 2013-14 school year and beyond, the ASATR reduction percentage will be set in the General Appropriations Act. 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. It is likely that ASATR state funding will be reduced in future years and eliminated by the 2017-18 school year, based on current state policy.

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

Whitetail Wind 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 general 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. Previously approved Chapter 313 property valuations are also incorporated into the underlying values of all the models presented.

With regard to ASATR funding, the 92.35 percent reduction enacted for the 2012-13 school year is used until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below. The projected taxable values of the Whitetail Wind Energy project are factored into the base model used here. The impact of the limitation value for the proposed Whitetail Wind Energy project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 292 students in average daily attendance (ADA) in analyzing the effects of the Whitetail Wind Energy project on the finances of WCISD. The District's local tax base reached \$1.3 billion for the 2011 tax year and is maintained for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$0.80 is used throughout this analysis. WCISD has estimated state property wealth per weighted ADA or WADA of approximately \$2.8 million for the 2011-12 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for WCISD under the assumptions outlined above through the 2027-28 school year. Beyond the 2012-13 school year, no attempt was made to forecast the 88th percentile or Austin yield that influences future state funding beyond the projected level for that school year. 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 model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Whitetail Wind Energy facility to the model, but without assuming that a value limitation is approved. The results of the base model are shown in Table 2.

A second model is developed which adds the Whitetail Wind Energy value but imposes the proposed property value limitation effective in the third year, which in this case is the 2015-16 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3).

A summary of the differences between these models is shown in Table 4. The model results show approximately \$6 million a year in annual net General Fund revenue, after recapture (if appropriate) and other adjustments have been made, as needed. If target revenue is eliminated in the 2017-18 tax year, this amount would decrease to \$3.8 million in the absence of other formula adjustments.

Under these assumptions, WCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2015-16 school year (-\$17,406). The revenue reduction results from the mechanics of the up to six cents beyond the compressed M&O tax rate equalized to the Austin yield or 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. It is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2015-16 school year. The formula loss of \$17,406 cited above between the base and the limitation models is based on an assumption \$382,079 in M&O tax savings for Whitetail Wind Energy when the \$30 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding of \$110,552 is expected to help offset this revenue loss, with reduced recapture costs accounting for most of the revenue offset.

In general, the ASATR offset poses little, if any, financial risk to the school district as a result of the adoption of the value limitation agreement. But a significant reduction of ASATR funding prior to the assumed 2017-18 school year elimination of these funds could reduce the residual tax savings in the first year that the \$30 million value limitation takes effect.

The Comptroller’s state property value study influences these calculations, as noted previously. At the school-district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect. The Comptroller’s Property Tax Assistance Division makes two value determinations for school districts granting Chapter 313 agreements, consistent with local practice. A consolidated single state property value had been provided previously.

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. An \$0.80 per \$100 of taxable value M&O rate is assumed for 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$2.3 million over the life of the agreement. In addition, Whitetail Wind Energy would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying 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 \$1.1 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key WCISD revenue losses are expected to total approximately -\$60,919 over the course of the agreement. The potential total net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$3.3 million over the life of the agreement. While legislative changes to ASATR funding could increase the hold-harmless amount owed in the initial year of the agreement, there would still be a substantial tax benefit to Whitetail Wind Energy under the value limitation agreement for the remaining years that the limitation is in effect.

Facilities Funding Impact

The Whitetail Wind Energy project remains fully taxable for debt services taxes, with WCISD currently levying a \$0.049 I&S rate. The value of the Whitetail Wind Energy project is expected to depreciate over the life of the agreement and beyond, but at its peak taxable value the project should permit WCISD to reduce its I&S tax rate by an estimated \$0.008 cents per \$100.

The Whitetail Wind Energy project is not expected to affect WCISD in terms of enrollment. Continued expansion of the project and related development 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 Whitetail Wind Energy wind energy project enhances the tax base of WCISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

