

FINDINGS
of the
ADRIAN INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES

**Under Chapter 313 of the Texas Tax
Code**

**ON THE APPLICATION FOR A
LIMITED APPRAISED VALUE ON
QUALIFIED PROPERTY**

SUBMITTED BY

SPINNING SPUR WIND TWO, LLC

RESOLUTION AND FINDINGS OF FACT
of the
ADRIAN INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR A
LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED
BY SPINNING SPUR WIND TWO, LLC

STATE OF TEXAS §
 §
COUNTY OF OLDHAM §

PREAMBLE

On the 20th day of May, 2013, a public meeting of the Board of Trustees of the Adrian Independent School District (the "Board") was held to solicit input from interested parties on the application by SPINNING SPUR WIND TWO, LLC ("Spinning Spur Two" or "Applicant") for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the filing by Spinning Spur Two of an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code (the "Application"). The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District's administrative staff and the consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Adrian Independent School District makes the following Findings regarding the Application:

On or about the 10th day of December, 2012, the Superintendent of Schools for the Adrian Independent School District, acting as agent for the Board, received an Application for Appraised Value Limitation on Qualified Property from Spinning Spur Two, pursuant to Chapter 313 of the Texas Tax Code. This Application was amended on December 21, 2012 (collectively the "Application"). The general nature of Applicant's investment in qualified property set forth in the Application is for equipment and material related to the creation of a renewal energy (wind) facility. The Board agreed to consider such Application, and the Superintendent formally acknowledged receipt of the completed and final Application for consideration on behalf of the District. The Texas Comptroller of Public Accounts received the completed and final Application on or about December 21, 2012, and issued its notice of completeness by letter dated January 8, 2013, the Application review start date. A copy of the Application and Comptroller letter of January 8, 2013 are attached as Attachment A.

The Texas Taxpayer Identification number for Spinning Spur Two is 32043736233. Spinning Spur Two is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). See Attachment B.

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

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. The Comptroller determined the Project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.025(h) for a limitation on appraised value, and a recommendation was issued on March 22, 2013, that the Application be approved. A copy of the Comptroller's letter is attached hereto as Attachment C.

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

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

The Board has confirmed that the taxable value of industrial property in the Adrian Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category IV of §313.054 of the Texas Tax Code. See Comptroller's "2012 ISD Summary Worksheet," attached hereto as Attachment F.

After receipt of the completed Application, the District entered into negotiations with Spinning Spur Two regarding the specific language to be included in the Limitation on Appraised Value Agreement ("LAVA") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed LAVA is attached to these Findings as Attachment G, and the LAVA was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* See copy of May 20, 2013 letter from the Comptroller approving the LAVA, attached to these Findings as Attachment H.

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

Board Finding Number 1.

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

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

The Texas Economic Development Plan 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 Spinning Spur Two project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Board Finding Number 2.

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

In support of this Finding, the information provided by the Comptroller's Office indicates the population growth of Oldham County lagged behind that for the state in recent years. The state population grew by 1.8 percent between 2009 and 2010, while the population of Oldham County only increased 0.4 percent over the same period.

September 2011 employment for Oldham County was up 1.3 percent from September 2010. The total employment in September 2011 was 890. The state's employment has increased by 0.9 percent over the same time period. The unemployment rate in Oldham County was 6.0 percent in September 2011, which is unchanged from 6.0 percent in September 2010. This was lower than the state average of 8.5 percent for September 2011, up from 8.2 percent in September 2010.

Oldham County has lower per-capita personal income than the state as a whole. The average per-capita income for Oldham County residents for 2009 was \$29,139, which ranked 195th among the 254 counties in Texas and was down 9.0 percent from 2008. The Texas average was \$38,609 for the same period, down 3.1 percent from 2008.

Taxable sales in Oldham County during the fourth quarter of 2010 were \$2.19 million, up 90.5 percent from the same quarter in 2009. Taxable sales in the City of Adrian through the fourth quarter of 2010 were \$468,723, which was down 7.7 percent from the same period in 2009.

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

Board Finding Number 3.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$25.5 million, based on two (2) positions to be created for that portion of the Spinning Spur Two project located within Adrian ISD¹.

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

The project's total investment is \$51 million, resulting in a relative level of investment per qualifying job of \$25.5 million. The Applicant acknowledges that the investment amount per job may vary, depending on the total number of turbines actual installed by Applicant.

Board Finding Number 4.

The average salary level of qualifying jobs is expected to be at least \$52,500 per year, which meets the qualification that the wage-level be 110% of the average county wage, and that each qualifying job will receive medical, dental and vision insurance, vacation time and sick time. Spinning Spur Two indicates that total permanent employment will be two (2) new qualifying jobs within the District.

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

After construction, the project will create two (2) new jobs when fully operational. Both jobs will meet the criteria for qualifying jobs as specified in Tax Code §313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Oldham County is located, was \$40,196 in 2011. The annual average manufacturing wage for 2011 for Oldham County is unavailable. That same year, the county annual average wage for all industries was \$38,857. In addition to an annual average salary of \$52,500, each qualifying position [to be created by Spinning Spur Two] will receive the following benefits: medical, dental and vision insurance, of which at least 80% of the premiums for the employee will be paid by the [Spinning Spur Two] LLC. Each qualifying employee will also receive an area wide competitive vacation time, sick leave and skill training.

¹ The total Spinning Spur Two project spans property located in both Adrian ISD and Vega ISD. In these Findings of Fact, the "project" refers only to that portion of the project located within the boundaries of Adrian ISD.

Board Finding Number 5.

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

In support of this Finding, Applicant has tendered a letter from its Vice President of Texas Development, Melissa Miller, dated December 10, 2012, regarding the industry standard for the number of jobs for a project with qualified property of this size and type. This letter provides that for a project of the size and type described in the Application, the industry standard requires approximately five (5) full time position for every 15-20 turbines, depending on the size and type of turbines selected, which is less than the requirements of §313.051(b). A Copy of the December 10, 2012 letter from Melissa Miller is attached hereto as Attachment I. Applicant reports that it will create the number of qualifying jobs required by industry standard.

Board Finding Number 6.

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

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

According to Spinning Spur Two's application and the Economic Impact Evaluation, "the applicant can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation."

Board Finding Number 7.

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

In support of Finding Number 7, the Economic Impact Evaluation states:

Table 1 illustrates Spinning Spur Two's estimated economic impact to Texas by depicting the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on sixteen (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 Spinning Spur Two.

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	50	55	105	\$2,625,000	\$3,605,000	\$6,230,000
2014	2	3	5	\$105,000	\$625,000	\$730,000
2015	2	4	6	\$105,000	\$265,000	\$370,000
2016	2	0	2	\$105,000	\$265,000	\$370,000
2017	2	0	2	\$105,000	\$135,000	\$240,000
2018	2	-2	0	\$105,000	\$135,000	\$240,000
2019	2	-4	-2	\$105,000	-\$105,000	\$0
2020	2	-2	0	\$105,000	-\$105,000	\$0
2021	2	2	4	\$105,000	\$385,000	\$490,000
2022	2	-2	0	\$105,000	\$15,000	\$120,000
2023	2	0	2	\$105,000	\$15,000	\$120,000
2024	2	0	2	\$105,000	-\$105,000	\$0
2025	2	2	4	\$105,000	\$135,000	\$240,000
2026	2	-2	0	\$105,000	\$135,000	\$240,000
2027	2	-2	0	\$105,000	-\$105,000	\$0
2028	2	-2	0	\$105,000	-\$345,000	-\$240,000

Source: CPA, REMI, Spinning Spur Two

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Adrian ISD's ad valorem tax base in 2011 was \$43 million. The statewide average wealth per WADA was estimated at \$374,943 for fiscal 2011-2012. During that same year, Adrian ISD's estimated wealth per WADA was \$155,584.

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

Table 2. Estimated Direct Ad Valorem Taxes with all Property Tax Incentives Sought.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Adrian ISD I&S Levy	Adrian ISD M&O Levy	Adrian ISD M&O and I&S Tax Levies (Before Credit Credited)	Adrian ISD M&O and I&S Tax Levies (After Credit Credited)	Oldham County	Estimated Total Property Taxes
2014	\$49,113,000	\$49,113,000		\$0	\$510,775	\$510,775	\$510,775	\$0	\$510,775
2015	\$45,666,741	\$45,666,741		\$0	\$474,934	\$474,934	\$474,934	\$0	\$474,934
2016	\$44,037,663	\$5,000,000		\$0	\$52,000	\$52,000	\$52,000	\$0	\$52,000
2017	\$42,408,584	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2018	\$40,779,506	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2019	\$39,150,428	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2020	\$37,521,350	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2021	\$35,892,272	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2022	\$34,263,193	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2023	\$32,634,115	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2024	\$31,005,037	\$31,005,037		\$0	\$322,452	\$322,452	\$0	\$220,136	\$220,136
2025	\$29,375,959	\$29,375,959		\$0	\$305,510	\$305,510	\$0	\$208,569	\$208,569
2026	\$27,746,880	\$27,746,880		\$0	\$288,568	\$288,568	\$216,821	\$197,003	\$413,823
2027	\$26,117,802	\$26,117,802		\$0	\$271,625	\$271,625	\$271,625	\$185,436	\$457,062
2028	\$24,488,724	\$24,488,724		\$0	\$254,683	\$254,683	\$254,683	\$173,870	\$428,553
						Total	\$1,962,838	\$985,014	\$2,947,852

Assumes School Value Limitation and Tax Abatement with County

Source: CPA, Spinning Spur Two

¹ Tax 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	Adrian ISD I&S Levy	Adrian ISD M&O Levy	Adrian ISD M&O and I&S Tax Levies	Oldham County	Estimated Total Property Taxes
2014	\$49,113,000	\$49,113,000		\$0	\$510,775	\$510,775	\$348,702	\$859,478
2015	\$45,666,741	\$45,666,741		\$0	\$474,934	\$474,934	\$324,234	\$799,168
2016	\$44,037,663	\$44,037,663		\$0	\$457,992	\$457,992	\$312,667	\$770,659
2017	\$42,408,584	\$42,408,584		\$0	\$441,049	\$441,049	\$301,101	\$742,150
2018	\$40,779,506	\$40,779,506		\$0	\$424,107	\$424,107	\$289,534	\$713,641
2019	\$39,150,428	\$39,150,428		\$0	\$407,164	\$407,164	\$277,968	\$685,132
2020	\$37,521,350	\$37,521,350		\$0	\$390,222	\$390,222	\$266,402	\$656,624
2021	\$35,892,272	\$35,892,272		\$0	\$373,280	\$373,280	\$254,835	\$628,115
2022	\$34,263,193	\$34,263,193		\$0	\$356,337	\$356,337	\$243,269	\$599,606
2023	\$32,634,115	\$32,634,115		\$0	\$339,395	\$339,395	\$231,702	\$571,097
2024	\$31,005,037	\$31,005,037		\$0	\$322,452	\$322,452	\$220,136	\$542,588
2025	\$29,375,959	\$29,375,959		\$0	\$305,510	\$305,510	\$208,569	\$514,079
2026	\$27,746,880	\$27,746,880		\$0	\$288,568	\$288,568	\$197,003	\$485,570
2027	\$26,117,802	\$26,117,802		\$0	\$271,625	\$271,625	\$185,436	\$457,062
2028	\$24,488,724	\$24,488,724		\$0	\$254,683	\$254,683	\$173,870	\$428,553
					Total	\$5,618,093	\$3,835,429	\$9,453,522
					Difference	\$3,655,255	\$2,850,415	\$6,505,670

Source: CPA, Spinning Spur Two

¹ Tax Rate per \$100 Valuation

Board Finding Number 8.

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

In support of this Finding, Randy McDowell and Neal Brown estimate in the Financial Impact Report that the project would initially add \$49,113,000 to the tax base at the peak investment level for the 2014 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. In addition, the projected revenue gains from the proposed Agreement would be approximately \$161,834, based on \$100 per student per year in average daily attendance.

Board Finding Number 9.

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

The Application indicates that Spinning Spur Two project expects to create two (2) new jobs in the District. It is not known whether these would be new employees to the District, or if current residents would fill these positions. But, it is assumed in the Financial Impact Report that these employees would be new residents to the District, and provides 1 new student to the District. It is believed that Adrian ISD will easily be able to accommodate new students, if any, which may result from these new jobs. The District must plan to educate all students who reside within its boundaries, and the number of new students can vary widely depending on the number of construction jobs and workers present during the construction phase of Spinning Spur Two's renewal energy project. Therefore, the District may need to hire the additional temporary teachers and staff to educate the additional students that could enroll in the District.

Board Finding Number 10.

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

Board Finding Number 11.

The Board finds that the projected market value of the qualified property of the Applicant, as determined by the Comptroller, is \$49,113,000.

Board Finding Number 12.

The proposed limitation on appraised value for the qualified property is \$5,000,000.

Board Finding Number 13.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with the projected depreciations of investment, is set out in Table II of Attachment E and Table 3 of Attachment D (as noted in Finding No. 7 above), and is based on the assumption that the projected total maintenance and operations and interest and sinking fund tax rates will be \$1.0400 per \$100 in valuation in each year of the Agreement.

Board Finding Number 14.

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 receives a limitation on appraised value with the projected depreciations of investment, is set out in Table II of Attachment E and Table 2 of Attachment D (as noted in Finding No. 7 above), and is based on the assumption that the projected total maintenance and operations and interest and sinking fund tax rates will be \$1.0400 per \$100 in valuation in each year of the Agreement.

Board Finding Number 15.

The projected effect on the Foundation School Program and impact on the District's finances resulting from payments to the District for each year of the Agreement is shown on Tables III, IV and V of Attachment E, and in Tables 1, 2 and 3 of the Economic Impact Evaluation.

Board Finding Number 16.

The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E.

Board Finding Number 17.

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

Board Finding Number 18.

The Board of Trustees hired consultants to review and verify the information in the Application from Spinning Spur Two. Based upon the consultants' review, the Comptroller's Economic Impact Evaluation, and the Comptroller's Recommendation letter, the Board has determined that the information provided by the Applicant is true and correct.

Board Finding Number 19.

The Applicant (Taxpayer Id. 32043736233) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity (Attachment B; see also Attachment D).

Board Finding Number 20.

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

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

Board Finding Number 21.

The general nature of Applicant's qualified investment is renewable energy electricity generation (wind), which is eligible for the limitation on the appraised value of Applicant's Property.

Board Finding Number 22.

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

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

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A, along with any changes in qualified property reported by Applicant as set out in the May 9, 2013 letter from Melissa Miller, attached hereto as Attachment J, are hereby APPROVED; and,

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

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

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

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Dated this 20th day of May, 2013.

Adrian Independent School District

By Richard Harwood
Richard Harwood, President

Attest:

By Daniel Gruhlky
Daniel Gruhlky, Secretary

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Spinning Spur Two Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status for Spinning Spur Two
C	March 22, 2013 Comptroller's letter sending Economic Impact Evaluation
D	Economic Impact Evaluation
E	Financial Impact Report
F	Comptroller's 2012 ISD Summary Worksheet
G	Proposed Limited Assessed Valuation Agreement
H	May 20, 2013 letter from Comptroller re receipt of LAVA
I	December 10, 2012 letter from Spinning Spur Two re jobs
J	May 1, 2013 letter from Melissa Miller regarding revised qualified property description

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



January 8, 2013

Mike Norrell
Superintendent
Adrian Independent School District
P. O. Box 189
Adrian, Texas 79001

Dear Superintendent Norrell:

On Dec. 21, 2012, the Comptroller's office received from Adrian Independent School District (Adrian ISD) an application from Spinning Spur Wind Two LLC for a limitation on appraised value. The purpose of this letter is to inform you that the Comptroller's office has received all required documents for the application review and economic impact evaluation.

The Comptroller's office will move forward with our economic impact evaluation and recommendation to the school district. Tax Code §313.025(d) allows the Comptroller's office to complete the economic impact evaluation and recommendation on or before the 91 days from the date of this letter. The Comptroller's office will send a letter of recommendation to the ISD and the applicant.

Should you have any questions, please contact Jenny Hicks with our office. She can be reached by email at jenny.hicks@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-4794, or direct in Austin at 512-463-4794.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Wood".

Robert Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm
Melissa Miller, Cielo Wind Services, Inc.

Spinning Spur Wind Two, LLC
Amended Application for Appraised Value
Limitation on Qualified Property

Presented to:
Adrian Independent School District

December 10, 2012



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

Date application received by district

December 10, 2012

Authorized School District Representative

First Name

Mike

Title

Superintendent

School District Name

Adrian Independent School District

Street Address

P.O. Box 189

Mailing Address

City

Adrian

Phone Number

806-538-6203

Mobile Number (optional)

Last Name

Norrell

State

Texas

Fax Number

806-538-6291

E-mail Address

mike.norrell@region16.net

ZIP

79001

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

Will consultant be primary contact? ☒ Yes ☐ No



Form 50-296

Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name

Audie

Last Name

Sciumbato

Title

Attorney

Firm Name

Underwood Law Firm

Street Address

Mailing Address

P.O. Box 9158

City

Amarillo

State

Texas

ZIP

79105

Phone Number

806-379-0326

Fax Number

806-379-0316

Mobile Number (Optional)

E-mail Address

Audie.Sciumbato@uwlaw.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

12-10-12

Has the district determined this application complete? ☒ Yes ☐ No

If yes, date determined complete.