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

Table 1 – Base District Information with Whitetail Wind Energy, 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
Pre-Year 1	2012-13	282.61	545.18	\$0.8033	\$0.0486	\$1,307,287,909	\$1,307,287,909	\$1,489,615,949	\$1,489,615,949	\$2,732,314	\$2,732,314
1	2013-14	282.61	545.18	\$0.8033	\$0.0486	\$1,427,287,909	\$1,427,287,909	\$1,308,367,849	\$1,308,367,849	\$2,399,861	\$2,399,861
2	2014-15	282.61	545.18	\$0.8033	\$0.0486	\$1,388,918,409	\$1,388,918,409	\$1,428,367,849	\$1,428,367,849	\$2,619,970	\$2,619,970
3	2015-16	282.61	553.49	\$0.8033	\$0.0410	\$1,384,851,584	\$1,337,287,909	\$1,389,998,349	\$1,389,998,349	\$2,511,321	\$2,511,321
4	2016-17	282.61	553.49	\$0.8033	\$0.0410	\$1,380,987,806	\$1,337,287,909	\$1,385,931,524	\$1,338,367,849	\$2,503,973	\$2,418,039
5	2017-18	282.61	553.49	\$0.8033	\$0.0410	\$1,377,316,929	\$1,337,287,909	\$1,382,067,746	\$1,338,367,849	\$2,496,992	\$2,418,039
6	2018-19	282.61	553.49	\$0.8033	\$0.0410	\$1,373,829,314	\$1,337,287,909	\$1,378,396,869	\$1,338,367,849	\$2,490,360	\$2,418,039
7	2019-20	282.61	553.49	\$0.8033	\$0.0410	\$1,370,515,802	\$1,337,287,909	\$1,374,909,254	\$1,338,367,849	\$2,484,059	\$2,418,039
8	2020-21	282.61	553.49	\$0.8033	\$0.0410	\$1,477,901,697	\$1,447,821,911	\$1,371,595,742	\$1,338,367,849	\$2,478,072	\$2,418,039
9	2021-22	282.61	553.49	\$0.8033	\$0.0410	\$1,468,884,030	\$1,441,795,211	\$1,478,981,637	\$1,448,901,851	\$2,672,087	\$2,617,742
10	2022-23	282.61	553.49	\$0.8033	\$0.0410	\$1,460,316,985	\$1,436,069,846	\$1,469,963,970	\$1,442,875,151	\$2,655,795	\$2,606,853
11	2023-24	282.61	553.49	\$0.8033	\$0.0410	\$1,452,178,038	\$1,452,178,038	\$1,461,396,925	\$1,437,149,786	\$2,640,317	\$2,596,509
12	2024-25	282.61	553.49	\$0.8033	\$0.0410	\$1,444,445,787	\$1,444,445,787	\$1,453,257,978	\$1,453,257,978	\$2,625,612	\$2,625,612
13	2025-26	282.61	553.49	\$0.8033	\$0.0410	\$1,437,099,904	\$1,437,099,904	\$1,445,525,727	\$1,445,525,727	\$2,611,642	\$2,611,642
14	2026-27	282.61	553.49	\$0.8033	\$0.0410	\$1,430,121,076	\$1,430,121,076	\$1,438,179,844	\$1,438,179,844	\$2,598,370	\$2,598,370
15	2027-28	282.61	553.49	\$0.8033	\$0.0410	\$1,423,461,298	\$1,423,461,298	\$1,431,201,016	\$1,431,201,016	\$2,585,762	\$2,585,762

*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
Pre-Year 1	2012-13	\$9,907,189	\$93,624	\$2,666,385	\$0	-\$7,101,002	\$472,872	\$0	\$0	\$6,039,069
1	2013-14	\$10,808,834	\$91,388	\$2,000,544	\$0	-\$7,334,569	\$515,908	\$0	\$0	\$6,082,105
2	2014-15	\$10,520,537	\$91,388	\$2,371,393	\$0	-\$7,417,121	\$502,148	\$0	\$0	\$6,068,344
3	2015-16	\$10,497,272	\$100,580	\$2,326,993	\$0	-\$7,274,035	\$501,037	\$0	\$0	\$6,151,849
4	2016-17	\$10,467,649	\$120,363	\$2,321,201	\$0	-\$7,258,402	\$499,623	\$0	\$0	\$6,150,435
5	2017-18	\$10,439,505	\$100,580	\$0	\$0	-\$7,215,623	\$498,280	\$0	\$0	\$3,822,743
6	2018-19	\$10,412,765	\$120,363	\$0	\$0	-\$7,202,905	\$497,004	\$0	\$0	\$3,827,227
7	2019-20	\$10,387,360	\$100,580	\$0	\$0	-\$7,162,890	\$495,791	\$0	\$0	\$3,820,842
8	2020-21	\$11,193,916	\$120,363	\$0	\$0	-\$7,730,594	\$534,288	\$0	\$0	\$4,117,973
9	2021-22	\$11,125,529	\$100,580	\$0	\$0	-\$7,914,698	\$531,024	\$0	\$0	\$3,842,435
10	2022-23	\$11,060,723	\$120,363	\$0	\$0	-\$7,863,295	\$527,931	\$0	\$0	\$3,845,722
11	2023-24	\$10,520,537	\$100,580	\$0	\$0	-\$7,445,393	\$502,148	\$0	\$0	\$3,677,872
12	2024-25	\$10,462,439	\$120,363	\$0	\$0	-\$7,400,803	\$499,375	\$0	\$0	\$3,681,374
13	2025-26	\$10,407,244	\$120,363	\$0	\$0	-\$7,345,472	\$496,740	\$0	\$0	\$3,678,876
14	2026-27	\$10,354,807	\$120,363	\$0	\$0	-\$7,292,904	\$494,237	\$0	\$0	\$3,676,504
15	2027-28	\$10,304,768	\$120,363	\$0	\$0	-\$7,242,804	\$491,849	\$0	\$0	\$3,674,176

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
Pre-Year 1	2012-13	\$9,907,189	\$93,624	\$2,666,385	\$0	-\$7,101,002	\$472,872	\$0	\$0	\$6,039,069
1	2013-14	\$10,808,834	\$91,388	\$2,000,544	\$0	-\$7,334,569	\$515,908	\$0	\$0	\$6,082,105
2	2014-15	\$10,520,537	\$91,388	\$2,371,393	\$0	-\$7,417,121	\$502,148	\$0	\$0	\$6,068,344
3	2015-16	\$10,132,600	\$100,580	\$2,437,045	\$0	-\$7,019,414	\$483,631	\$0	\$0	\$6,134,443
4	2016-17	\$10,132,600	\$120,363	\$2,313,654	\$0	-\$6,915,806	\$483,631	\$0	\$0	\$6,134,443
5	2017-18	\$10,132,600	\$100,580	\$0	\$0	-\$6,901,451	\$483,631	\$0	\$0	\$3,815,361
6	2018-19	\$10,132,600	\$120,363	\$0	\$0	-\$6,915,806	\$483,631	\$0	\$0	\$3,820,789
7	2019-20	\$10,132,600	\$100,580	\$0	\$0	-\$6,901,451	\$483,631	\$0	\$0	\$3,815,361
8	2020-21	\$10,963,121	\$120,363	\$0	\$0	-\$7,487,198	\$523,272	\$0	\$0	\$4,119,558
9	2021-22	\$10,917,838	\$100,580	\$0	\$0	-\$7,701,628	\$521,111	\$0	\$0	\$3,837,901
10	2022-23	\$10,874,819	\$120,363	\$0	\$0	-\$7,672,203	\$519,058	\$0	\$0	\$3,842,036
11	2023-24	\$10,995,851	\$100,580	\$0	\$0	-\$7,731,023	\$524,834	\$0	\$0	\$3,890,243
12	2024-25	\$10,937,753	\$120,363	\$0	\$0	-\$7,739,540	\$522,061	\$0	\$0	\$3,840,638
13	2025-26	\$10,882,558	\$120,363	\$0	\$0	-\$7,683,478	\$519,427	\$0	\$0	\$3,838,871
14	2026-27	\$10,830,122	\$120,363	\$0	\$0	-\$7,630,209	\$516,924	\$0	\$0	\$3,837,200
15	2027-28	\$10,780,082	\$120,363	\$0	\$0	-\$7,579,436	\$514,536	\$0	\$0	\$3,835,545

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
Pre-Year 1	2012-13	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2015-16	-\$364,672	\$0	\$110,052	\$0	\$254,621	-\$17,406	\$0	\$0	-\$17,406
4	2016-17	-\$335,049	\$0	-\$7,547	\$0	\$342,596	-\$15,992	\$0	\$0	-\$15,992
5	2017-18	-\$306,905	\$0	\$0	\$0	\$314,172	-\$14,649	\$0	\$0	-\$7,382
6	2018-19	-\$280,165	\$0	\$0	\$0	\$287,099	-\$13,372	\$0	\$0	-\$6,438
7	2019-20	-\$254,760	\$0	\$0	\$0	\$261,439	-\$12,160	\$0	\$0	-\$5,481
8	2020-21	-\$230,795	\$0	\$0	\$0	\$243,396	-\$11,016	\$0	\$0	\$1,585
9	2021-22	-\$207,691	\$0	\$0	\$0	\$213,071	-\$9,913	\$0	\$0	-\$4,533
10	2022-23	-\$185,904	\$0	\$0	\$0	\$191,092	-\$8,873	\$0	\$0	-\$3,686
11	2023-24	\$475,314	\$0	\$0	\$0	-\$285,630	\$22,687	\$0	\$0	\$212,371
12	2024-25	\$475,314	\$0	\$0	\$0	-\$338,737	\$22,687	\$0	\$0	\$159,264
13	2025-26	\$475,314	\$0	\$0	\$0	-\$338,007	\$22,687	\$0	\$0	\$159,995
14	2026-27	\$475,314	\$0	\$0	\$0	-\$337,305	\$22,687	\$0	\$0	\$160,696
15	2027-28	\$475,314	\$0	\$0	\$0	-\$336,632	\$22,687	\$0	\$0	\$161,369