Dec. 10, 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	

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name

Melissa

Last Name

Miller

Title

Vice President, Texas Development

Organization

Cielo Wind Services, Inc.

Street Address

823 Congress Ave. , Suite 500

Mailing Address

City

Austin

State

Texas

ZIP

78701

Phone Number

512-440-0305

Fax Number

512-440-0277

Mobile Number (optional)

512-739-0397

Business e-mail Address

mmiller@cielowind.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

Jeff

Last Name

Ghilardi

Title

VP- Transactions

Organization

EDF Renewable Energy

Street Address

15445 Innovation Drive

Mailing Address

City

San Diego

State

CA

ZIP

92128

Phone Number

858-521-3579

Fax Number

E-mail Address

Jeff.Ghilardi@edf-re.com

I authorize the consultant to provide and obtain information related to this application.

☐ Yes☒ No

Will consultant be primary contact?

☐ Yes☒ No



Form 50-296

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

CJ

Last Name

Evans

Title

Director

Firm Name

Merit Advisors, L.P.

Street Address

Mailing Address

1410 N. Westshore Blvd., Suite 111

City

Tampa

State

FL

ZIP

33607

Phone Number

813.289.5600

Fax Number

813.289.1213

Business email Address

cjevans@Meritatc.com

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

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

Signature (Authorized Business Representative (Applicant))

Date




12/10/12

GIVEN under my hand and seal of office this 10th day of December, 2012



(Notary Seal)


Notary Public, State of Texas

My commission expires _____

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

Spinning Spur Wind Two LLC

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

32043736233

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.

Spinning Spur Wind Two LLC plans to enter into a 313 agreement with Vega ISD, also in Oldham County, Texas for this Project.

APPLICANT BUSINESS STRUCTURE

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

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

limited liability corporation

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

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

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

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

**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**Are you an entity to which Tax Code, Chapter 171 applies? ☒ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

- (1) manufacturing ☐ Yes ☒ No
- (2) research and development ☐ Yes ☒ No
- (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
- (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
- (5) renewable energy electric generation ☒ Yes ☐ No
- (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
- (7) nuclear electric power generation ☐ Yes ☒ No
- (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ NoWill any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ NoAre you including property that is owned by a person other than the applicant? ☐ Yes ☒ NoWill 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)

The proposed project will consist of a facility designed to use wind power for electricity generation. (See Attachments for further detailed description.)

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

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. (See Attachments for further detailed description.)

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 May 2013 Begin Hiring New Employees December 2013

Construction Complete December 2013 Fully Operational December 2013

Purchase Machinery & Equipment March - December 2013

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 2013

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

N/A

N/A

Total

Will other incentives be offered by local units of government?

☒ Yes☐ No

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

The project company plans to enter into a 312 Tax Abatement Agreement with Oldham County.

THE PROPERTYIdentify county or counties in which the proposed project will be located Oldham County, TexasCentral Appraisal District (CAD) that will be responsible for appraising the property Oldham County Central Appraisal District

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: Oldham County - 100%

(Name and percent of project)

City:

(Name and percent of project)

Hospital District:

(Name and percent of project)

Water District:

Llano Estacado Water District - 67.99%

(Name and percent of project)

Other (describe):

(Name and percent of project)

Other (describe):

(Name and percent of project)

Is the project located entirely within this ISD?

☐ Yes☒ No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

The project, located in Oldham County, Texas, will span two school districts, Vega and Adrian ISDs. See Attachments for further detail.

**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? \$5 million

What is the amount of appraised value limitation for which you are applying? \$5 million

What is your total estimated *qualified* investment? \$51,000,000

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? February 28, 2013

What is the anticipated date of the beginning of the qualifying time period? March 15, 2013

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$51,000,000

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)? None.

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? None.

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

Total number of new jobs that will have been created when fully operational 2

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? 2

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 \$796.58

110% of the county average weekly wage for manufacturing jobs in the county is Not available

110% of the county average weekly wage for manufacturing jobs in the region is \$1063.51

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? \$52,371

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? \$52,500

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? 50%

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.)

Qualified employees of Spinning Spur Wind Two will be offered a full package of benefits. Please see attachment for detailed description.

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.



Form 50-296

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

CJ

Last Name

Evans

Title

Director

Firm Name

Merit Advisors, L.P.

Street Address

Mailing Address

1410 N. Westshore Blvd., Suite 111

City

Tampa

State

FL

ZIP

33607

Phone Number

813.289.5600

Fax Number

813.289.1213

Business email Address

cjevans@Meritatc.com

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

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

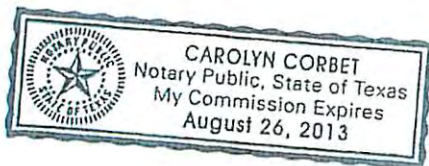
Signature (Authorized Business Representative (Applicant))

Date




12/10/12

GIVEN under my hand and seal of office this 10th day of December, 2012



(Notary Seal)


Notary Public, State of Texas

My commission expires _____

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.

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)*

CHECKLIST ITEM 3

Page 5 - APPLICANT BUSINESS STRUCTURE – DOCUMENTATION OF THE COMBINED GROUP MEMBERSHIP & CONTACT INFORMATION:

- 1) Spinning Spur Wind Two LLC, a Texas limited liability company was formed March 3, 2011.
- 2) Spinning Spur Wind Two LLC is part of the Combined Group State of Texas tax return for Member b (ii) below the calendar year 2012 and that report will be submitted to the State of Texas on May 15, 2013.
 - a. Spinning Spur Wind Two LLC
Texas Tax Payer 32043736233
 - b. Spinning Spur Wind Two LLC has two Members:
 - i. Cielo Spinning Spur Two Limited LLC - 49%
Texas Tax Payer #32043736191
 - ii. EDF Renewable Development, Inc. – 51%
Company ID: 900072316
- 3) Contact information for Spinning Spur Wind Two LLC is as follows:
Contact: Jeff Ghiladi
Address: 15445 Innovation Dr., San Diego, CA 92128
Phone: 858-521-3579

CHECKLIST ITEM 4

Page 6 - 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)

The proposed project will consist of a facility designed to use wind power for electricity generation. The project, located in Oldham County, Texas, will span two school districts, Vega and Adrian ISDs.

Applicant plans to build the project during 2013 with approximately \$51 million of \$211 million invested in Adrian ISD, including 19 of the 70 wind turbine generators to be located in Adrian ISD. Additionally, there will be approximately 45 miles of transmission line outside of Adrian ISD for interconnecting the project at Potter Substation in Potter County, Texas.

All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant, Spinning Spur Wind Two LLC.

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

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation.

CHECKLIST ITEM 5

Applicant plans to invest approximately \$51 million of the \$205million total investment in Adrian ISD. Nineteen of the seventy planned wind turbine generators will be located in Adrian ISD. The remaining wind turbine generators and investment will be in Vega ISD.

CHECKLIST ITEM 6

Page 8 - INVESTMENT:

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

Attach 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 and a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment.

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described and shown on Exhibit A within Adrian ISD, which is located in Oldham County. The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following: 19 Siemens 2.3 MW wind turbine towers to generate 43.7 megawatts of power; 19 reinforced concrete foundations supporting the weight of each turbine tower; 19 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation.

Note: The Qualified Investment description is the same as the Qualified Property.

Attach a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Please see attached map. The locations of the turbines are not finalized due to micro-siting, but the representation of the number of turbines within the District will remain the same.

CHECKLIST ITEM 7

Map of Qualified Investment - CONFIDENTIAL

CHECKLIST ITEM 8

Page 8 – QUALIFIED PROPERTY

See Attachment 6. The Qualified Property description is the same as the Qualified Investment.

CHECKLIST ITEM 9

Map of Qualified Property

Please refer to Attachment 7 for a Map of the Qualified Property

CHECKLIST ITEM 10

Description of Land – Not applicable.

CHECKLIST ITEM 11

Location of land with vicinity map - CONFIDENTIAL.

CHECKLIST ITEM 12

Description of Improvements – Not Applicable.

CHECKLIST ITEM 13

December 10, 2012

Mr. Mike Norrell, Superintendent
Adrian Independent School District
PO Box 189
Adrian, TX 79001
Re: Chapter 313 Job Waiver Request

Dear Mr. Norrell,

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

Spinning Spur Wind LLC requests that the Adrian ISD's Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. Based on the industry standard, the size and scope of this project will require five (5) permanent jobs, of which two (2) will be in Adrian ISD and three (3) will be in Vega ISD.

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

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

Sincerely,

Melissa Miller
VP, Texas Development
Cielo Wind Services, Inc.
(512) 440-0305

CHECKLIST ITEM 14

WAGE & EMPLOYMENT INFORMATION:

Job Waiver

In accordance with HB 1470, the Applicant is requesting a waiver of the statutory jobs requirement in lieu of providing 10 qualified jobs for the facility's operation. The qualified jobs established exceeds the standard we believe necessary to operate the facility, which is one (1) employee for every fifteen-twenty (15-20) operating turbines. As the project will require 5 total jobs, there are 3 jobs planned for Vega ISD and 2 jobs planned in Adrian ISD.

A letter to Adrian ISD Superintendent Mike Norrell has been included requesting a job waiver, see attached.

Calculation of Wage Requirements – Oldham County

110% of County Average Weekly Wage for ALL Jobs:

2012 Q1 \$776

2012 Q2 \$853

2011 Q1 \$625

2011 Q2 \$731

2011 Q3 \$706

2011 Q4 \$654

Total: $\$4345/6 = \724.17 average weekly salary x 1.1% = **\$796.58**

(*note – no data for Oldham County 2011 Manufacturing)

110% of County Average Weekly Wage for MANUFACTURING Jobs in Panhandle Region:

2012 Q1 \$996

2012 Q2 \$972

2011 Q1 \$937

2011 Q2 \$931

2011 Q3 \$995

2011 Q4 \$970

Total: $\$5801/6 = \966.83 average weekly salary x 1.1% = **\$1063.51**

The Panhandle Regional Planning Commission 2011 Manufacturing by Council of Government Region Wages for All Occupations was: $\$47,610 \times 1.1\% = \$52,371$.

Describe each type of benefits to be offered to qualifying jobholders.

Qualified employees of Spinning Spur Wind Two will be offered a full package of benefits including medical, dental and vision insurance, of which at least 80% of the premiums for the employee will be paid by the LLC. In addition, each qualifying employee will receive area wide competitive vacation time, sick leave, and skills training.

2011 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$22.89	\$47,610
*1. Panhandle Regional Planning Commission	\$19.32	\$40,196
2. South Plains Association of Governments	\$16.45	\$34,210
3. NORTEX Regional Planning Commission	\$18.14	\$37,733
4. North Central Texas Council of Governments	\$24.03	\$49,986
5. Ark-Tex Council of Governments	\$16.52	\$34,366
6. East Texas Council of Governments	\$18.27	\$37,995
7. West Central Texas Council of Governments	\$17.76	\$36,949
8. Rio Grande Council of Governments	\$15.69	\$32,635
9. Permian Basin Regional Planning Commission	\$21.32	\$44,349
10. Concho Valley Council of Governments	\$15.92	\$33,123
11. Heart of Texas Council of Governments	\$18.82	\$39,150
12. Capital Area Council of Governments	\$26.46	\$55,047
13. Brazos Valley Council of Governments	\$15.71	\$33,718
14. Deep East Texas Council of Governments	\$15.48	\$32,207
15. South East Texas Regional Planning Commission	\$28.23	\$58,724
16. Houston-Galveston Area Council	\$25.82	\$53,711
17. Golden Crescent Regional Planning Commission	\$20.38	\$42,391
18. Alamo Area Council of Governments	\$18.00	\$37,439
19. South Texas Development Council	\$13.85	\$28,806
20. Coastal Bend Council of Governments	\$22.35	\$46,489
21. Lower Rio Grande Valley Development Council	\$15.08	\$31,365
22. Texoma Council of Governments	\$20.76	\$43,190
23. Central Texas Council of Governments	\$16.17	\$33,642
24. Middle Rio Grande Development Council	\$13.65	\$28,382

Source: Texas Occupational Employment and Wages

Data published: July 2012

Data published annually, next update will be summer 2013

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.

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
2012	1st Qtr	Panhandle WDA	Private	31	2	31-33	Manufacturing	\$988
2012	2nd Qtr	Panhandle WDA	Private	31	2	31-33	Manufacturing	\$972

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	Panhandle WDA	Private	31	2	31-33	Manufacturing	\$937
2011	2nd Qtr	Panhandle WDA	Private	31	2	31-33	Manufacturing	\$931
2011	3rd Qtr	Panhandle WDA	Private	31	2	31-33	Manufacturing	\$995
2011	4th Qtr	Panhandle WDA	Private	31	2	31-33	Manufacturing	\$970

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
2012	1st Qtr	Oldham County	Private	00	0	10	Total, All Industries	\$776
2012	2nd Qtr	Oldham County	Private	00	0	10	Total, All Industries	\$853

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	Oldham County	Private	00	0	10	Total, All Industries	\$625
2011	2nd Qtr	Oldham County	Private	00	0	10	Total, All Industries	\$731
2011	3rd Qtr	Oldham County	Private	00	0	10	Total, All Industries	\$706
2011	4th Qtr	Oldham County	Private	00	0	10	Total, All Industries	\$654

CHECKLIST ITEM 15

Description of Benefits

Qualified employees of Spinning Spur Wind Two will be offered a full package of benefits including medical, dental and vision insurance, of which at least 80% of the premiums for the employee will be paid by the LLC. In addition, each qualifying employee will receive area wide competitive vacation time, sick leave, and skills training.

CHECKLIST ITEM 16

Economic Impact – Not applicable.

Schedule A (Rev. May 2010): Investment

Applicant Name

Spinning Spur II LLC

ISD Name

Adrian ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2013-2014	2013	\$0	\$0		\$0	\$0
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013-2014	2013	\$0	\$0		\$0	\$0
	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)		2013-2014	2013	\$51,000,000	\$0	\$51,000,000	\$0	\$51,000,000
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014-2015	2014					\$0
		2	2015-2016	2015					\$0
		3	2016-2017	2016					\$0
		4	2017-2018	2017					\$0
		5	2018-2019	2018					\$0
		6	2019-2020	2019					\$0
		7	2020-2021	2020					\$0
		8	2021-2022	2021					\$0
		9	2022-2023	2022					\$0
		10	2023-2024	2023					\$0
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024					\$0
		12	2025-2026	2025					\$0
		13	2026-2027	2026					\$0
Post-Settle-Up Period		14	2027-2028	2027					\$0
Post-Settle-Up Period		15	2028-2029	2028					\$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.

[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

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.

Melissa Stitt

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

December 10, 2012

DATE

Applicant Name
ISD Name

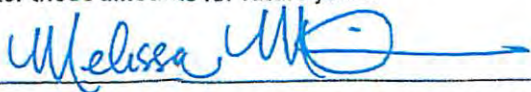
Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Spinning Spur II LLC
Adrian ISD

Form 50-296

SD Name	Address	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	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
		pre- year 1	2013-2014	2013	N/A	\$0	\$0	\$0		
	Complete tax years of qualifying time period	1	2014-2015	2014	N/A	\$0	\$49,113,000	\$0	\$49,113,000	\$49,113,000
		2	2015-2016	2015	N/A	\$0	\$45,666,741	\$0	\$45,666,741	\$45,666,741
	Tax Credit Period (with 50% cap on credit)	3	2016-2017	2016	N/A	\$0	\$44,037,663	\$5,000,000	\$44,037,663	\$5,000,000
		4	2017-2018	2017	N/A	\$0	\$42,408,584	\$5,000,000	\$42,408,584	\$5,000,000
		5	2018-2019	2018	N/A	\$0	\$40,779,506	\$5,000,000	\$40,779,506	\$5,000,000
		6	2019-2020	2019	N/A	\$0	\$39,150,428	\$5,000,000	\$39,150,428	\$5,000,000
		7	2020-2021	2020	N/A	\$0	\$37,521,350	\$5,000,000	\$37,521,350	\$5,000,000
		8	2021-2022	2021	N/A	\$0	\$35,892,272	\$5,000,000	\$35,892,272	\$5,000,000
		9	2022-2023	2022	N/A	\$0	\$34,263,193	\$5,000,000	\$34,263,193	\$5,000,000
		10	2023-2024	2023	N/A	\$0	\$32,634,115	\$5,000,000	\$32,634,115	\$5,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	N/A	\$0	\$31,005,037	\$0	\$31,005,037	\$31,005,037
		12	2025-2026	2025	N/A	\$0	\$29,375,959	\$0	\$29,375,959	\$29,375,959
		13	2026-2027	2026	N/A	\$0	\$27,746,880	\$0	\$27,746,880	\$27,746,880
Post- Settle-Up Period		14	2027-2028	2027	N/A	\$0	\$26,117,802	\$0	\$26,117,802	\$26,117,802
Post- Settle-Up Period		15	2028-2029	2028	N/A	\$0	\$24,488,724	\$0	\$24,488,724	\$24,488,724

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

December 10, 2012

DATE

Schedule C- Application: Employment Information

Spinning Spur II LLC
Adrian ISD

Applicant Name
ISD Name

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
Construction	New Jobs	pre-year 1	2013-2014	2013	50	\$52,500	0	\$0	0	\$0
		1	2014-2015	2014	0	0	2	\$52,500	2	\$52,500
		2	2015-2016	2015	0	0	2	\$52,500	2	\$52,500
		3	2016-2017	2016	0	0	2	\$52,500	2	\$52,500
		4	2017-2018	2017	0	0	2	\$52,500	2	\$52,500
		5	2018-2019	2018	0	0	2	\$52,500	2	\$52,500
		6	2019-2020	2019	0	0	2	\$52,500	2	\$52,500
		7	2020-2021	2020	0	0	2	\$52,500	2	\$52,500
		8	2021-2022	2021	0	0	2	\$52,500	2	\$52,500
		9	2022-2023	2022	0	0	2	\$52,500	2	\$52,500
		10	2023-2024	2023	0	0	2	\$52,500	2	\$52,500
		11	2024-2025	2024	0	0	2	\$52,500	2	\$52,500
		12	2025-2026	2025	0	0	2	\$52,500	2	\$52,500
		13	2026-2027	2026	0	0	2	\$52,500	2	\$52,500
		14	2027-2028	2027	0	0	2	\$52,500	2	\$52,500
15	2028-2029	2028	0	0	2	\$52,500	2	\$52,500		
Post-Settle-Up Period										
Credit Settle-Up Period	Continue to Maintain Viable Presence	15	2028-2029	2028	0	0	2	\$52,500	2	\$52,500
		14	2027-2028	2027	0	0	2	\$52,500	2	\$52,500
		13	2026-2027	2026	0	0	2	\$52,500	2	\$52,500
		12	2025-2026	2025	0	0	2	\$52,500	2	\$52,500
		11	2024-2025	2024	0	0	2	\$52,500	2	\$52,500
Tax Credit Period (with 50% cap on credit)										
Value Limitation Period										
years of qualifying time period										
Complete tax										
Qualifying Jobs										

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

Adrian Miller

DATE

December 10, 2012

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

Applicant
Name

Spinning Spur II LLC

ISD Name

Adrian ISD

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2013-2014	2013	\$50,500,000	\$500,000					
	Complete tax years of qualifying time period	1	2014-2015	2014			\$0	100%			
		2	2015-2016	2015			\$0	100%			
		3	2016-2017	2016			\$46,200	100%			
		4	2017-2018	2017			\$47,600	100%			
		5	2018-2019	2018			\$49,000	100%			
		6	2019-2020	2019			\$50,680	100%			
		7	2020-2021	2020			\$44,240	100%			
		8	2021-2022	2021			\$53,480	100%			
		9	2022-2023	2022			\$54,880	100%			
		10	2023-2024	2023			\$56,560	100%			
		11	2024-2025	2024			\$57,960				
		12	2025-2026	2025			\$57,400				
		13	2026-2027	2026			\$59,080				
		14	2027-2028	2027			\$61,040				
		15	2028-2029	2028			\$62,720				

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

December 10, 2012

CHECKLIST ITEM 21

Map of Reinvestment Zone.

CHECKLIST ITEM 22

Resolution establishing Reinvestment Zone.

COPY

Resolution 12-13-10-01

**RESOLUTION OF THE COMMISSIONERS COURT
OF OLDHAM COUNTY, TEXAS
DESIGNATING OLDHAM REINVESTMENT ZONE #3**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN OLDHAM COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Commissioners Court of Oldham County, Texas desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (Texas Property Tax Code § 312.001, *et seq.*), and the Guidelines and Criteria of the Commissioners Court of Oldham County for Granting a Tax Abatement in Reinvestment Zone Created in Oldham County, Texas (the "Guidelines"); and

WHEREAS, on December 13, 2010, a hearing before the Commissioners Court of Oldham County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Oldham County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of Oldham County, Texas at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

WHEREAS, the proponents of the reinvestment zone offered evidence, both oral and documentary, in favor of all of the foregoing matters relating to the creation of the reinvestment zone and opponents, if any, of the reinvestment zone appeared to contest the creation of the reinvestment zone.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF OLDHAM COUNTY, TEXAS:

SECTION 1. That the facts and recitations contained in the preamble of this Resolution are hereby found and declared to be true and correct.

SECTION 2. That the Commissioners Court of Oldham County, Texas, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and
- (b) That the boundaries of the reinvestment zone should be the area described in the attached Exhibit "A" and depicted in the map attached hereto as Exhibit "B", which are incorporated herein by reference for all purposes. In the event of discrepancy between the descriptions of Exhibit "A" and map in Exhibit "B", the map shall control; and,
- (c) That creation of the reinvestment zone will result in benefits to Oldham County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Oldham County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Oldham County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, Oldham County Commissioner's Court hereby creates Oldham Reinvestment Zone #3, a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit "A" and depicted in Exhibit "B", and such reinvestment zone is hereby designated and shall hereafter be referred to as Oldham Reinvestment Zone #3.

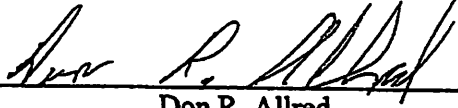
SECTION 4. That Oldham Reinvestment Zone #3 shall take effect on DEC. 19 2010 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

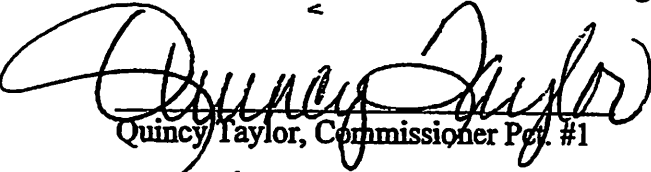
SECTION 5. That if any section, paragraph, clause or provision of this Resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this Resolution.

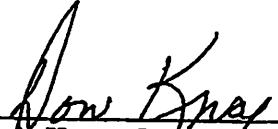
SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Oldham County Commissioners Court at which this Resolution was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general

circulation within the County, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.


PASSED, APPROVED AND ADOPTED on this the 13th day of December, 2010.



Don R. Allred
County Judge


Quincy Taylor, Commissioner Pct. #1


Donnie Knox, Commissioner Pct. #2


Roger Morris, Commissioner Pct. #3


Billy Brown, Commissioner Pct. #4


Becky Groneman, County Clerk

[COUNTY SEAL]

**EXHIBIT A
LEGAL DESCRIPTION OF
OLDHAM REINVESTMENT ZONE #3**

Oldham Reinvestment Zone #3 is comprised of the following parcels. In the event of discrepancy between this Exhibit "A" and the attached map in Exhibit "B", the map in Exhibit "B" shall control.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

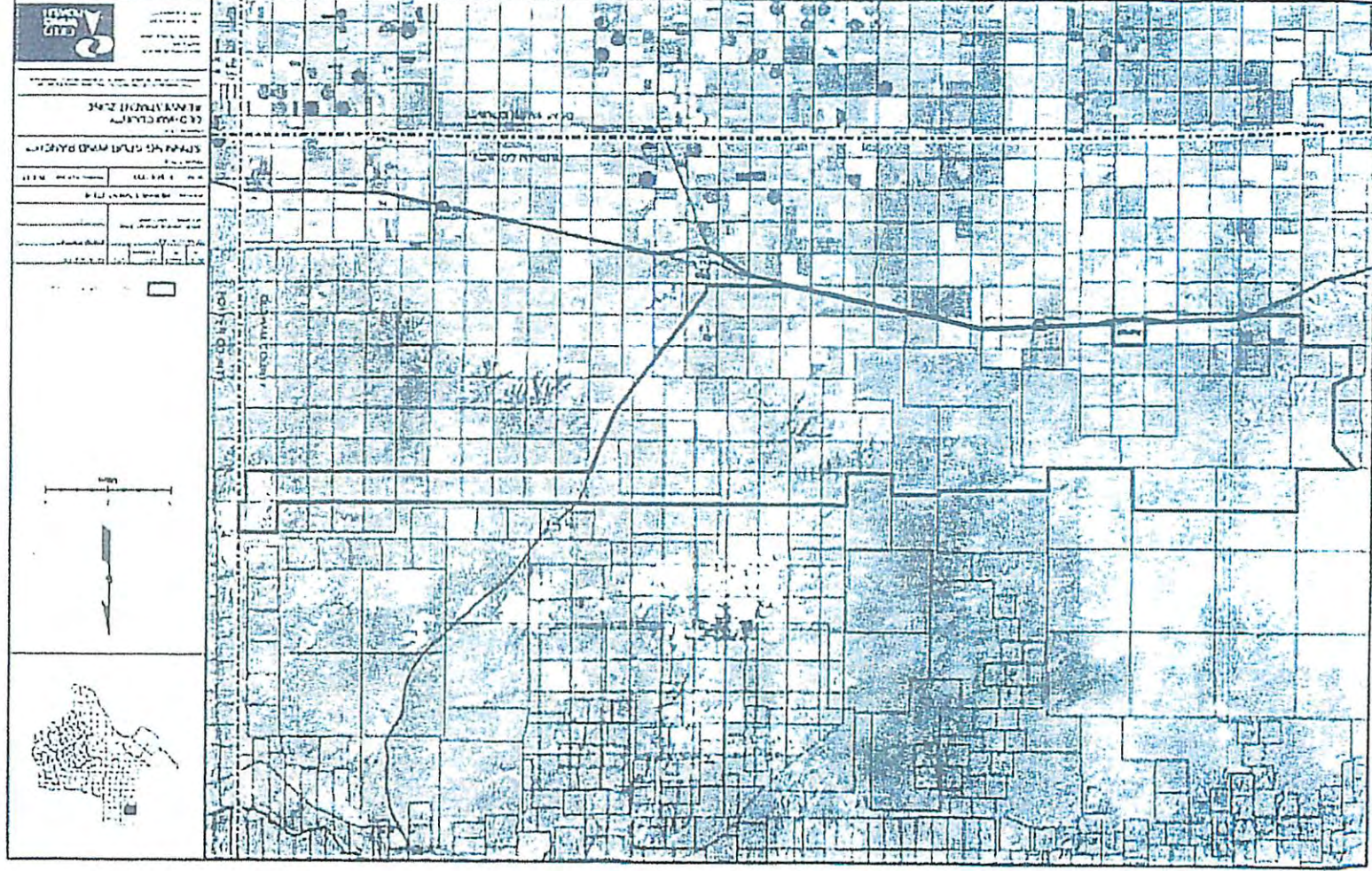
Those portions of Sections 37 and 38, Blk S, GC & SF Survey, Oldham County, Texas lying west of US Hwy 385

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

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

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

EXHIBIT "B"
 MAP OF
 OLDHAM REINVESTMENT ZONE #3



Attachment B

LOCAL SPENDING AND SUPPORT PLAN

- A. In connection with the construction and operation of the Improvements in Oldham County (the "Project"), Spinning Spur Wind LLC ("Owner") and the Owner's prime contractor(s) ("Prime Contractor(s)") responsible for overseeing construction and/or operation of the Improvements will invest at least one million dollars (\$1,000,000) by using commercially reasonable efforts to use services, materials, and supplies purchased from Oldham County individuals and businesses, provided that nothing in this paragraph shall require Owner or the Prime Contractor(s) to use services, materials and supplies provided by Oldham County residents that are not: (i) of similar quality to those provided by nonresidents; or (ii) made available on terms and/or at prices comparable to those offered by nonresidents. Within ninety (90) days following completion of physical construction of the Project, Owner shall provide the County with a written project summary of the investment showing its compliance with the requirement set forth in this Local Spending and Support Plan.
- B. In no event shall Owner or the Prime Contractor discriminate against Oldham County residents in employment or in the purchase of goods and services.
- C. In filling employment vacancies in connection with the Project, Owner and the Prime Contractor(s) will use commercially reasonable efforts to use Oldham County labor, provided that nothing in this paragraph shall require Owner or the Prime Contractor to employ Oldham County residents who are not: (i) equally or more qualified than nonresident applicants; or (ii) available for employment on terms and/or at salaries comparable to those required by nonresident applicants.
- D. Owner or the Prime Contractor shall designate a Coordinator of Local Hiring and Services who will act as a liaison between all contractors and any individual or business residing in Oldham County who is interested in obtaining information about (1) employment, or (2) commercial services or supplies expected to be purchased by a contractor.
- E. Owner or the Prime Contractor shall hold a job and contracting information session prior to beginning physical construction of the project at which information will be provided regarding the construction and hiring needs of the Project. Such information also will be provided on a continuing basis through the Coordinator of Local Hiring and Services.
- F. For every year during the Term after the construction of the Improvements has been completed, Owner, its contractors and/or affiliates will collectively employ at least five (5) full time employees.

CHECKLIST ITEM 23

Legal Description of Reinvestment Zone.

EXHIBIT A
LEGAL DESCRIPTION OF
OLDHAM REINVESTMENT ZONE #3

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

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

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

CHECKLIST ITEM 24

Guidelines and Criteria for Reinvestment Zone.

Resolution 02-13-12-01

**GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN
REINVESTMENT ZONES CREATED IN THE JURISDICTION OF
OLDHAM COUNTY, TEXAS.**

WHEREAS, the creation and retention of job opportunities that bring new wealth is one of the highest civic priorities; and,

WHEREAS, new jobs and investments will benefit the area economy, provide needed opportunities, strengthen the real estate market, and generate tax revenue to support local services; and,

WHEREAS, Oldham County must compete with other localities across the nation currently offering tax inducements to attract new and modernization projects; and,

WHEREAS, any tax incentives offered in Oldham County would reduce needed tax revenue unless these tax incentives are strictly limited in application to those new and existing industries that bring new wealth to the community; and,

WHEREAS, the abatement of property taxes, when offered to attract primary jobs in industries that bring in money from outside a community instead of merely recirculation dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and,

WHEREAS, Texas law requires any eligible taxing jurisdiction to establish guidelines and criteria as to eligibility for tax abatement agreements prior to the granting of any future tax abatement, which guidelines and criteria are to remain unchanged for a two-year period unless amended by a three fourths ($\frac{3}{4}$) majority vote of the governing body, as provided by said state law; and,

WHEREAS, these guidelines and criteria shall not be constructed as implying or suggesting that the County of Oldham, or any other taxing jurisdiction, is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis; and,

WHEREAS, these guidelines and criteria are approved for circulation to all affected taxing jurisdiction for consideration as a common policy for all jurisdictions that choose to participate in tax abatement agreements;

NOW THEREFORE BE IT RESOLVED THAT, said guidelines and criteria are as follows:

Sec. 1. Definitions

(a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real property, and certain personal property, in a reinvestment zone designated by the County of Oldham for economic development purposes.

(b) "Affected jurisdiction" means the County of Oldham, and any other taxing jurisdiction with any substantial parts of its area located in Oldham County; and that levies ad valorem taxes and provides services to property located in said County; and that chooses to participate in tax abatement agreements by, or pursuant to, these guidelines.

- (c) "Agreement" means a contractual agreement between a property owner or lessee, or both, and an affected jurisdiction for the purposes of tax abatement.
- (d) "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement, plus the agreed-upon value of eligible property improvements made after January 1 but before the execution of the agreement.
- (e) "Deferred maintenance" means improvements necessary for continued operations that do not improve productivity or alter the process technology.
- (f) "Distribution Center Facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used, primarily to receive, store, service, or distribute goods or materials owned by the facility operator.
- (g) "Expansion" means the addition of permanent building and structures, fixed machinery and equipment for purposes of increasing production capacity.
- (h) "Facility" means property improvements completed or in the process of construction that together comprise an integral whole.
- (i) "Manufacturing Facility" means permanent buildings and structures, including fixed 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.
- (j) "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of permanent buildings and structures, alteration, or installation of permanent buildings and structures, fixed machinery and equipment. Modernization shall include improvements for the purposes of increasing productivity or updating the technology of machinery or equipment or both.
- (k) "New Facility" means a property previously undeveloped that is placed into service by means other than by, or in conjunction with, expansion or modernization.
- (l) "Other basic industry" means permanent buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used, for the production of products or services that primarily serve a market that result in the creation of new permanent jobs, and that bring in new wealth.
- (m) "Productive life" means the number of years a property improvement is expected to be in service in a facility.
- (n) "Regional entertainment facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public.

(o) "Research facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used primarily for the research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

(p) "Regional service facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used, to service goods.

(q) "Renewable Energy Resource" means a resource which produces energy derived from renewable energy technologies, as defined in PUC Substantive Rule 25.5.

Sec. 2. Criteria for Abatement and Designating a Reinvestment Zone.

(a) Authorized facility. A facility may be eligible for abatement if it is a manufacturing facility, research facility, distribution center or regional service facility, regional entertainment facility, renewable energy resource, or other basic industry.

(b) Creation of new value. Abatement may be granted only for the additional value of eligible property improvements made subsequent to, and specified in, an abatement agreement between Oldham County and the property owner or lessee, subject to such limitation as Oldham County may require.