Table 5 - Estimated Financial impact of the Whitetail Wind Energy, LLC Project Property Value Limitation Request Submitted to WCISD at \$0.80 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
Pre-Year 1	2012-13	\$0	\$0	\$0	\$0.803	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2013-14	\$120,000,000	\$120,000,000	\$0	\$0.803	\$963,960	\$963,960	\$0	\$0	\$0	\$0	\$0
2	2014-15	\$81,630,500	\$81,630,500	\$0	\$0.803	\$655,738	\$655,738	\$0	\$0	\$0	\$0	\$0
3	2015-16	\$77,563,675	\$30,000,000	\$47,563,675	\$0.803	\$623,069	\$240,990	\$382,079	\$0	\$382,079	-\$17,406	\$364,673
4	2016-17	\$73,699,897	\$30,000,000	\$43,699,897	\$0.803	\$592,031	\$240,990	\$351,041	\$135,603	\$486,645	-\$15,992	\$470,653
5	2017-18	\$70,029,020	\$30,000,000	\$40,029,020	\$0.803	\$562,543	\$240,990	\$321,553	\$134,851	\$456,404	-\$7,382	\$449,022
6	2018-19	\$66,541,405	\$30,000,000	\$36,541,405	\$0.803	\$534,527	\$240,990	\$293,537	\$134,136	\$427,673	-\$6,438	\$421,235
7	2019-20	\$63,227,893	\$30,000,000	\$33,227,893	\$0.803	\$507,910	\$240,990	\$266,920	\$133,457	\$400,376	-\$5,481	\$394,895
8	2020-21	\$60,079,786	\$30,000,000	\$30,079,786	\$0.803	\$482,621	\$240,990	\$241,631	\$132,811	\$374,442	\$0	\$374,442
9	2021-22	\$57,088,819	\$30,000,000	\$27,088,819	\$0.803	\$458,594	\$240,990	\$217,604	\$132,198	\$349,803	-\$4,533	\$345,269
10	2022-23	\$54,247,139	\$30,000,000	\$24,247,139	\$0.803	\$435,767	\$240,990	\$194,777	\$131,616	\$326,393	-\$3,686	\$322,707
11	2023-24	\$51,547,289	\$51,547,289	\$0	\$0.803	\$414,079	\$414,079	\$0	\$203,045	\$203,045	\$0	\$203,045
12	2024-25	\$48,982,180	\$48,982,180	\$0	\$0.803	\$393,474	\$393,474	\$0	\$0	\$0	\$0	\$0
13	2025-26	\$46,545,082	\$46,545,082	\$0	\$0.803	\$373,897	\$373,897	\$0	\$0	\$0	\$0	\$0
14	2026-27	\$44,229,599	\$44,229,599	\$0	\$0.803	\$355,296	\$355,296	\$0	\$0	\$0	\$0	\$0
15	2027-28	\$42,000,000	\$42,000,000	\$0	\$0.803	\$337,386	\$337,386	\$0	\$0	\$0	\$0	\$0
Totals						\$7,690,893	\$5,421,750	\$2,269,143	\$1,137,718	\$3,406,861	-\$60,919	\$3,345,942
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$722,970	\$414,748	\$1,137,718		
								Credits Earned		\$1,137,718		
								Credits Paid		<u>\$1,137,718</u>		
								Excess Credits Unpaid		\$0		

***Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. One of the most substantial changes to the school finance formulas related to Chapter 313 revenue-loss projections could be the treatment of Additional State Aid for Tax Reduction (ASATR). Legislative intent is to end ASATR in 2017-18 school year. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.

Attachment F

Taxable Value of Property

Attachment G

Participation Agreement

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

by and between

WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

and

WHITETAIL WIND ENERGY, LLC
(Texas Taxpayer ID # 3204059585871)

Dated

October 15, 2012

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

STATE OF TEXAS §

COUNTY OF WEBB §

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 **WEBB CONSOLIDATED 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 **WHITETAIL WIND ENERGY, LLC**, (*Texas Taxpayer ID #3204059585871*), hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on May 4, 2012, the Superintendent of Schools (hereinafter referred to as "Superintendent") of the Webb Consolidated Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on May 14, 2012, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Whitetail Wind Energy, LLC, and on May 14, 2012, the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

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

WHEREAS, the Comptroller, via letter, has established July 16, 2012 as the completed Application date; and,

WHEREAS, pursuant to 34 Texas Administrative Code §9.1054, the Application was delivered for review to the Webb County Appraisal District established in Webb County, Texas (the "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 September 4, 2012 the Comptroller, via letter, recommended that the Application be approved; and,

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

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

WHEREAS, on October 11, 2012, the District received written notification, pursuant to 34 Texas Administrative Code §9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on September 4, 2012 that the Application be approved; and,

WHEREAS, on October 15, 2012, 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 October 15, 2012, the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and, (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on October 15, 2012, 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 October 15, 2012, 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 October 15, 2012, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on October 15, 2012, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

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

Section 1.2. TERM OF THE AGREEMENT

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

The period beginning with the Commencement Date of October 15, 2012 and ending on December 31, 2014 will be referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to a tax limitation during the Qualifying Time Period.

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

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

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year Commencing on date of Board approval (10/15/12)	January 1, 2012	2012-13	2012	Start of Qualifying Time Period beginning with Commencement Date (10/15/12). No limitation on value. First year for computation of Annual Limit.
1	January 1, 2013	2013-14	2013	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
2	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible Tax Credit in future years.
3	January 1, 2015	2015-16	2015	\$ 30 million property value limitation.
4	January 1, 2016	2016-17	2016	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
5	January 1, 2017	2017-18	2017	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
6	January 1, 2018	2018-19	2018	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
7	January 1, 2019	2019-20	2019	\$30 million property value limitation. Possible Tax Credit due to Applicant.
8	January 1, 2020	2020-21	2020	\$ 30 million property value limitation. Possible Tax Credit due to Applicant.
9	January 1, 2021	2021-22	2021	\$30 million property value limitation. Possible Tax Credit due to Applicant.
10	January 1, 2022	2022-23	2022	\$30 million property value limitation. Possible Tax Credit

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
				due to Applicant.
11	January 1, 2023	2023-24	2023	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2024	2024-25	2024	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2025	2025-26	2025	No tax limitation. Possible Tax Credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

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

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

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

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

“Aggregate Limit” means, for any Tax Year during the term of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and for all previous Tax Years

during the course of this Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV.

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

“Annual Limit” means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Texas Education Code §42.005, by multiplying the District’s 2011-12 average daily attendance of 366, times \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for Tax Year 2012, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

“Applicant” means Whitetail Wind Energy, LLC, *Texas Taxpayer Identification Number 18410411666*, the company listed in the Preamble of this Agreement who, on May 4, 2012, filed the Original Application with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest.

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

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on May 4, 2012 which has been certified by the Comptroller’s office to constitute a complete final Application as of the date of July 16, 2012. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

“Appraisal District” means the Webb County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Webb Consolidated Independent School District.

"Commencement Date" means October 15, 2012, the date upon which this Agreement was approved by the District's Board of Trustees.

"Completed Application Date" means July 16, 2012, 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 (Texas Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

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

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

"County" means Webb County, Texas.

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

"District" or "School District" means the Webb Consolidated 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, 2025. However, any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in

this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

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

"Maintain Viable Presence" means, after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3 below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least five (5) New Jobs, from the time they are created until the Final Termination Date of which at least four (4) will be Qualifying Jobs as set forth in the Application from the time they are created until the Final Termination Date.

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

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

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

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

State of Texas, for all Tax Years during the term of this Agreement, plus (B) any and all payments due to the District under Article III of this Agreement.

"New Jobs" means 5 (five) "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 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 four (4) New Jobs which meet the requirements of Texas Tax Code 313.021(3). At least eighty percent (80%) of all New Jobs must be Qualifying Jobs.

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

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

"State" means the State of Texas.

"Substantive Document" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to 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 the Applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school Tax Credits under 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 imposed on the Applicant under such provisions, including the timely filing of a completed

application under Texas Tax Code §313.103 and the duly adopted administrative rules relating thereto.