(c) New and existing facilities. Abatement may be for new facilities and improvements to existing facilities purposes of modernization or expansion.

(d) Eligible property. Abatement may be extended to the value of permanent buildings and structures, fixed machinery and equipment, and certain other personal property, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

(e) Ineligible property. The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; housing; hotel accommodations; deferred maintenance investments; property to be rented or leased, except as provided in Section 2 (f); any improvements, including those to produce, store or distribute natural gas, fluids or gases, that are not integral to the operation of the facility; property owned or used by the State of Texas or its political subdivision or by any organization owned, operated, or directed by a political subdivision of the State of Texas.

(f) Owned and Leased Facilities. If a leased facility is granted abatement, the agreement shall be executed with the lessor and the lessee.

(g) Value and term of abatement. A tax abatement agreement granted by Oldham County shall be up to but not exceeding ten (10) years in duration and up to but not exceeding 100% of the ad valorem property taxes assessed.

(h) Economic qualification. In order to be eligible to receive tax abatement the planned improvement:

(1) must be reasonably expected to increase the value of the property in the amount of at least \$1,000,000 for new businesses and \$500,000 for existing businesses;

(2) must be expected to prevent the loss of employment, retain employment, or create employment on a permanent basis.

(3) must not be expected to solely or primarily have the effect of transferring employment from one part of the County of Oldham to another; and,

(i) Existing business. Recognizing the importance of cosmetic improvements to the community of those existing businesses that modernize or expand over and above normal repair and upkeep, they may be granted a two-year tax abatement of the amount of value the facility is increased. (If a business has a building appraised at \$500,000.00 and modernization or expansion changes the appraised value to \$1,000,000.00, \$500,000.00 of the new value could be abated for two years beginning January 1 after the year completed.)

(j) Taxability. From the execution of the abatement agreement to the end of the agreement period taxes shall be assessed as follows:

(1) the value of ineligible property as provided in Section 2 (e) shall be fully taxable; and,

(2) the base year value of existing eligible property as determined each year shall be fully taxable; and,

(3) The additional value of new eligible property shall be taxable in the manner described in Section 2(g, h, & i).

Sec. 3. Application and Hearing

(a) Any present or potential owner of taxable property in the jurisdiction of the Taxing Entities of the County of Oldham, Texas may request tax abatement by filing a written request with the Oldham County Commissioners Court.

(b) The application shall consist of a completed application form accompanied by: a nonrefundable application fee of \$1,000, a general description of the proposed use and the general nature and extent of the modernization, expansion, or new improvements to be undertaken; a descriptive list of the improvements that will be a part of the facility; a map and property description; and a time schedule for undertaking and completing the planned improvements.

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. The application form may require any financial and other information that may be appropriate for evaluating the financial capacity of the applicant and any other factors.

(c) After receipt of an application, the Commissioners Court shall determine within forty-five (45) days how to proceed with the application. Within this time frame, the Commissioners Court shall choose either to deny the application, consider the application, or consider the application on an expedited basis.

(d) Consideration of Application. If the County determines that the application should be further considered, then the County Judge shall schedule a hearing to obtain public input on the application. At least seven (7) days prior to the hearing, the County must send written notice to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought and must publish notice of the hearing time, place and subject in the local newspaper. At the hearing the commissioners Court

evaluates the application against the criteria in Section 2 and decides whether to designate the property for which an abatement is sought as a reinvestment zone. If the reinvestment zone is not designated, the application fails, although it may be amended and resubmitted. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect and may then arrange to consider for approval the tax abatement agreement between the applicant and the County at its next regularly scheduled meeting. At least seven (7) days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement or to decline. An approved tax abatement agreement may be executed in the same manner as other contracts made by the County.

(e) **Expedited Consideration of Application.** If the County determines that the application should receive expedited consideration, then the County Judge shall schedule an opportunity to obtain public input on the application at the Commissioners Court's next meeting. At least seven (7) days prior to the meeting, the County must send written notice to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought and must publish notice of the hearing time, place and subject in the local newspaper. Also at this time, the County must give written notice of its intent to enter into a tax abatement agreement to the presiding officers of all taxing units with jurisdiction over the property for which the abatement is sought, along with a copy of the proposed tax abatement agreement. During the Commissioners Court meeting, the Commissioners Court shall evaluate the application against the criteria in Sections 2 and shall decide whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect and may then immediately consider for approval the tax abatement agreement between the applicant and the County. After consideration, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or the decline. An approved tax abatement agreement may be executed in the same manner as other contracts made by the County.

(f) **Confidentiality.** As required by Section 312.003 of the Texas Tax Code, information that is provided to the County in connection with an application or a request for a tax abatement under this chapter that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which the abatement is sought is confidential and not subject to public disclosure until the tax abatement is executed.

(g) When the abatement is disapproved, an applicant may be granted a review, or rehearing, in which a new application and hearing may be required.

(h) Tax abatement may not be approved if the County finds that the application therefore was filed after the commencement of the construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.

(i) Request for variance from the provisions of Section 2 may be made in written form to the Commissioners Court of Oldham County. Such request shall include all the items listed in Section 3 (b) above, together with a complete description of the circumstances that prompt the applicant to request variance. The approval process for a variance shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the County.

Sec. 4. Standards for denying Approval of Abatement.

(a) If any affected jurisdiction is able to conclusively show cause in the public hearing why the granting of the abatement will have a substantial adverse effect on its bonds, tax revenue, service capacity, or the providing of services, Oldham County shall deny the approval of abatement.

(b) An abatement agreement shall not be granted if it is determined that:

(1) there would be substantial adverse effect on the providing of government services or tax bases;

(2) the applicant has insufficient financial capacity;

(3) planned or potential use of the property would constitute a hazard to public safety, health, or morals; or,

(4) codes or laws would be violated.

Sec. 5. Effect of Approval of Application

Oldham County Commissioners Court acts only for the taxing entity of Oldham County and for no other taxing entity within Oldham County. The County's approval or disapproval of an application has no effect on any other taxing entity within the jurisdiction or their right to approve or disapprove an application. Only the governing bodies of the effected jurisdictions may grant tax abatements, and enter into tax abatement agreements with applicants.

Sec. 6. Tax Abatement Agreements

The Oldham County Commissioners Court after approval of an application shall enter into an agreement with the applicant. Such agreements shall be executed with the owner of the facility, and with the lessee when required. Such agreements shall include:

(1) the estimated value to be abated and the base year value;

(2) the percentage of value to be abated each year as provided in Sec. 2 (g, h, & i);

(3) the commencement date and the termination date of abatement;

(4) the proposed use of the facility, nature of construction, time schedule, map, property description, and improvements list as provided in application, Section 3 (b);

(5) contractual obligations in the event of default, violation of terms or conditions, delinquent taxes recapture, administration, and assignment as provided in Sections 2 (a), 2 (f), 2 (g, h, & i), 7, 8, and 9.

(6) size of investment and average number of jobs involved. Such agreement shall normally be executed within 30 days after the applicant has forwarded all necessary information and documentation to the County; and

(7) the agreement shall stipulate that employees, or designated representatives, or both, of Oldham County will have access to the reinvestment zone during the terms of the abatement to

inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of 24 hours prior notice and will be conducted in such a manner that they will not unreasonably interfere with the construction or operation or both of the facility. All inspections will be made in the presence of one or more representatives of the company or individual and in accordance with the safety standards of the company or individual.

Sec. 7 Recapture

(a) If the facility is completed and begins producing products or services, but subsequently discontinues producing products or services 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 within 60 days from the date of termination.

(b) If the Oldham County Commissioners Court determines that the company or individual is in default according to the terms and conditions of its agreement, the Commissioners Court shall notify the company or individual in writing at the address stated in the agreement, and if such default is not cured within 60 days from the date of such notice ("cure period") , then the agreement may be terminated.

(c) If the company or individual (1) allows its ad valorem taxes owed to the County of Oldham, or any other taxing entity in Oldham County, to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest or both; or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the cure-period, the agreement may then be terminated, and all taxes previously abated by virtue of the agreement will be recaptured and paid within 60 days of the termination.

Sec. 8. Administration

(a) The Chief Appraiser of the Oldham County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, any company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the chief appraiser shall notify the affected jurisdictions that levy taxes of the amount of the assessment.

(b) Upon completion of construction, a designated representative of Oldham County shall annually value each facility receiving abatement to insure compliance with the agreement and shall make a report to the Commissioners Court regarding the findings of each evaluation.

Sec. 9. Assignment

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 affected jurisdiction, subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with the affected jurisdiction. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner, or the new lessee are liable to any taxing entity in Oldham County for outstanding delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

Sec. 10. Sunset Provision

The guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by a three-quarters vote of the Oldham County Commissioners Court, at which time the tax abatement contracts created according to these provisions will be reviewed to determine whether or not the goals have been achieved. Based on that review, the guidelines and criteria may be further modified, renewed or eliminated.

Moved, Seconded, and Passed Unanimously, This the _____ day of _____ 2012.

Don R. Allred, Oldham County Judge

Quincy Taylor, Commissioner Precinct 1

Clay Crist, Commissioner Precinct 2

Roger Morris, Commissioner Precinct 3

Billy Brown, Commissioner Precinct 4

ATTEST:

Becky Groneman
Oldham County/District Clerk

OLDHAM COUNTY TAX ABATEMENT APPLICATION
FOR
ECONOMIC DEVELOPMENT INCENTIVES

PROPERTY/PROJECT DESCRIPTION

1. Property Owner

Mailing Address

Telephone

2. Project Sponsor
(If different than property owner)
Mailing address

Telephone

3. Applicant's Representative
Telephone

4. Property Address

Legal Description

(provide attachment if by metes and bounds)

5. Located within: Adrian ISD _____ Boys Ranch ISD
 Vega ISD _____ Wildorado ISD

6. Description of Project:

7. Date (s) projected for occupation of project/initiation of operations:
8. Employment Impact

- a. How many jobs will be brought to Oldham County?
b. What types of jobs will be created?
c. What will the total annual payroll be?

9. Fiscal Impact

- a. How much real and personal property value will be added to the tax roles?
- b. How much direct sales tax will be generated?
- c. How will this project affect existing business and/or office facilities?
- d. What infrastructure construction would be required?
- e. What is the total annual operation budget of this facility projected to be?

10. Community Impact

- a. What effect would the project have on the local housing market?
- b. What environmental impact, if any, will be created by the project?

11. Type and value of incentive requested:

[Taxable Entity Search Results](#)

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

[Obtain a certification](#) for filings with the Secretary of State.

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Certification of Account Status

Entity Information:

Status:

Registered Agent:

Registered Agent Resignation Date:

State of Formation:

File Number:

SOS Registration Date:

Taxpayer Number:

Officers And Directors Information

**SPINNING SPUR WIND TWO
LLC**

823 CONGRESS AVE STE 500
AUSTIN, TX 78701-2459

**IN GOOD STANDING NOT FOR
DISSOLUTION OR
WITHDRAWAL through May 15,
2013**

CIELO WIND SERVICES, INC.
823 CONGRESS AVE., STE. 500
AUSTIN, TX 78701

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S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 22, 2013

Mike Norrell
Superintendent
Adrian Independent School District
P. O. Box 189
Adrian, Texas 79001

Dear Superintendent Norrell:

On January 8, 2013, the Comptroller received the completed application (Application # 255) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in December 2012 to the Adrian Independent School District (the school district) by Spinning Spur Wind Two, LLC (the applicant). 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.

The school district is currently classified as a rural school district in Category 4 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 (\$51 million) is consistent with the proposed appraised value limitation sought (\$5 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.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a wind power electric generation facility in Oldham County, an eligible property use under Section 313.024(b). 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 the applicant, the Comptroller's recommendation is that this 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 only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this 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, the Comptroller's recommendation is prepared 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.

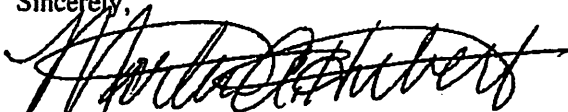
Note that any new building or other improvement existing as of the application review start date of January 8, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district 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 ten (10) days prior to the meeting scheduled by the school 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 must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

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

Economic Impact for Chapter 313 Project

Applicant	Spinning Spur Wind Two, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Adrian ISD
2011-12 Enrollment in School District	130
County	Oldham
Total Investment in District	\$51,000,000
Qualified Investment	\$51,000,000
Limitation Amount	\$5,000,000
Number of total jobs committed to by applicant	2*
Number of qualifying jobs committed to by applicant	2
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$1,010
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$850
Minimum Annual Wage committed to by applicant for qualified jobs	\$52,500
Investment per Qualifying Job	\$25,500,000
Estimated 15 year M&O levy without any limit or credit:	\$5,618,093
Estimated gross 15 year M&O tax benefit	\$3,655,255
Estimated 15 year M&O tax benefit (after deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$3,520,483
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$881,709
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$2,097,610
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	62.7%
Percentage of tax benefit due to the limitation	75.9%
Percentage of tax benefit due to the credit	24.1%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

This presents the Comptroller's economic impact evaluation of Spinning Spur Two (the project) applying to Adrian 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 two new jobs when fully operational. All two jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Oldham County is located was \$40,196 in 2011. The annual average manufacturing wage for 2011 for Oldham County is unavailable. That same year, the county annual average wage for all industries was \$38,857. In addition to a salary of \$52,500, each qualifying position will receive the following benefits: medical, dental, and vision insurance, of which at least 80% of the premiums for the employee will be paid by the LLC. Each qualifying employee will also receive area wide competitive vacation time, sick leave, and skill training. The project's total investment is \$51 million, resulting in a relative level of investment per qualifying job of \$25.5 million.

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

According to Spinning Spur Two's application, "the applicant can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation."

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

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

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

The Texas Economic Development Plan 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 Spinning Spur Two 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 Spinning Spur Two'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 Spinning Spur Two

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	50	55	105	\$2,625,000	\$3,605,000	\$6,230,000
2014	2	3	5	\$105,000	\$625,000	\$730,000
2015	2	4	6	\$105,000	\$265,000	\$370,000
2016	2	0	2	\$105,000	\$265,000	\$370,000
2017	2	0	2	\$105,000	\$135,000	\$240,000
2018	2	-2	0	\$105,000	\$135,000	\$240,000
2019	2	-4	-2	\$105,000	-\$105,000	\$0
2020	2	-2	0	\$105,000	-\$105,000	\$0
2021	2	2	4	\$105,000	\$385,000	\$490,000
2022	2	-2	0	\$105,000	\$15,000	\$120,000
2023	2	0	2	\$105,000	\$15,000	\$120,000
2024	2	0	2	\$105,000	-\$105,000	\$0
2025	2	2	4	\$105,000	\$135,000	\$240,000
2026	2	-2	0	\$105,000	\$135,000	\$240,000
2027	2	-2	0	\$105,000	-\$105,000	\$0
2028	2	-2	0	\$105,000	-\$345,000	-\$240,000

Source: CPA, REMI, Spinning Spur Two

The statewide average ad valorem tax base for school districts in Texas was \$1.74 billion in 2011. Adrian ISD's ad valorem tax base in 2011 was \$43 million. The statewide average wealth per WADA was estimated at \$374,943 for fiscal 2011-2012. During that same year, Adrian ISD's estimated wealth per WADA was \$155,584. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Oldham County, with all property tax incentives sought being granted using estimated market value from Spinning Spur Two's application. Spinning Spur Two 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 Spinning Spur Two 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	Adrian ISD I&S Levy	Adrian ISD M&O Levy	Adrian ISD M&O and I&S Tax Levies (Before Credit Credited)	Adrian ISD M&O and I&S Tax Levies (After Credit Credited)	Oldham County	Estimated Total Property Taxes
				0.0000	1.0400			0.71	
2014	\$49,113,000	\$49,113,000		\$0	\$510,775	\$510,775	\$510,775	\$0	\$510,775
2015	\$45,666,741	\$45,666,741		\$0	\$474,934	\$474,934	\$474,934	\$0	\$474,934
2016	\$44,037,663	\$5,000,000		\$0	\$52,000	\$52,000	\$52,000	\$0	\$52,000
2017	\$42,408,584	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2018	\$40,779,506	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2019	\$39,150,428	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2020	\$37,521,350	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2021	\$35,892,272	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2022	\$34,263,193	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2023	\$32,634,115	\$5,000,000		\$0	\$52,000	\$52,000	\$26,000	\$0	\$26,000
2024	\$31,005,037	\$31,005,037		\$0	\$322,452	\$322,452	\$0	\$220,136	\$220,136
2025	\$29,375,959	\$29,375,959		\$0	\$305,510	\$305,510	\$0	\$208,569	\$208,569
2026	\$27,746,880	\$27,746,880		\$0	\$288,568	\$288,568	\$216,821	\$197,003	\$413,823
2027	\$26,117,802	\$26,117,802		\$0	\$271,625	\$271,625	\$271,625	\$185,436	\$457,062
2028	\$24,488,724	\$24,488,724		\$0	\$254,683	\$254,683	\$254,683	\$173,870	\$428,553
						Total	\$1,962,838	\$985,014	\$2,947,852

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Spinning Spur Two

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O	Tax Rate ¹	Adrian ISD I&S Levy	Adrian ISD M&O Levy		Adrian ISD M&O and I&S Tax Levies	Oldham County	Estimated Total Property Taxes
				0.0000	1.0400			0.71	
2014	\$49,113,000	\$49,113,000		\$0	\$510,775		\$510,775	\$348,702	\$859,478
2015	\$45,666,741	\$45,666,741		\$0	\$474,934		\$474,934	\$324,234	\$799,168
2016	\$44,037,663	\$44,037,663		\$0	\$457,992		\$457,992	\$312,667	\$770,659
2017	\$42,408,584	\$42,408,584		\$0	\$441,049		\$441,049	\$301,101	\$742,150
2018	\$40,779,506	\$40,779,506		\$0	\$424,107		\$424,107	\$289,534	\$713,641
2019	\$39,150,428	\$39,150,428		\$0	\$407,164		\$407,164	\$277,968	\$685,132
2020	\$37,521,350	\$37,521,350		\$0	\$390,222		\$390,222	\$266,402	\$656,624
2021	\$35,892,272	\$35,892,272		\$0	\$373,280		\$373,280	\$254,835	\$628,115
2022	\$34,263,193	\$34,263,193		\$0	\$356,337		\$356,337	\$243,269	\$599,606
2023	\$32,634,115	\$32,634,115		\$0	\$339,395		\$339,395	\$231,702	\$571,097
2024	\$31,005,037	\$31,005,037		\$0	\$322,452		\$322,452	\$220,136	\$542,588
2025	\$29,375,959	\$29,375,959		\$0	\$305,510		\$305,510	\$208,569	\$514,079
2026	\$27,746,880	\$27,746,880		\$0	\$288,568		\$288,568	\$197,003	\$485,570
2027	\$26,117,802	\$26,117,802		\$0	\$271,625		\$271,625	\$185,436	\$457,062
2028	\$24,488,724	\$24,488,724		\$0	\$254,683		\$254,683	\$173,870	\$428,553
						Total	\$5,618,093	\$3,835,429	\$9,453,522
						Difference	\$3,655,255	\$2,850,415	\$6,505,670

Source: CPA, Spinning Spur Two

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 II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$5,091,785. The estimated gross 13 year M&O tax benefit, or levy loss, is \$3,655,255.