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

- (a) the Market Value of the Applicant’s Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

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

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

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

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

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

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

Section 2.2. LOCATION OF QUALIFIED PROPERTY

The location of the Qualified Property upon which the Applicant’s Qualified Investment will be located (the “Applicant’s Qualified Property”) is described in the legal description which is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all

purposes (“Land”). The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in EXHIBIT 2 without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in EXHIBIT 3, which is attached hereto and incorporated herein by reference for all purposes (the “Applicant’s Qualified Investment”). The Applicant’s Qualified Investment shall be that property, described in EXHIBIT 3 which is placed in service under the terms of the Application, during the Qualifying Time Period described in Section 1.2, above. The Applicant’s Qualified Property shall be all property, described in EXHIBIT 3, including, but not limited to the Applicant’s Qualified Investment, which (1) is owned by the Applicant; (2) is first placed in service after July 16, 2012, the Completed Application Date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in EXHIBIT 3 shall not be considered by the District or the Appraisal District to be part of the Applicant’s Qualified Investment or the Applicant’s Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant’s Qualified Investment for purposes of this Agreement.

Property owned by the Applicant which is not described on EXHIBIT 3 may not be considered to be Qualified Property unless the Applicant:

- (a) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Tax Limitation Amount apply;
- (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (c) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

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

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

At the end of the Qualifying Time Period; at any other time when there is a material change in the Applicant’s Qualified Property located on the Land described in EXHIBIT 2; or

upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a reasonably specific and detailed description of the material tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Applicant's Qualified Property to which the Tax Limitation Amount applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5. QUALIFYING USE

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

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount of Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2015, 2016, 2017, 2018, 2019, 2020, 2021, and 2022, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- (a) the Market Value of the Applicant's Qualified Investment; or
- (b) Thirty Million Dollars (\$30,000,000.00).

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

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. INTENT OF THE PARTIES

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

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

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

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

Where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property and/or Applicant's Qualified Investment been subject to the ad valorem maintenance and operations tax.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to such Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)
- ~~iii.~~ If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection ii, of this Agreement relating to the definition of "New M&O Revenue" will reflect the Tax Limitation Amount for such year.

- v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors not contained in this Agreement.

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

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

- (a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable Tax Credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code §42.2515, or other similar or successor statute.
- (b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment.
- (c) any other loss of the District's revenues which directly result from, or are reasonably attributable to any payment made by the Applicant to or on behalf of any third party beneficiary of this Agreement.

Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY

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

Section 3.5. DATA USED FOR CALCULATIONS

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

shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3, Article IV, and/or Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed, which fee shall be the sole responsibility of the District, subject to the limit of Section 3.7. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or Tax Credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. For no Tax Year during the term of this Agreement shall the Applicant be responsible for the payment of an aggregate amount of fees and expenses under this Section 3.7 and Section 3.6 which exceeds Ten Thousand Dollars (\$10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 3.6 for purposes of auditing or reviewing the information in connection with the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will

issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, at law or in equity.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

If at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Applicant's Qualified Property, and/or the Applicant's Qualified Property and such appeal remains unresolved, the Third Party shall base its calculations upon the values placed upon the Applicant's Qualified Property and/or the Applicant's Qualified Property by the Appraisal District.

If as a result of an appeal or for any other reason, the Taxable Value of the Applicant's Qualified Investment and/or the Applicant's Qualified Property is changed, once the determination of the new Taxable Value becomes final, the Parties shall immediately notify the Third Party who shall immediately issue new calculations for the applicable year or years using the new Taxable Value. In the event the new calculations result in a change in any amount paid or payable by the Applicant under this Agreement, the Party from whom the adjustment is payable shall remit such amounts to the other Party within thirty (30) days of the receipt of the new calculations from the Third Party.

Section 3.10. EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District reasonably determines that it will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any actual negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Such payment shall be made no later than thirty (30) days following notice from the District of such determination.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the supplemental payments set forth in this Article IV, (the "Supplemental Payments"). The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under this Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant under this Article IV shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed to be increased by the Legislature for any future year of this Agreement.

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

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

- (a) the "Applicant's Stipulated Supplemental Payment Amount," which is hereby defined as forty percent (40%) of the Applicant's Net Tax Benefit, as the term is defined in Section 1.3, above, as a result of this Agreement; or,
- (b) the Aggregate Limit, as the term is defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2015) the Applicant's Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2015) and continuing thereafter through Tax Year thirteen (Tax Year 2025), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the amount of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3 above for such Tax Year, exceeds the Aggregate Limit for such Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District. If there are changes in Chapter 313 Tax Laws, higher or lower payments that first became due prior to the effective date of any statutory change will not be adjusted.

Any of the Applicant's Stipulated Supplemental Payment Amounts which cannot be paid to the District prior to the end of year thirteen (Tax Year 2025) because such payment would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

- (a) All calculations required by this Article IV, including but not limited to: the calculation of the Applicant's Stipulated Supplemental Payment Amount; the determination of both the Annual Limit and the Aggregate Limit; the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.
- (b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.
- (c) The payment of all amounts due under this Article IV shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, in its sole discretion, direct that the Applicant's payment under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received

under this Article IV to support the educational mission of the District and its students. Any designation of such foundation or entity must be made by recorded vote of the Board of Trustees at a properly posted public meeting of the Board of Trustees. Any such designation will become effective after such public vote and the delivery of notice of said vote in conformance with the provisions of Section 8.1, below. Such designation may be rescinded by the Board of Trustees, by Board action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant in conformance with the provisions of Section 8.1.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

Notwithstanding the foregoing, any payments made by Applicant shall be made in the manner and to the party designated in this Agreement unless Applicant receives unambiguous written notice from the District that such payments are to be made to a different party.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2015 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Sections 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately

prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties' respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to Tax Credits from the District under and in accordance with the provisions of Subchapter D of the Act and the Comptroller's Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the Texas Tax Code and the Comptroller's Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with its obligations under Subchapter D of the Act and the Comptroller's Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either the Comptroller's Rules and/or Texas Education Agency rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code §42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less than forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party or any other information that is not necessary for the District to determine the Applicant's compliance with this Agreement.

Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation as a result of this Agreement, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032 and the provisions of Title 34, Part 1, Chapter 9, Subchapter F of the Texas Administrative Code. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. Currently, the Comptroller requires an Annual Eligibility Report and the Biennial Progress Reports, Form 50-772 and 50-773 respectively, and an Application for Tax Credit, Form 50-300. The obligation to make all such required filings shall be a material obligation under this Agreement. The Applicant shall not be in default of any reporting obligation hereunder, unless the Applicant has received thirty (30) days prior notice of its reporting obligation from the District.

Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (a) it will abide by all of the terms of this Agreement;
- (b) if it does not cancel the Agreement prior to the end of the Qualifying Time Period under Section 5.2 of this Agreement, 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) subject to the terms of this Agreement, it will meet the applicable minimum eligibility requirements under Texas Tax Code, Chapter 313, throughout the period from and including the Tax Year 2015 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event of a Material Breach (hereinafter defined), except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, then the District shall be entitled, as its sole and exclusive remedy, to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem maintenance and operations taxes for all of the Tax Years for which the Tax Limitation Amount was allowed pursuant to this Agreement that are prior to the Tax Year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy. Notwithstanding the foregoing, penalties shall only be due to the extent it is determined that the breach of this Agreement by the Applicant was willful and without a good faith, reasonable belief by the Applicant that its action or omission constituting such breach was in compliance with this Agreement.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute.

Section 7.6. MATERIAL BREACH OF AGREEMENT

The Applicant shall be in Material Breach of this Agreement (herein so called) if it commits one or more of the following acts or omissions:

- (a.) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (b.) Subject to Section 5.2, 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.) Subject to Section 5.2, Applicant fails to create and maintain at least five (5) New Jobs.
- (e.) Subject to Section 5.2, Applicant fails to create and maintain at least Eighty Percent (80%) of all such New Jobs on the project as Qualifying Jobs.
- (f.) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or in consideration for this Agreement are not barred by this provision.

- (g.) Applicant fails to materially comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act.

Section 7.7. LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Texas Tax Code §313.0275, for any full Tax Year which commences after the project has become operational, the Applicant may cure any Material Breaches of this Agreement described in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure any such non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for any such Tax Year, the Applicant may make the liquidated damages payment required by Texas Tax Code §313.0275(b), in accordance with the provisions of Texas Tax Code §313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or Section 7.6 that the Applicant is in Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

If the Board of Trustees is not reasonably satisfied with such response and/or that such Material Breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such Material Breach has occurred and, if so, whether such Material Breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a Material Breach has occurred, the date such Material Breach occurred, if any, and whether or not any such Material Breach has been cured. Except as otherwise provided in Section 7.7, in the event that the Board of Trustees determines that such a Material Breach has occurred and has not been cured, it shall also terminate this Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

After making its determination regarding any alleged Material Breach, the Board of Trustees shall cause the Applicant to be notified in writing of its determination (a "Determination of Breach and Notice of Contract Termination").