Attachment 3 is an economic overview of Oldham County.

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

Attachments

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

Attachment 1

Schedule A (Rev. May 2010): Investment

Applicant Name
ISD NameSpinning Spur II LLC
Adrian ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2013-2014	2013	\$0	\$0		\$0	\$0
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2013-2014	2013	\$0	\$0		\$0	\$0
	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)		2013-2014	2013	\$51,000,000	\$0	\$51,000,000	\$0	\$51,000,000
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014-2015	2014					\$0
		2	2015-2016	2015					\$0
		3	2016-2017	2016					\$0
		4	2017-2018	2017					\$0
		5	2018-2019	2018					\$0
		6	2019-2020	2019					\$0
		7	2020-2021	2020					\$0
		8	2021-2022	2021					\$0
		9	2022-2023	2022					\$0
		10	2023-2024	2023					\$0
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024					\$0
		12	2025-2026	2025					\$0
		13	2026-2027	2026					\$0
Post- Settle-Up Period		14	2027-2028	2027					\$0
Post- Settle-Up Period		15	2028-2029	2028					\$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: (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. 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 "pro-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

December 10, 2012

DATE

Applicant Name
ISD Name

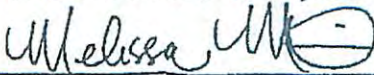
Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Spinning Spur II LLC
Adrian ISD

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions
		pre- year 1	2013-2014	2013	N/A	\$0	\$0	\$0		
	Complete tax years of qualifying time period	1	2014-2015	2014	N/A	\$0	\$49,113,000	\$0	\$49,113,000	\$49,113,000
		2	2015-2016	2015	N/A	\$0	\$45,666,741	\$0	\$45,666,741	\$45,666,741
	Tax Credit Period (with 50% cap on credit)	3	2016-2017	2016	N/A	\$0	\$44,037,663	\$5,000,000	\$44,037,663	\$5,000,000
		4	2017-2018	2017	N/A	\$0	\$42,408,584	\$5,000,000	\$42,408,584	\$5,000,000
		5	2018-2019	2018	N/A	\$0	\$40,779,506	\$5,000,000	\$40,779,506	\$5,000,000
		6	2019-2020	2019	N/A	\$0	\$39,150,428	\$5,000,000	\$39,150,428	\$5,000,000
		7	2020-2021	2020	N/A	\$0	\$37,521,350	\$5,000,000	\$37,521,350	\$5,000,000
		8	2021-2022	2021	N/A	\$0	\$35,892,272	\$5,000,000	\$35,892,272	\$5,000,000
		9	2022-2023	2022	N/A	\$0	\$34,263,193	\$5,000,000	\$34,263,193	\$5,000,000
		10	2023-2024	2023	N/A	\$0	\$32,634,115	\$5,000,000	\$32,634,115	\$5,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	N/A	\$0	\$31,005,037	\$0	\$31,005,037	\$31,005,037
		12	2025-2026	2025	N/A	\$0	\$29,375,959	\$0	\$29,375,959	\$29,375,959
		13	2026-2027	2026	N/A	\$0	\$27,746,880	\$0	\$27,746,880	\$27,746,880
Post- Settle-Up Period		14	2027-2028	2027	N/A	\$0	\$26,117,802	\$0	\$26,117,802	\$26,117,802
Post- Settle-Up Period		15	2028-2029	2028	N/A	\$0	\$24,488,724	\$0	\$24,488,724	\$24,488,724

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

December 10, 2012

DATE

Spring Spur II LLC
Adrian ISDApplicant Name
ISD Name

Form 50-298

Column F: Average of qualifying jobs	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column D: Average rate for all new jobs.	Column C: Number of new jobs applicant commits to (cumulative)	Column B: Average annual wage rates for construction workers	Column A: Number of Construction FTEs or men-hours (specify)	Tax Year (FM) In actual tax year YYYY	School Year (YYYY-YYYY)	Year	pre-year 1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	Post-Settle-Up Period			
																									Post-Settle-Up Period	Credit Settle-Up Period		
\$0	0	\$0	0	\$52,500	50	2013	2013-2014			Complete tax years of qualifying time period	2014-2015	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period
\$52,500	2	\$52,500	2	0	0	2014	2014-2015				2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period	
\$52,500	2	\$52,500	2	0	0	2015	2015-2016				2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period		
\$52,500	2	\$52,500	2	0	0	2016	2016-2017				2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period			
\$52,500	2	\$52,500	2	0	0	2017	2017-2018				2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period				
\$52,500	2	\$52,500	2	0	0	2018	2018-2019				2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period					
\$52,500	2	\$52,500	2	0	0	2019	2019-2020				2020	2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period						
\$52,500	2	\$52,500	2	0	0	2020	2020-2021				2021	2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period							
\$52,500	2	\$52,500	2	0	0	2021	2021-2022				2022	2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period								
\$52,500	2	\$52,500	2	0	0	2022	2022-2023				2023	2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period									
\$52,500	2	\$52,500	2	0	0	2023	2023-2024				2024	2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period										
\$52,500	2	\$52,500	2	0	0	2024	2024-2025				2025	2026	2027	2028	2028-2029	2028	Post-Settle-Up Period											
\$52,500	2	\$52,500	2	0	0	2025	2025-2026				2026	2027	2028	2028-2029	2028	Post-Settle-Up Period												
\$52,500	2	\$52,500	2	0	0	2026	2026-2027				2027	2028	2028-2029	2028	Post-Settle-Up Period													
\$52,500	2	\$52,500	2	0	0	2027	2027-2028				2028	2028-2029	2028	Post-Settle-Up Period														
\$52,500	2	\$52,500	2	0	0	2028	2028-2029				2028	2028-2029	2028	Post-Settle-Up Period														

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

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

Melissa Miller

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

December 10, 2012

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

Applicant
Name

Spinning Spur II LLC

ISD Name

Adrian ISD

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2013-2014	2013	\$50,500,000	\$500,000					
	Complete tax years of qualifying time period	1	2014-2015	2014			\$0	100%			
		2	2015-2016	2015			\$0	100%			
		3	2016-2017	2016			\$46,200	100%			
		4	2017-2018	2017			\$47,600	100%			
		5	2018-2019	2018			\$49,000	100%			
		6	2019-2020	2019			\$50,680	100%			
		7	2020-2021	2020			\$44,240	100%			
		8	2021-2022	2021			\$53,480	100%			
		9	2022-2023	2022			\$54,880	100%			
		10	2023-2024	2023			\$56,560	100%			
		11	2024-2025	2024			\$57,960				
		12	2025-2026	2025			\$57,400				
		13	2026-2027	2026			\$59,080				
		14	2027-2028	2027			\$61,040				
		15	2028-2029	2028			\$62,720				

*For planning, construction and operation of the facility.


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

December 10, 2012
DATE

Attachment 2



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

Michael L. Williams
Executive Director

February 1, 2013

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 (TEA) has analyzed the revenue gains that would be realized by the proposed Spinning Spur Wind Two LLC project for the Adrian Independent School District (AISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown 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 Spinning Spur Wind Two LLC project on AISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Al McKenzie", with a long horizontal flourish extending to the right.

Al McKenzie, Manager
Foundation School Program Support

AM/bd



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

Michael L. Williams
Commissioner

February 1, 2013

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 Spur Wind Two LLC project on the number and size of school facilities in Adrian Independent School District (AISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the AISD superintendent, Michael Norrell, the TEA has found that the Spur Wind Two LLC project would not have a significant impact on the number or size of school facilities in AISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie", with a stylized flourish at the end.

Al McKenzie, Manager
Foundation School Program Support

AM/bd

Adrian ISD Financial Impact of Chapter 313 Agreement

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

Prepared by

Randy McDowell, RTSBA

School Financial Consultant

&

Neal Brown

School Finance Specialist, Region 16 ESC

Adrian ISD Financial Impact of Chapter 313 Agreement

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

Introduction

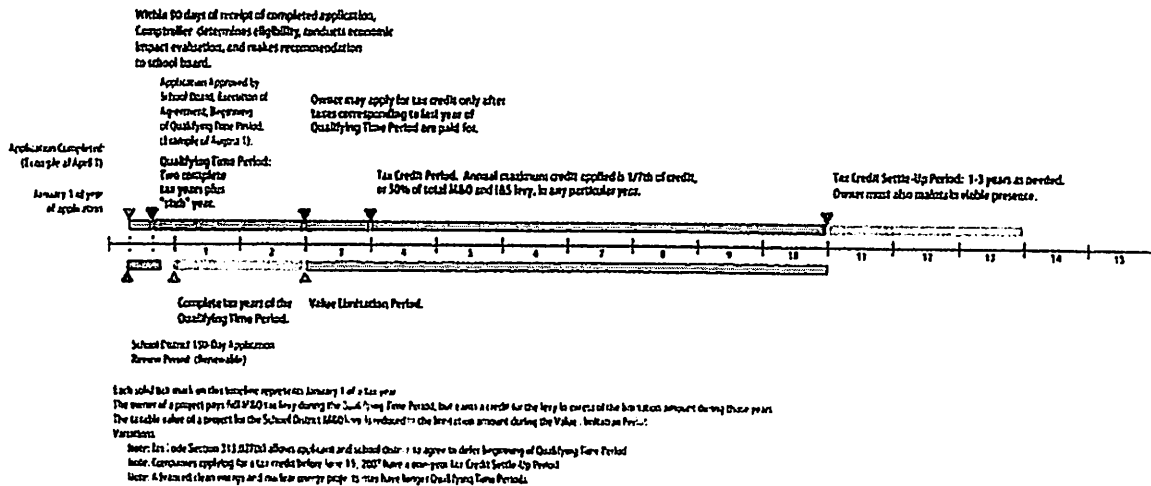
Spinning Spur Wind Two, LLC applied for a property value limitation from Adrian Independent School District under Chapter 313 of the Tax Code. The application was submitted on December 10, 2012 and subsequently approved for consideration by the Adrian ISD Board of Trustees. Spinning Spur Wind Two, LLC ("Spinning Spur"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



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

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Adrian ISD is considered a Rural category 4 District as categorized with total taxable value of industrial property of at least \$100,000 but less than \$1 million, thus Adrian ISD has a

Adrian ISD Financial Impact of Chapter 313 Agreement

minimum qualified investment amount of \$5 million. A qualifying entity's taxable value would be reduced to \$5 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Adrian ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The "Additional Value from Spinning Spur" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$5,000,000 minimum qualified investment of Adrian ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Spinning Spur	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	49,113,000	n/a	0	49,113,000
Jan. 1, 2015	45,666,741	n/a	0	45,666,741
Jan. 1, 2016	44,037,663	(5,000,000)	39,037,663	5,000,000
Jan. 1, 2017	42,408,584	(5,000,000)	37,408,584	5,000,000
Jan. 1, 2018	40,779,506	(5,000,000)	35,779,506	5,000,000
Jan. 1, 2019	39,150,428	(5,000,000)	34,150,428	5,000,000
Jan. 1, 2020	37,521,350	(5,000,000)	32,521,350	5,000,000
Jan. 1, 2021	35,892,272	(5,000,000)	30,892,272	5,000,000
Jan. 1, 2022	34,263,193	(5,000,000)	29,263,193	5,000,000
Jan. 1, 2023	32,634,115	(5,000,000)	27,634,115	5,000,000
Jan. 1, 2024	31,005,037	n/a	0	31,005,037
Jan. 1, 2025	29,375,959	n/a	0	29,375,959
Jan. 1, 2026	27,746,880	n/a	0	27,746,880

Adrian ISD Financial Impact of Chapter 313 Agreement

Spinning Spur Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Spinning Spur is \$3.52 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	510,775	0	n/a	0	0
2015-2016	474,934	0	n/a	0	0
2016-2017	457,992	405,992	n/a	(134,772)	271,219
2017-2018	441,049	389,049	26,000	0	415,049
2018-2019	424,107	372,107	26,000	0	398,107
2019-2020	407,164	355,164	26,000	0	381,164
2020-2021	390,222	338,222	26,000	0	364,222
2021-2022	373,280	321,280	26,000	0	347,280
2022-2023	356,337	304,337	26,000	0	330,337
2023-2024	339,395	287,395	26,000	0	313,395
2024-2025	322,452	0	322,452	0	322,452
2025-2026	305,510	0	305,510	0	305,510
2026-2027	288,568	0	71,747	0	71,747
Totals	5,091,785	2,773,546	881,709	(134,772)	3,520,483

Adrian ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

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

- The current state funding formulas (in effect for 2012-2013 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2012.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2012 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2012-2013 was decreased by .25% per year for the life of the agreement.