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which

either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Webb County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of reasonable attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30. In the event that the Applicant is a prevailing party in any such legal proceedings under this section, the District shall be responsible for the payment of the Applicant's reasonable attorney's fees.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section 7.9, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, the District's damages for any default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. BINDING ON SUCCESSORS

In the event of a merger or consolidation of the District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by courier (e.g., by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day following the date of such electronic receipt.

Notices to the District shall be addressed as follows:

Severita Sanchez, Superintendent
WEBB CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
619 Ave F
Bruni, TX 78344
Fax: (361) 747-5202
E-mail: severita.sanchez@webbcisd.com

or at such other address or to such other facsimile transmission number and to the attention of such other person as the District may designate by written notice to the Applicant.

Notices to the Applicant shall be addressed as follows:

Charles Bowser
Whitetail Wind Energy, LLC
4601 Westown Parkway, Suite 300
West Des Moines, IA 50266
Fax: (515) 221-5798
Email: charlie.bowser@exeloncorp.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) Subject to Section 5.2, 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 Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2014.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property or Qualified Investment not specified in EXHIBIT 3, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property or Qualified Investment pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Texas Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight-year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under 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 contact

information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. MERGER

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

Section 8.6. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Webb County, Texas.

Section 8.8. AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 8.9. SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any

applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement, 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 to the best of Applicant's knowledge all material representations, material information, and material facts contained in the Application are true and correct in all material respects. 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; provided, however, to the extent of any differences or

inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

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, material information, or material fact, then the Board of Trustees shall notify Applicant in writing of such determination and the Applicant shall have the time periods permitted by Section 7.8 or any other section of this Agreement; if any such material representation, information or fact item remains uncured after the written notice and cure periods specified herein, 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:

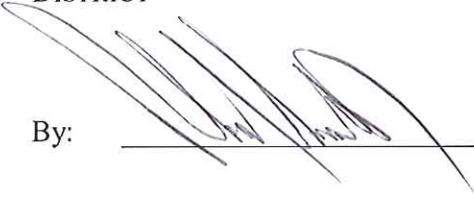
- a. Within seven (7) days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website.
- b. The District shall provide on its website a link to the location of those documents posted on the Comptroller's website.
- c. This Section 8.14 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 _____ 2012.

WHITETAIL WIND ENERGY, LLC

**WEBB CONSOLIDATED INDEPENDENT SCHOOL
DISTRICT**

Management Representative

By:  _____

ROBERT MARSHALL
President
Board of Trustees

ATTEST:

PATRICIA MATA
Secretary
Board of Trustees



EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Webb County Wind Energy Reinvestment Zone* was originally created on October 11, 2011 by action of the Webb County Commissioner's Court. As a result of the action of the Webb County Commissioner's Court, the following real property within Webb County, Texas is located within the boundaries of the *Webb County Wind Energy Reinvestment Zone*. A map of the *Webb County Wind Energy Reinvestment Zone* is attached as the next page of this **EXHIBIT 1**.

Parcel #	Survey	Abstract	Acreage
1	231	1116	455.9
2	272	3161,2147	344.2
3	466	2837	640.0
4	768	2836	1337.0
5	1100	2232	480.0
6	1101	1397	320.0
7	1102	3229,3232,2527	559.5
8	2260	1761	204.7
9	1101	1397	320.0
10	786	1956	202.8
11	261	868	101.5
12	338	1932	640.0
13	337	1739	583.2
14	1099	1399	838.3
15	1100	2232	169.7
16	720	2597	640.0
17	2161	2666	57.3

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

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

Parcel #	Survey	Abstract	Acreage
1	231	1116	455.9
2	272	3161,2147	344.2
3	466	2837	640.0
4	768	2836	1337.0
5	1100	2232	480.0
6	1101	1397	320.0
7	1102	3229,3232,2527	559.5
8	2260	1761	204.7
9	1101	1397	320.0
10	786	1956	202.8
11	261	868	101.5
12	338	1932	640.0
13	337	1739	583.2
14	1099	1399	838.3
15	1100	2232	169.7
16	720	2597	640.0
17	2161	2666	57.3

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The wind farm will have an estimated initial capacity of 92 megawatts. To construct the wind farm, Whitetail Wind will install an estimated 57 GE 1.6 MW capacity each wind turbines in Webb CISD (or its equivalent subject to completion of wind turbine selection and procurement process). This application covers qualified property necessary for the commercial operations of the wind farm.

Qualified property includes, but is not limited to, turbines, towers, pads, electrical interconnections, project electrical substations, transmission lines, met towers, foundations, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.