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Spinning Spur (Table III), the addition of Spinning Spur's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Spinning Spur's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Spinning Spur Wind Two:

Fiscal Year	M&O Taxes			Revenue		Total
	Total Taxable	Compressed	State	Recapture	Tier I	
	Value	Rate	Revenue	Amount	Revenue	District Revenue
2014-2015	46,986,672	454,220	927,394	0	1,381,614	1,496,487
2015-2016	47,456,539	458,762	919,698	0	1,378,460	1,493,453
2016-2017	47,931,104	463,350	911,964	0	1,375,314	1,490,020
2017-2018	48,410,415	467,983	904,192	0	1,372,176	1,486,595
2018-2019	48,894,519	472,663	896,382	0	1,369,045	1,483,178
2019-2020	49,383,464	477,390	888,533	0	1,365,922	1,479,770
2020-2021	49,877,299	482,164	880,644	0	1,362,808	1,476,371
2021-2022	50,376,072	486,985	872,715	0	1,359,701	1,472,980
2022-2023	50,879,833	491,855	864,746	0	1,356,601	1,469,597
2023-2024	51,388,631	496,774	856,736	0	1,353,510	1,466,223
2024-2025	51,902,517	501,742	848,684	0	1,350,426	1,462,858
2025-2026	52,421,543	506,759	840,591	0	1,347,350	1,459,501
2026-2027	52,945,758	511,827	832,455	0	1,344,282	1,456,152

Adrian ISD Financial Impact of Chapter 313 Agreement

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

Fiscal Year	M&O Taxes			Recapture Amount	Tier I Revenue	Revenue		Total District Revenue
	Total Taxable Value	Compressed Rate	State Revenue			Above Comp Rate		
2014-2015	96,099,672	928,996	908,618	0	1,837,614	234,944		2,072,558
2015-2016	93,123,280	900,223	427,237	0	1,327,460	111,061		1,438,521
2016-2017	91,968,767	889,062	453,252	0	1,342,314	112,547		1,454,861
2017-2018	90,818,999	877,947	461,228	0	1,339,176	112,133		1,451,308
2018-2019	89,674,025	866,879	469,166	0	1,336,045	111,720		1,447,765
2019-2020	88,533,892	855,857	477,065	0	1,332,922	111,308		1,444,230
2020-2021	87,398,649	844,883	484,925	0	1,329,808	110,997		1,440,805
2021-2022	86,268,344	833,956	492,745	0	1,326,701	110,707		1,437,408
2022-2023	85,143,026	823,078	500,524	0	1,323,601	110,418		1,434,019
2023-2024	84,022,746	812,248	508,262	0	1,320,510	110,129		1,430,639
2024-2025	82,907,554	801,467	515,959	0	1,317,426	109,841		1,427,267
2025-2026	81,797,502	790,736	523,614	0	1,314,350	109,553		1,423,903
2026-2027	80,692,638	780,056	531,226	0	1,311,282	109,266		1,420,548

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

Fiscal Year	M&O Taxes			Recapture Amount	Tier I Revenue	Revenue		Total District Revenue
	Total Taxable Value	Taxes Comp Rate	State Revenue			Above Comp Rate	Payment for District Losses	
2014-2015	96,099,672	928,996	908,618	0	1,837,614	234,944	0	2,072,558
2015-2016	93,123,280	900,223	427,237	0	1,327,460	111,061	0	1,438,521
2016-2017	52,931,104	511,685	743,629	0	1,255,314	64,775	134,772	1,454,861
2017-2018	53,410,415	516,318	822,857	0	1,339,176	114,312	0	1,453,488
2018-2019	53,894,519	520,998	815,047	0	1,336,045	114,027	0	1,450,072
2019-2020	54,383,464	525,725	807,198	0	1,332,922	113,743	0	1,446,666
2020-2021	54,877,299	530,499	799,309	0	1,329,808	113,469	0	1,443,287
2021-2022	55,376,072	535,320	791,380	0	1,326,701	113,177	0	1,439,878
2022-2023	55,879,833	540,190	783,411	0	1,323,601	112,895	0	1,436,496
2023-2024	56,388,631	545,109	775,401	0	1,320,510	112,614	0	1,433,123
2024-2025	82,907,554	801,467	515,959	0	1,317,426	109,841	0	1,481,096
2025-2026	81,797,502	790,736	523,614	0	1,314,350	109,553	0	1,423,903
2026-2027	80,692,638	780,056	531,226	0	1,311,282	109,266	0	1,420,548

Adrian ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Spinning Spur Wind Two, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Adrian ISD by Spinning Spur, the projected amount of these payments over the life of the agreement is \$161,834 of the \$3.52 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Adrian ISD Share \$100/ADA	Spinning Spur Wind Share
2014-2015	0	12,637	(12,637)
2015-2016	0	12,605	(12,605)
2016-2017	271,219	12,573	258,646
2017-2018	415,049	12,542	402,507
2018-2019	398,107	12,511	385,596
2019-2020	381,164	12,479	368,685
2020-2021	364,222	12,448	351,774
2021-2022	347,280	12,417	334,863
2022-2023	330,337	12,386	317,951
2023-2024	313,395	12,355	301,040
2024-2025	322,452	12,324	310,128
2025-2026	305,510	12,293	293,217
2026-2027	71,747	12,263	59,484
Totals	3,520,483	161,834	3,358,649

Adrian ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Pre-K thru 5	7	154	134	20
6-12	9	180	83	97
Total	16	334	217	117

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Adrian ISD is a pre-kindergarten through 12th grade district.

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 1 new student.

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Spinning Spur Wind Two, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Spinning Spur is projected to benefit from a 71% tax savings over the thirteen year period of this agreement. Spinning Spur also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

Attachment 3

Oldham County

Population

- Total county population in 2010 for Oldham County: 2,119 , up 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Oldham County was the state's 235st largest county in population in 2010 and the 161st fastest growing county from 2009 to 2010.
- Oldham County's population in 2009 was 79.4 percent Anglo (above the state average of 46.7 percent), 3.6 percent African-American (below the state average of 11.3 percent) and 14.4 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Oldham County:

Vega:	896	Adrian:	154
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Economy and Income

Employment

- September 2011 total employment in Oldham County: 890 , up 1.3 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 Oldham County unemployment rate: 6.0 percent, unchanged from 6.0 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:

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

Income

- Oldham County's ranking in per capita personal income in 2009: 195th with an average per capita income of \$29,139, down 9.0 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 Oldham County averaged \$70.46 million annually from 2007 to 2010. County total agricultural values in 2010 were up 14.5 percent from 2009. Major agriculture related commodities in Oldham County during 2010 included:
 - Hay ▪ Sorghum ▪ Wheat ▪ Other Beef ▪ Fed Beef
- 2011 oil and gas production in Oldham County: 107,560.0 barrels of oil and 97,087.0 Mcf of gas. In September 2011, there were 22 producing oil wells and 7 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 Oldham County during the fourth quarter 2010: \$2.19 million, up 90.5 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Vega:	\$721,611.00, up 13.6 percent from the same quarter in 2009.
Adrian:	\$91,828.00, down 18.5 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 Oldham County through the fourth quarter of 2010: \$6.17 million, up 26.9 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Vega:	\$2.73 million, up 10.6 percent from the same period in 2009.
Adrian:	\$468,723.00, down 7.7 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Oldham County during 2010: \$6.17 million, up 26.9 percent from 2009.
- Oldham County sent an estimated \$385,336.88 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Vega:	\$2.73 million, up 10.6 percent from 2009.
Adrian:	\$468,723.00, down 7.7 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 Oldham County based on the sales activity month of August 2011: \$4,791.50, down 12.7 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Vega:	\$4,258.76, up 5.5 percent from August 2010.
Adrian:	\$532.74, down 63.4 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 Oldham County based on sales activity months from September 2010 through August 2011: \$61,896.45, up 12.4 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Vega:	\$54,346.25, up 17.5 percent from fiscal 2010.
Adrian:	\$7,550.20, down 14.0 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 Oldham County based on sales activity months through August 2011: \$40,414.75, up 5.7 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Vega:	\$36,541.16, up 14.8 percent from the same period in 2010.
Adrian:	\$3,873.59, down 39.3 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 Oldham County based on sales activity in the 12 months ending in August 2011: \$61,896.45, up 12.4 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Vega:	\$54,346.25, up 17.5 percent from the previous 12-month period.
Adrian:	\$7,550.20, down 14.0 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:

Vega:	\$45,098.01, up 16.7 percent from the same period in 2010.
Adrian:	\$5,106.45, down 30.7 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 Oldham County based on sales activity months in 2010: \$59,703.71, up 13.0 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Vega:	\$49,647.33, up 12.6 percent from 2009.
Adrian:	\$10,056.38, up 15.0 percent from 2009.

Property Tax

- As of January 2009, property values in Oldham County: \$531.59 million, up 10.8 percent from January 2008 values. The property tax base per person in Oldham County is \$250,988, above the statewide average of \$85,809. About 9.7 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Oldham County's ranking in state expenditures by county in fiscal year 2010: 224th. State expenditures in the county for FY2010: \$10.59 million, down 0.5 percent from FY2009.
- In Oldham County, 5 state agencies provide a total of 23 jobs and \$196,945.00 in annualized wages (as of 1st quarter 2011).

■ Major state agencies in the county (as of first quarter 2011):

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

Higher Education

■ Community colleges in Oldham County fall 2010 enrollment:

- None.

■ Oldham County is in the service area of the following:

- Amarillo College with a fall 2010 enrollment of 11,540. Counties in the service area include:
 - Carson County
 - Castro County
 - Deaf Smith County
 - Moore County
 - Oldham County
 - Parmer County
 - Potter County
 - Randall County
 - Swisher County

■ Institutions of higher education in Oldham County fall 2010 enrollment:

- None.

School Districts

■ Oldham County had 4 school districts with 8 schools and 808 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.)

- Adrian ISD had 131 students in the 2009-10 school year. The average teacher salary was \$42,610. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
- Boys Ranch ISD had 289 students in the 2009-10 school year. The average teacher salary was \$47,687. The percentage of students meeting the 2010 TAKS passing standard for all tests was 54 percent.
- Vega ISD had 289 students in the 2009-10 school year. The average teacher salary was \$44,317. The percentage of students meeting the 2010 TAKS passing standard for all tests was 84 percent.
- Wildorado ISD had 99 students in the 2009-10 school year. The average teacher salary was \$39,737. The percentage of students meeting the 2010 TAKS passing standard for all tests was 87 percent.

Adrian ISD Financial Impact of Chapter 313 Agreement

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

Prepared by

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School Financial Consultant

&

Neal Brown

School Finance Specialist, Region 16 ESC

Adrian ISD Financial Impact of Chapter 313 Agreement

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

Introduction

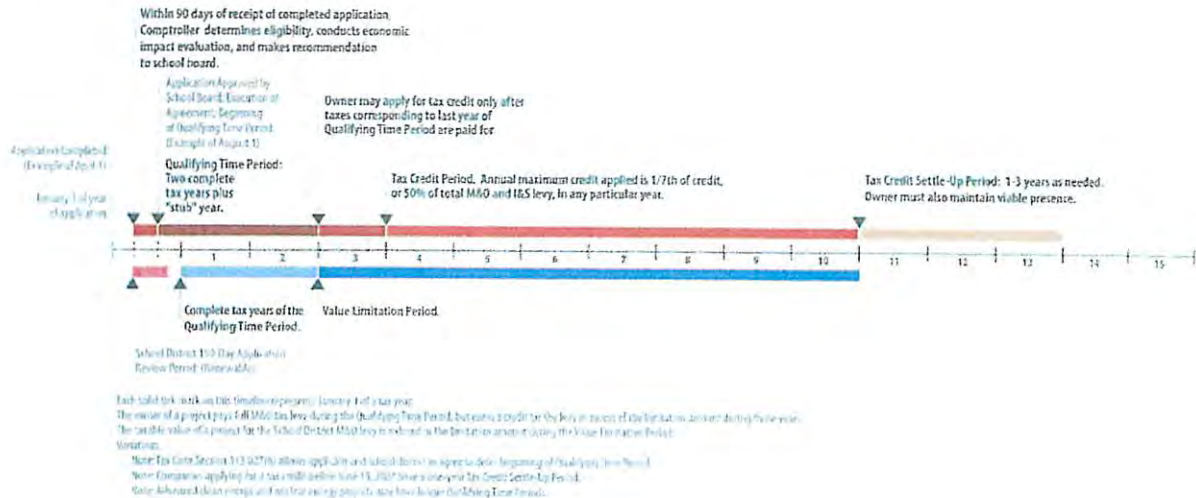
Spinning Spur Wind Two, LLC applied for a property value limitation from Adrian Independent School District under Chapter 313 of the Tax Code. The application was submitted on December 10, 2012 and subsequently approved for consideration by the Adrian ISD Board of Trustees. Spinning Spur Wind Two, LLC ("Spinning Spur"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Appraised Value Limitation and Credit under Tax Code Chapter 313 for School District Maintenance & Operations (M&O) Tax



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

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Adrian ISD is considered a Rural category 4 District as categorized with total taxable value of industrial property of at least \$100,000 but less than \$1 million, thus Adrian ISD has a

Adrian ISD Financial Impact of Chapter 313 Agreement

minimum qualified investment amount of \$5 million. A qualifying entity's taxable value would be reduced to \$5 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Adrian ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The "Additional Value from Spinning Spur" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$5,000,000 minimum qualified investment of Adrian ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Spinning Spur	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	49,113,000	n/a	0	49,113,000
Jan. 1, 2015	45,666,741	n/a	0	45,666,741
Jan. 1, 2016	44,037,663	(5,000,000)	39,037,663	5,000,000
Jan. 1, 2017	42,408,584	(5,000,000)	37,408,584	5,000,000
Jan. 1, 2018	40,779,506	(5,000,000)	35,779,506	5,000,000
Jan. 1, 2019	39,150,428	(5,000,000)	34,150,428	5,000,000
Jan. 1, 2020	37,521,350	(5,000,000)	32,521,350	5,000,000
Jan. 1, 2021	35,892,272	(5,000,000)	30,892,272	5,000,000
Jan. 1, 2022	34,263,193	(5,000,000)	29,263,193	5,000,000
Jan. 1, 2023	32,634,115	(5,000,000)	27,634,115	5,000,000
Jan. 1, 2024	31,005,037	n/a	0	31,005,037
Jan. 1, 2025	29,375,959	n/a	0	29,375,959
Jan. 1, 2026	27,746,880	n/a	0	27,746,880

Adrian ISD Financial Impact of Chapter 313 Agreement

Spinning Spur Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Spinning Spur is \$3.52 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	510,775	0	n/a	0	0
2015-2016	474,934	0	n/a	0	0
2016-2017	457,992	405,992	n/a	(134,772)	271,219
2017-2018	441,049	389,049	26,000	0	415,049
2018-2019	424,107	372,107	26,000	0	398,107
2019-2020	407,164	355,164	26,000	0	381,164
2020-2021	390,222	338,222	26,000	0	364,222
2021-2022	373,280	321,280	26,000	0	347,280
2022-2023	356,337	304,337	26,000	0	330,337
2023-2024	339,395	287,395	26,000	0	313,395
2024-2025	322,452	0	322,452	0	322,452
2025-2026	305,510	0	305,510	0	305,510
2026-2027	288,568	0	71,747	0	71,747
Totals	5,091,785	2,773,546	881,709	(134,772)	3,520,483

Adrian ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

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

- The current state funding formulas (in effect for 2012-2013 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2012.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2012 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2012-2013 was decreased by .25% per year for the life of the agreement.

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Spinning Spur (Table III), the addition of Spinning Spur's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Spinning Spur's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues Spinning Spur Wind Two:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Tier I Revenue	Revenue	
		Compressed Rate	State Revenue			Above Comp Rate	Total District Revenue
2014-2015	46,986,672	454,220	927,394	0	1,381,614	114,873	1,496,487
2015-2016	47,456,539	458,762	919,698	0	1,378,460	114,993	1,493,453
2016-2017	47,931,104	463,350	911,964	0	1,375,314	114,706	1,490,020
2017-2018	48,410,415	467,983	904,192	0	1,372,176	114,419	1,486,595
2018-2019	48,894,519	472,663	896,382	0	1,369,045	114,133	1,483,178
2019-2020	49,383,464	477,390	888,533	0	1,365,922	113,848	1,479,770
2020-2021	49,877,299	482,164	880,644	0	1,362,808	113,563	1,476,371
2021-2022	50,376,072	486,985	872,715	0	1,359,701	113,279	1,472,980
2022-2023	50,879,833	491,855	864,746	0	1,356,601	112,996	1,469,597
2023-2024	51,388,631	496,774	856,736	0	1,353,510	112,713	1,466,223
2024-2025	51,902,517	501,742	848,684	0	1,350,426	112,432	1,462,858
2025-2026	52,421,543	506,759	840,591	0	1,347,350	112,151	1,459,501
2026-2027	52,945,758	511,827	832,455	0	1,344,282	111,870	1,456,152

Adrian ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues Spinning Spur Wind Two Chapter 313 Agreement:

Fiscal Year	M&O Taxes			Recapture Amount	Tier I Revenue	Revenue	
	Total Taxable Value	Compressed Rate	State Revenue			Above Comp Rate	Total District Revenue
2014-2015	96,099,672	928,996	908,618	0	1,837,614	234,944	2,072,558
2015-2016	93,123,280	900,223	427,237	0	1,327,460	111,061	1,438,521
2016-2017	91,968,767	889,062	453,252	0	1,342,314	112,547	1,454,861
2017-2018	90,818,999	877,947	461,228	0	1,339,176	112,133	1,451,308
2018-2019	89,674,025	866,879	469,166	0	1,336,045	111,720	1,447,765
2019-2020	88,533,892	855,857	477,065	0	1,332,922	111,308	1,444,230
2020-2021	87,398,649	844,883	484,925	0	1,329,808	110,997	1,440,805
2021-2022	86,268,344	833,956	492,745	0	1,326,701	110,707	1,437,408
2022-2023	85,143,026	823,078	500,524	0	1,323,601	110,418	1,434,019
2023-2024	84,022,746	812,248	508,262	0	1,320,510	110,129	1,430,639
2024-2025	82,907,554	801,467	515,959	0	1,317,426	109,841	1,427,267
2025-2026	81,797,502	790,736	523,614	0	1,314,350	109,553	1,423,903
2026-2027	80,692,638	780,056	531,226	0	1,311,282	109,266	1,420,548

TABLE V – District Revenues Spinning Spur Wind Two Chapter 313 Agreement:

Fiscal Year	M&O			Recapture Amount	Tier I Revenue	Revenue		Total
	Total Taxable Value	Taxes Comp Rate	State Revenue			Above Comp Rate	Payment for District Losses	Total District Revenue
2014-2015	96,099,672	928,996	908,618	0	1,837,614	234,944	0	2,072,558
2015-2016	93,123,280	900,223	427,237	0	1,327,460	111,061	0	1,438,521
2016-2017	91,968,767	889,062	453,252	0	1,342,314	112,547	0	1,454,861
2017-2018	90,818,999	877,947	461,228	0	1,339,176	112,133	0	1,451,308
2018-2019	89,674,025	866,879	469,166	0	1,336,045	111,720	0	1,447,765
2019-2020	88,533,892	855,857	477,065	0	1,332,922	111,308	0	1,444,230
2020-2021	87,398,649	844,883	484,925	0	1,329,808	110,997	0	1,440,805
2021-2022	86,268,344	833,956	492,745	0	1,326,701	110,707	0	1,437,408
2022-2023	85,143,026	823,078	500,524	0	1,323,601	110,418	0	1,434,019
2023-2024	84,022,746	812,248	508,262	0	1,320,510	110,129	0	1,430,639
2024-2025	82,907,554	801,467	515,959	0	1,317,426	109,841	0	1,427,267
2025-2026	81,797,502	790,736	523,614	0	1,314,350	109,553	0	1,423,903
2026-2027	80,692,638	780,056	531,226	0	1,311,282	109,266	0	1,420,548

Adrian ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Spinning Spur Wind Two, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Adrian ISD by Spinning Spur, the projected amount of these payments over the life of the agreement is \$161,834 of the \$3.52 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Adrian ISD Share \$100/ADA	Spinning Spur Wind Share
2014-2015	0	12,637	(12,637)
2015-2016	0	12,605	(12,605)
2016-2017	271,219	12,573	258,646
2017-2018	415,049	12,542	402,507
2018-2019	398,107	12,511	385,596
2019-2020	381,164	12,479	368,685
2020-2021	364,222	12,448	351,774
2021-2022	347,280	12,417	334,863
2022-2023	330,337	12,386	317,951
2023-2024	313,395	12,355	301,040
2024-2025	322,452	12,324	310,128
2025-2026	305,510	12,293	293,217
2026-2027	71,747	12,263	59,484
Totals	3,520,483	161,834	3,358,649

Adrian ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Pre-K thru 5	7	154	134	20
6-12	9	180	83	97
Total	16	334	217	117

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Adrian ISD is a pre-kindergarten through 12th grade district.

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

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new two positions equates to 1 new student.

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

Adrian ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Spinning Spur Wind Two, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Spinning Spur is projected to benefit from a 71% tax savings over the thirteen year period of this agreement. Spinning Spur also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

059/Deaf Smith

180-903/Adrian ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	1,322,300	N/A	1,322,300	1,322,300
B. Multi-Family Residences	0	N/A	0	0
C. Vacant Lots	4,300	N/A	4,300	4,300
D. Rural Real(Taxable)	20,697,705	N/A	20,697,705	20,697,705
F1. Commercial Real	1,500	N/A	1,500	1,500
F2. Industrial Real	50,600	N/A	50,600	50,600
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	812,200	N/A	812,200	812,200
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
S. Special Inventory	0	N/A	0	0
Subtotal	22,888,605		22,888,605	22,888,605
Less Total Deductions	879,210		879,210	879,210
Total Taxable Value	22,009,395		22,009,395	22,009,395 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	3,098,703	N/A	3,098,703
Prod Value Qualified Acres	17,599,002	N/A	17,599,002
Taxable Value	20,697,705		20,697,705

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
22,179,395	22,009,395	22,179,395	22,009,395	22,119,010	22,119,010

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
170,000	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
22,179,395	22,009,395	22,179,395	22,009,395	22,119,010	22,119,010

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your local value to be valid, and local value was certified

180/Oldham

180-903/Adrian ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	3,708,800	.9816	3,778,321	3,778,321

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
B. Multi-Family Residences	0	N/A	0	0
C. Vacant Lots	95,840	N/A	95,840	95,840
D. Rural Real(Taxable)	15,859,970	.8941	17,739,009	17,739,009
F1. Commercial Real	480,660	N/A	480,660	480,660
F2. Industrial Real	309,490	N/A	309,490	309,490
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	2,866,300	N/A	2,866,300	2,866,300
L1. Commercial Personal	626,393	N/A	626,393	626,393
L2. Industrial Personal	19,190	N/A	19,190	19,190
M. Other Personal	70,110	N/A	70,110	70,110
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	24,036,753		25,985,313	25,985,313
Less Total Deductions	2,199,842		2,247,397	2,247,397
Total Taxable Value	21,836,911		23,737,916	23,737,916 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	3,331,680	1.0069	3,308,849
Prod Value Qualified Acres	12,528,290	.8682	14,430,160
Taxable Value	15,859,970		17,739,009

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T6 will be the same as T7 through T12.

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
24,302,702	23,737,916	24,302,702	23,737,916	23,950,608	23,950,608

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
564,786	0

T1 = School district taxable value for M&O purposes before the loss to the additional \$10,000 homestead exemption

T2 = School district taxable value for M&O purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T3 = T1 minus 50% of the loss to the local optional percentage homestead exemption

T4 = T2 minus 50% of the loss to the local optional percentage homestead exemption

T5 = T2 before the loss to the tax ceiling reduction

T6 = T5 minus 50% of the loss to the local optional percentage homestead exemption

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
24,302,702	23,737,916	24,302,702	23,737,916	23,950,608	23,950,608

T7 = School district taxable value for I&S purposes before the loss to the additional \$10,000 homestead exemption

T8 = School district taxable value for I&S purposes after the loss to the additional \$10,000 homestead exemption and the tax ceiling reduction

T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

T10 = T8 minus 50% of the loss to the local optional percentage homestead exemption

T11 = T8 before the loss to the tax ceiling reduction

T12 = T11 minus 50% of the loss to the local optional percentage homestead exemption

The PVS found your taxable value to be invalid, and state value was certified because your local value:

- 1) was invalid in one or more of the previous two years or
- 2) is less than 90% of the lower end of the margin of error range or
- 3) The appraisal district that appraises property for the school district was not in compliance with the scoring requirement of the Comptroller's most recent review of the appraisal district conducted under section 5.102, Tax Code (MAP Review)

180-903/Adrian ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	5,031,100	.9864	5,100,621	5,100,621
B. Multi-Family Residences	0	N/A	0	0
C. Vacant Lots	100,140	N/A	100,140	100,140
D. Rural Real(Taxable)	36,557,675	.9511	38,436,714	38,436,714
F1. Commercial Real	482,160	N/A	482,160	482,160
F2. Industrial Real	360,090	N/A	360,090	360,090

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	3,678,500	N/A	3,678,500	3,678,500
L1. Commercial Personal	626,393	N/A	626,393	626,393
L2. Industrial Personal	19,190	N/A	19,190	19,190
M. Other Personal	70,110	N/A	70,110	70,110
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	46,925,358		48,873,918	48,873,918
Less Total Deductions	3,079,052		3,126,607	3,126,607
Total Taxable Value	43,846,306		45,747,311	45,747,311 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	6,430,383	1.0036	6,407,552
Prod Value Qualified Acres	30,127,292	.9406	32,029,162
Taxable Value	36,557,675		38,436,714

The taxable values shown here will not match the values reported by your appraisal district

See the ISD DEDUCTION Report for a breakdown of deduction values

**LIMITATION ON APPRAISED
VALUE AGREEMENT**

ADRIAN INDEPENDENT SCHOOL DISTRICT

and

SPINNING SPUR WIND TWO, LLC

May 20, 2013

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

RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District's Board of Trustees ("Board of Trustees"), timely received from Applicant an Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053, including any agreed and accepted amendments thereto ("Application"), on or about December 10, 2012 (the "Application Date"); and,

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

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts ("Comptroller") for review pursuant to §313.025(a-1) and (b) of the Code and the Comptroller deemed the Application complete, and thereafter began its analysis of the Application on January 8, 2013 (the "Application Review Start Date"); and,

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

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

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

WHEREAS, the Board of Trustees has carefully considered the school finance information together with the Recommendation and information provided by the Comptroller, including the economic impact evaluation; and,

WHEREAS, pursuant to §313.025(f-1) of the Code, the Board of Trustees at its Board

meeting held on May 20, 2013 waived the Qualifying Job creation requirements set forth in Section 313.051(b) of the Code; and,

WHEREAS, pursuant to §313.025(e) of the Code, the Board of Trustees at its Board meeting held on May 20, 2013 made written factual findings as required by §313.025(f) and based on the criteria set out in §313.026 of the Code and has delivered a copy of such findings to the Applicant; and,

WHEREAS, pursuant to §313.025(f) of the Code, the Board of Trustees at its Board meeting held on May 20, 2013 further found that: (a) the information in the Application is true and correct; (b) the Board agrees with the Comptroller's Recommendation; (c) this Agreement is in the best interest of the State of Texas and the District; (d) the Applicant is eligible for the limitation on Appraised Value of the Qualified Property; and (d) the relevant job creation requirement set forth in Chapter 313 of the Code should be waived; and,

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

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

ARTICLE 1 - AUTHORITY, TERM AND DEFINITIONS

Section 1.1 DISTRICT AUTHORITY

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

Section 1.2 TERM

1.2.1 This Agreement shall commence and first become effective on May 20, 2013, the date this Agreement was approved by the District's Board of Trustees and executed by the District's Board President, for the ad valorem property valuations assessed against the Qualified Property and investments made pursuant to this Agreement (the "Commencement Date"). The limitation on the local ad valorem property values shall terminate on December 31 of the tenth (10th) full calendar year of this Agreement, as set out in Schedule 1.2 attached hereto¹, unless sooner terminated as herein provided. The early termination of this Agreement shall not release any obligation, right, or remedy arising from any failure to comply with any term of this Agreement prior to such termination. Each Party shall have the right to enforce the payment of any amount owed before the termination of this Agreement.

1.2.2 The Parties acknowledge that the limitation on the local ad valorem property

¹ All references to Agreement years shall be as shown on Schedule 1.2.

values shall not commence until January 1 following the end of the second full year that begins after the Commencement Date or such later date as reflected herein. The period that begins on the Commencement Date and ends on December 31 of the second full year that begins after the Commencement Date shall be referred to herein as the "Qualifying Time Period" as that term is defined in §313.021(4) of the Code.

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

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

Section 1.3 DEFINITIONS

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

ARTICLE 2 - PROPERTY AND USE DESCRIPTIONS

Section 2.1 REINVESTMENT ZONE OR ENTERPRISE ZONE

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

Section 2.2 QUALIFIED PROPERTY

Applicant's Qualified Property is described in Schedule 2.3, which is incorporated herein by reference. The Parties expressly agree that the location of the Qualified Property shall be within the Reinvestment Zone as set out in Schedule 2.1, and such location may not be materially changed from its current configuration without the express written authorization of the Parties; provided that, the Parties acknowledge Applicant may determine it is necessary to re-configure and change certain aspects as construction progresses and District agrees not to unreasonably withhold consent to such changes that do not change in a substantial way the overall concept of the Qualified Investment taken as a whole, as set out in the Application.

Section 2.3 QUALIFIED INVESTMENT

2.3.1 Applicant's Qualified Investment is described in Schedule 2.3, which is incorporated herein by reference. Property not specifically referenced in Schedule 2.3 and not

otherwise meeting the requirements of Chapter 313 and this Agreement shall not be considered to be a Qualified Investment for purposes of this Agreement and will not be subject to this Agreement.

2.3.2 Schedule 2.3 may be amended by adding or removing Qualified Property pursuant to: (a) the provisions of Comptroller's Rule 9.1055; and (b) approval by the District's Board of Trustees pursuant to §313.027(e) of the Code, which approval shall not be unreasonably withheld by the District.

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

2.3.4 In the event that Applicant fails to make a Qualified Investment of at least Five Million Dollars (\$5,000,000.00) during the Qualifying Time Period, this Agreement shall become null and void on January 1, 2016.

Section 2.4 EXISTING IMPROVEMENTS AND PERSONAL PROPERTY

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

Section 2.5 INVENTORY OF QUALIFIED PROPERTY

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

2.5.2 At the end of the Qualifying Time Period, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any

affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property subject to this Agreement.

Section 2.6 QUALIFYING USE

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

Section 2.7 APPRAISAL LIMITATION

Upon Applicant's Qualified Investment in the amount of \$5,000,000.00 or more during the Qualifying Time Period, and unless this Agreement is terminated as herein provided, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of the Market Value of the Qualified Property or \$5,000,000.00 for the third (3rd) through the tenth (10th) full calendar years of the tax limitation under this Agreement, as provided in Chapter 313 of the Code.

ARTICLE 3 – PROTECTION OF DISTRICT REVENUES

Section 3.1 INTENT OF THE PARTIES

The Parties understand and agree that in accordance with Section 313.027(f)(1) of the Code, the Applicant shall compensate the District for any loss in District Funding Revenue incurred because of District's participation in this Agreement. Such reimbursement shall be in addition to the receipt of payments in lieu of taxation or payment of Extraordinary Education-Related Expenses reasonably incurred by the District, subject to any limitation as may be set forth in Article 4 and Article 5 of this Agreement. EXCEPT AS SPECIFICALLY LIMITED IN THIS AGREEMENT, APPLICANT UNDERSTANDS AND AGREES THAT IT SHALL BEAR ANY NEGATIVE FINANCIAL CONSEQUENCE SUFFERED BY THE DISTRICT AS A RESULT OF THE DISTRICT ENTERING INTO THIS AGREEMENT. THE PURPOSE OF THIS SECTION 3.1 IS TO ENSURE THAT, EXCEPT AS SPECIFICALLY LIMITED IN THIS AGREEMENT, THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO THE DISTRICT ARISING UNDER THIS AGREEMENT IS BORNE BY THE APPLICANT AND NOT BY THE DISTRICT.

Section 3.2 CALCULATING LOSS OF DISTRICT REVENUES

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

Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES

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

Section 3.4 THIRD PARTY CALCULATIONS

All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District with the Applicant's consent, which consent shall not be unreasonably withheld, delayed or conditioned. Applicant will be solely responsible for the payment of Consultant fees up to Six Thousand Five Hundred Dollars, (\$6,500.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

Section 3.5 DATA FOR CALCULATIONS

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

Section 3.6 DELIVERY OF CALCULATIONS

3.6.1 All calculations required under Article 3 or Article 4 shall be made by the

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

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

Section 3.7 PAYMENT BY APPLICANT

On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 5.1, the Applicant shall pay any amount determined to be due and owing to the District (subject to final settle up), any amount billed by the Consultant, subject to 3.4, and any reasonable and necessary expenses paid by the District to its attorneys or auditors for work resulting from the District's participation in this Agreement; provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise under the Texas Public Information Act (Government Code § 552.001 *et seq.*).

Section 3.8 CHALLENGING CALCULATION RESULTS

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

Section 3.9 EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT

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

Section 3.10 EFFECT OF STATUTORY OR OTHER LEGAL CHANGES

If the District will receive less District Funding Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations

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

ARTICLE 4 - PAYMENTS IN LIEU OF TAXATION

Section 4.1 SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS

In addition to payment of the amounts set forth under Article 3 of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for payments in lieu of taxation ("PILOT") and payments for Extraordinary Education-Related Expenses ("PEERE"), as set forth in this Article 4. Any and all obligations for any PILOT or PEERE payments shall be separate and independent of Applicant's obligations under Article 3 of this Agreement.

Section 4.2 CALCULATION OF PAYMENTS IN LIEU OF TAXATION

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

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

Section 4.3 PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

4.3.1 Applicant agrees and acknowledges that construction and installation of its Qualified Property may bring an extraordinary influx of workers into the District. Applicant further agrees and acknowledges that these workers may cause an undetermined increase in enrollment for the District, and that such increase may subject the District to Extraordinary Education-Related Expenses that are not directly funded in school financing funding formulas. Accordingly, Applicant agrees to reimburse to the District for any documented Extraordinary Education-Related Expenses paid by the District arising from Applicant's Qualified Investment.

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

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

ARTICLE 5 - LIMITATION OF PAYMENTS BY APPLICANT

Section 5.1 LIMITATION AFTER FIRST THREE YEARS

5.1.1 For each of the years, other than years one (1) through three (3), and notwithstanding anything to the contrary in this Agreement, in no event shall the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such year exceed the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such year if the Parties had not entered into this Agreement.

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

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

Section 5.2 OPTION TO CANCEL AGREEMENT

5.2.1 For years four (4) through ten (10) of this Agreement, in the event that payments by Applicant to the District become limited as described in Section 5.1 above, the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option by notifying the District of its election in writing not later than July 31 of any year next following the year in which the payments were limited. Upon receipt of such written notice, this Agreement shall terminate effective December 31 of the year in which the notice is received by the District.

5.2.2 For years three (3) through ten (10) of this Agreement, the Applicant shall have the option to terminate this Agreement in the event that the Appraised Value of the Qualified

Property falls below the Tax Limitation Amount. The Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing not later than October 31 of any year. The cancellation of this Agreement under this Subsection shall be effective immediately.

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

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

Article 6 – TAX CREDITS

Section 6.1 TAX CREDIT DESCRIPTION AND ELIGIBILITY

6.1.1 Upon the Applicant's compliance with all requirements of Chapter 313 of the Code and the Comptroller, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Article 2 above, the Applicant shall be entitled to a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period.

6.1.2 The application for a Tax Credit as described in this Article 6 shall be made in accordance with §313.103 of the Code and is solely the Applicant's responsibility.

Section 6.2 DISTRICT OBLIGATIONS REGARDING TAX CREDITS

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

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

Section 6.3 TAX CREDIT PROTECTION REVENUE LOSS

If the District does not receive aid pursuant to TEC §42.215 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article 6, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant

shall, within thirty (30) days after notice, pay to the District the amount of such aid the District did not receive. Conversely, the District shall refund to the Applicant the amount of state aid the District received that was solely attributable to any portion of such state aid paid by Applicant to the District.

ARTICLE 7 - ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1 INFORMATION REQUESTS

7.1.1 Upon written request, Applicant shall be obligated to provide the District and the Appraisal District with all information and data necessary to determine whether all obligations under this Agreement are being met. In the event that the District requests information which the Applicant regards as being technical or business information which is proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party, and subject to §313.028 of the Code, Applicant shall inform the District of its concerns and suitable arrangements shall be made for the District to have access to the information in a manner which does not compromise the confidentiality of the information to other third parties.

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

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

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

Section 7.2 MAINTAINING VIABLE PRESENCE

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

ARTICLE 8 - BREACH

As stated in Section 2.3.4 above, the failure by Applicant to make a Qualified Investment of at least Five Million Dollars (\$5,000,000.00) during the Qualifying Time Period shall result in this Agreement being null and void as of December 31, 2015. This Article 8 shall control in all other instances of Applicant's failure to perform according to the terms of this Agreement.

Section 8.1 DISTRICT'S DETERMINATION OF BREACH

8.1.1 In the event Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or should Applicant or Applicant's successor in interest fail to comply with any material term or meet any material obligation of this Agreement, after the notice and cure period provided herein, District shall be entitled to: (a) the recapture of all ad valorem tax revenue that would have been due from Applicant without the benefit of this Agreement; and (b) all penalty and interest as calculated under Section 8.4. For purposes of the recapture calculation under subsection (a) in this Section 8.1.1, the Applicant shall be entitled to a credit for all payments made under Article 3 and Article 4.

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

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

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

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

Section 8.2 REMEDIES AFTER BREACH

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

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

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

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

Section 8.3 MATERIAL BREACH BY APPLICANT

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

- (a) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application.
- (b) Applicant fails to Maintain a Viable Presence in the District, as required by this Agreement, through the final termination date of this Agreement.
- (c) Applicant fails to timely make any payment required under Articles 3 or 4 of this Agreement.
- (d) Applicant fails to create and maintain, at a minimum, the number of New Jobs it committed to create in its Application.
- (e) Applicant fails to create and maintain, at a minimum, the number of Qualifying Jobs it committed to create and maintain on Schedule C, Column E of its Application.
- (f) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created on the project as Qualifying Jobs.

- (g) Applicant makes any payments to the District or to any other person or entity in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Code, in excess of the amounts set forth in Articles 3 and 4, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or not made in recognition of or consideration for this Agreement are not barred by this provision.
- (h) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules or Chapter 313 of the Code.

Section 8.4 CALCULATION OF PENALTY AND INTEREST

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

Section 8.5 DISPUTE RESOLUTION

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

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

Applicant's Qualified Investment pursuant to §§6.30 and 33.07 of the Code, or other applicable law.

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

ARTICLE 9 - MISCELLANEOUS PROVISIONS

Section 9.1 NOTICES

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

To the District:

Name: Adrian Independent School District
Attn: Superintendent Mike Norrell,
or his successor
Address: P.O. Box 189
City/Zip: Adrian, Texas 79001
Phone #: (806) 538-6203
Fax #: (806) 538-6291
Email: mike.norrell@region16.net

With a copy to:

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

To the Applicant:

Name: Spinning Spur Wind Two, LLC
Address: 15445 Innovative Drive
City/Zip: San Diego, CA 92128
Phone: (858) 521-3579
Fax #: (858) 521-3333
Email: jeff.ghilardi@edf-re.com

With a copy to the Mortgagee in connection with any notice of default from the District to the Applicant, provided that the Applicant has provided the District such Mortgagee's name, address, telephone number and facsimile number.

Section 9.2 AMENDMENT

This Agreement may not be modified, amended, or terminated except by written mutual agreement of the District and the Applicant. No amendment to this Agreement shall be effective

until the same is approved, accepted, and signed by the Parties.

Section 9.3 ASSIGNMENT

Applicant may assign this Agreement, or a portion of this Agreement, without District's approval to an Affiliate; provided that the Applicant, together with such Affiliate, shall be jointly and severally liable to the District for outstanding taxes or other obligations arising under this Agreement. Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new Applicant or lessee of the Qualified Property upon the written approval of the District, which approval shall not be unreasonably withheld. It shall not be unreasonable for the District to withhold approval if the Applicant is liable to the District for outstanding taxes, damages or other obligations arising under this Agreement or if such assignee is not deemed creditworthy. Upon approval of such assignment by District, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. An assignee 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 9.4 ENTIRE AGREEMENT

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

Section 9.5 MAINTENANCE OF APPRAISAL DISTRICT RECORDS

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

Section 9.6 GOVERNING LAW AND VENUE

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

Section 9.7 AUTHORITY TO EXECUTE AGREEMENT

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

Section 9.8 SEVERABILITY

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

Section 9.9 EXECUTION OF COUNTERPARTS

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

Section 9.10 ACCURACY OF REPRESENTATIONS IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct, to the best of Applicant's knowledge. The Parties agree that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein. It is expressly understood and agreed that this Agreement shall be void and of no further effect if any material misrepresentations were made in the Application.

Section 9.11. BINDING ON SUCCESSORS

In the event the District should merge or consolidate with another school district or other governmental entity, this Agreement shall be binding on the successor school district or governmental entity, and the duties and obligations of Applicant shall inure to the benefit of such successor school district or governmental entity.

Section 9.12 PUBLICATION

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

Section 9.13 MORTGAGEE PROTECTION

District agrees that Applicant may mortgage, pledge, or otherwise encumber its interest in Applicant's Qualified Property to any financing party or lender or to any trustee or beneficiary under a deed of trust or to any master or special servicer (a "Mortgagee") for the purpose of

financing operations of Qualified Property or constructing the Qualified Property or acquiring additional equipment following any initial phase of construction. Mortgagee shall be entitled to cure or commence cure of any such defaults in the same manner as Applicant. Applicant must provide the District notice of the Mortgagee in the same form and manner as required in Section 9.3.

[remainder of page intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed by the District and the Applicant in duplicate originals on this 13th day of May, 2013.

SPINNING SPUR WIND TWO, LLC
Texas Taxpayer ID No. 32043736233

By: _____
Jeff Ghilardi, Manager

Date: _____

ADRIAN INDEPENDENT SCHOOL DISTRICT

By _____
Richard Harwood, President

Date: _____

Attest:

By _____
Daniel Gruhlky, Secretary

SCHEDULE 1.2

<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
0	January 1, 2013	2013-14	2013	No appraisal limitation.
1	January 1, 2014	2014-15	2014	No appraisal limitation.
2	January 1, 2015	2015-16	2015	No appraisal limitation.
3	January 1, 2016	2016-17	2016	\$5 million appraisal limitation.
4	January 1, 2017	2017-18	2017	\$5 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2018	2018-19	2018	\$5 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2019	2019-20	2019	\$5 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2020	2020-21	2020	\$5 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2021	2021-22	2021	\$5 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2022	2022-23	2022	\$5 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2023	2023-24	2023	\$5 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2024	2024-25	2024	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2025	2025-26	2025	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2026	2026-27	2026	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

SCHEDULE 1.3

DEFINITIONS

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

"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, of fifty percent (50%) 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.

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

"Agreement" means this Agreement.

"Annual Limit" means the maximum annual benefit that can be paid directly to the District under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated for each year by multiplying the District's Average Daily Attendance for the applicable school year, as calculated pursuant to Texas Education Code § 42.005, times the greater of \$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 the first year of the Qualifying Time Period under this Agreement.

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

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

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

"Appraisal District" means the Oldham County Appraisal District.

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

“Comptroller” means the Texas Comptroller of Public Accounts.

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

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

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

“District Funding Revenue” means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to TEC §45.002 and Article VII §3 of the Texas Constitution. The term also includes all State revenues to which the District is or may be entitled under Chapters 41 and 42 of the TEC or any other statutory provision as well as any amendment or successor statute to these provisions. The term shall exclude any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEC.

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

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

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

“Maintain a Viable Presence” means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the entire term of this Agreement, as defined in Section 1.2 above, of not fewer than the number of Qualifying Jobs and New Jobs required by the Code, or as found by the District’s Board of Trustees to exceed the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence following an event of Force Majeure that halts facility operations so long as Applicant commences repairs and/or reconstruction of the damaged within one hundred eighty (180) days after the event of Force Majeure. In the event of a closure due to

environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

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

“Net Tax Savings” 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 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 years during the term of this Agreement, plus (B) any and all payments due to the District under Article 3 of this Agreement.

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

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

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

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

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

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

“School Finance Law” means Chapters 41 and 42 of the TEC, the Texas Economic Development Act (Chapter 313, Code), Chapter 403, Subchapter M, Texas Government Code applicable to the District, and the Constitution and general laws of the State applicable to the independent school districts of the State, including specifically, the applicable rules and

regulations of the agencies of the State having jurisdiction over any matters relating the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to the District either with or without the limitation of property values made pursuant to this Agreement.

"State" means the State of Texas.

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

"Tax Limitation Amount" means the amount of Five Million Dollars (\$5,000,000.00), for the purposes of this Agreement and §313.027 of the Code.

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

SCHEDULE 2.1

DESCRIPTION AND MAP OF REINVESTMENT ZONE and/or ENTERPRISE ZONE

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

Oldham Reinvestment Zone #3 is comprised of the following parcels:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE 2.3

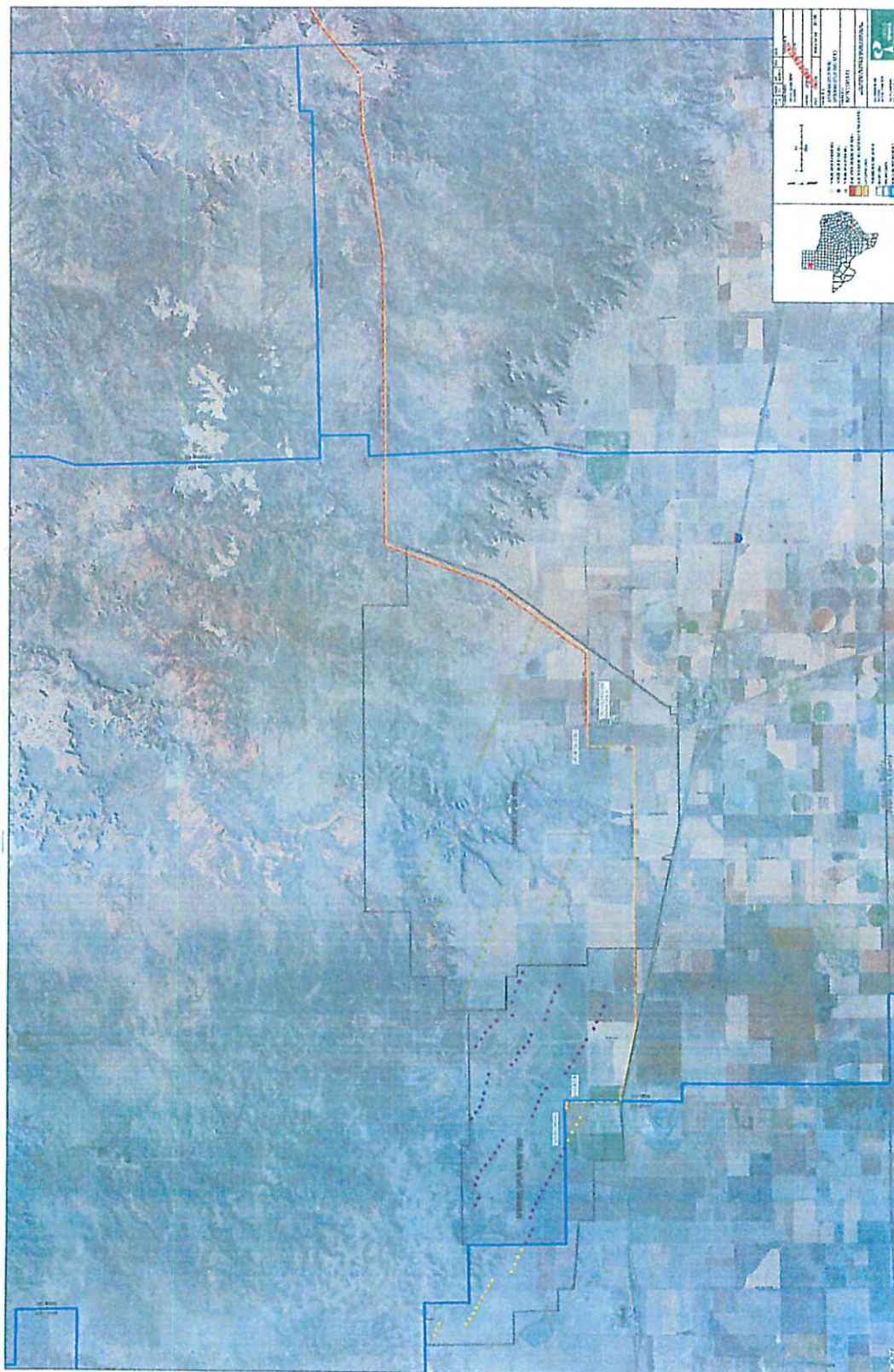
DESCRIPTION OF QUALIFIED INVESTMENT AND/OR QUALIFIED PROPERTY

The qualified investment and/or qualified property consist of all of the property constructed or placed upon the real property described and shown in Exhibit A to this Schedule 2.3 ("project area"). The project area is located within both Adrian Independent School District and Vega Independent School District, and wholly is located in Oldham County, Texas. The qualified investment and/or qualified property includes, but is not limited to, the following: 20 GE 1.85 MW wind turbine towers to generate 37 megawatts of power; 20 reinforced concrete foundations supporting the weight of each turbine tower; 20 electric power transformers; conductor cables used to transport electricity from each turbine tower to an electrical substation; substation and approximately 1 miles of 345kV transmission line used to transport the electricity off the project site; and equipment and towers used to gather meteorological data; one or more buildings to house maintenance supplies, parts, and equipment; various replacement parts and other miscellaneous related equipment and items appurtenant of the foregoing. The marks within the project area are merely representative of the location of the improvements; however all of the improvements that make up the qualified investment and/or qualified property will be made within the project area, which is completely within the reinvestment zone as shown in Schedule 2.1.

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

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

EXHIBIT A
to
SCHEDULE 2.3



SCHEDULE 3.2

CALCULATIONS FOR LOSS OF REVENUES BY DISTRICT

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

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

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



May 20, 2013

Mike Norrell
Superintendent
Adrian Independent School District
P. O. Box 189
Adrian, Texas 79001

Re: Agreement for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Adrian Independent School District
and Spinning Spur Wind Two, LLC

Dear Superintendent Norrell:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Adrian Independent School District and Spinning Spur Wind Two, LLC" (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "R. B. Wood", is positioned above the typed name.

Robert B. Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm
Melissa Miller, Cielo Wind Services, Inc.

CHECKLIST ITEM 13

December 10, 2012

Mr. Mike Norrell, Superintendent
Adrian Independent School District
PO Box 189
Adrian, TX 79001
Re: Chapter 313 Job Waiver Request

Dear Mr. Norrell,

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

Spinning Spur Wind LLC requests that the Adrian ISD's Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. Based on the industry standard, the size and scope of this project will require five (5) permanent jobs, of which two (2) will be in Adrian ISD and three (3) will be in Vega ISD.

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

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

Sincerely,

Melissa Miller
VP, Texas Development
Cielo Wind Services, Inc.
(512) 440-0305



823 Congress Avenue
Fifth Floor
Austin, Texas 78701

TEL: 512.440.0305
FAX: 512.440.0277
www.cielowind.com

May 1, 2013

Mr. Mike Norrell, Superintendent
Adrian Independent School District
PO Box 189
Adrian, TX 79001

Re: Revised Real Property Description for Spinning Spur Wind Two LLC Limitation on Appraised Value Agreement

Dear Mr. Norrell,

This letter is provided to update you on some minor changes to the real property described in the In the December 10, 2012 Limitation on Appraised Value Application that was submitted by Spinning Spur Wind Two LLC to Adrian ISD.

The application indicated that there would be 19 Siemens 2.3 MW wind turbine towers to generate 43.7 megawatts of power; 19 reinforced concrete foundations supporting the weight of each turbine tower; 19 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation, which would make the qualified investment in the Adrian ISD approximately \$51 million.

The revised qualified investment in the Adrian ISD will remain approximately \$51 million, but will now consist of 20 GE 1.85 MW wind turbine towers to generate 37 megawatts of power; 20 reinforced concrete foundations supporting the weight of each turbine tower; 20 electric power transformers; conductor cables used to transport electricity from each turbine tower to an electrical substation; a substation and approximately 1 mile of 345kV transmission line used to transport the electricity off the project site.

These changes in the turbine selection for the project will not impact or alter the number of jobs that Spinning Spur Two will create. Therefore, we are confirming our job waiver as originally requested.

Further, I have discussed the foregoing with the Comptroller's office and it does not change the recommendation made by the Comptroller.

Please let me know if I can provide any additional information for you regarding the project.

Sincerely,

A handwritten signature in green ink, appearing to read 'Melissa Miller', with a large, stylized flourish extending to the right.

Melissa Miller
VP, Texas Development
Cielo Wind Services, Inc.
(512) 440-0305