

FINDINGS
of the
PERRYTON 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

PALO DURO WIND ENERGY, LLC

Comptroller Application Number 321

RESOLUTION AND FINDINGS OF FACT
of the
PERRYTON 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 PALO DURO WIND ENERGY, LLC

STATE OF TEXAS §
 §
COUNTY OF OCHILTREE §

PREAMBLE

On the 16th day of December, 2013, a public meeting of the Board of Trustees of the Perryton Independent School District (the “Board”) was held to solicit input from interested parties on the application by Palo Duro Wind Energy, LLC (“Palo Duro Wind” 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 application by Palo Duro Wind for a Limited Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. 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 Perryton Independent School District makes the following Findings regarding the Application:

On or about the 26th day of July, 2013, the Board of Trustees for the Perryton Independent School District received an Application for an Appraised Value Limitation on Qualified Property from Palo Duro Wind, pursuant to Chapter 313 of the Texas Tax Code. 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 wind power electric generation facility. *See* Comptroller’s Recommendation Letter, dated October 24, 2013, attached hereto as Attachment C. The Board agreed to consider such Application, and the Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was immediately delivered to the Texas Comptroller of Public Accounts. The Comptroller acknowledged receipt of the Application on or about July 29, 2013. Thereafter, on behalf of the Applicant, the District submitted Amendments to the Application, including: Amendment No. 001 on August 8, 2013 (updated wage data information), and the Comptroller issued its notice of completeness by letter dated August 23, 2013, the Application Review Start Date. A copy of the Application and Comptroller letter of August 23, 2013 are attached as Attachment A. The District, on behalf of the Applicant, also submitted to the Comptroller, Amendment No. 003 [sic]¹ on September 26, 2013 (revised Schedule D), and Amendment No. 004 on November 7,

¹ No Amendment No. 002 was filed; this number was skipped in the sequence of amendments.

2013 (reinvestment zone documents). The Application and Amendments Nos. 001, 003 and 004 are collectively referred to as the “Application.”

The Texas Taxpayer Identification number for Palo Duro Wind is 32051279290. Palo Duro Wind 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* Attachments A, B and C.

The Board 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 Ochiltree 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. 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 Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a recommendation on October 24, 2013 that the Application be approved. *See* Attachment C. The Board of Trustees has carefully considered such evaluation and recommendation. Copies of the Recommendation and Economic Impact Evaluation are attached to these Findings as Attachments C and 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 Perryton 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 Perryton Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within a rural school district, Category III of §313.054 of the Texas Tax Code. *See* Comptroller’s “2012 ISD Summary Worksheet,” attached hereto as Attachment F, and Attachment C.

After receipt of the completed Application, the District entered into negotiations with Palo Duro Wind 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

December 5, 2013 Agreement approval letter from the Comptroller, attached to these Findings as Attachment H.

After review of the Comptroller's recommendation, and in consideration of its own analysis of Palo Duro Wind'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 Palo Duro Wind Energy, LLC 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.

Applicant's renewable energy generation facility will improve the economic condition of Ochiltree County and the region.

In support of this Finding, the information provided by the Comptroller's Office analyzes several economic factors and conditions, including population, employment and taxes. The Comptroller's Economic Impact Evaluation indicates the population growth of Ochiltree County lagged behind that of the state in recent years. The state population grew by 1.8 percent between 2009 and 2010, while the population of Ochiltree County decreased 0.4 percent over the same period. Ochiltree County was the 168th largest county in population in 2010, and the 213th fastest growing county from 2009 to 2010.

September 2011 employment for Ochiltree County was up 1.4 percent from September 2010, while the state total employment increased .9 percent in this same period. Total Ochiltree County employment in September 2011 was 5,516. The unemployment rate in Ochiltree County was 4.4 percent in September 2011, which was down from 4.6 percent in September 2010. This was lower than the state average of 8.5 percent for September 2011.

Ochiltree County has lower per-capita personal income than the state as a whole. The average per-capita income for Ochiltree County residents for 2009 was \$38,118, which ranked 49th among the 254 counties in Texas, and was down 11.6 percent from 2008. The Texas average was \$38,609 for the same period.

Taxable sales in Ochiltree County through the fourth quarter of 2010 were \$159.65 million, up 11.1 percent from the same period in 2009. Taxable sales in the City of Perryton through the fourth quarter of 2010 were \$130.79 million, up 9.8 percent from the same period in 2009.

Given recent income levels and sales tax activity, Ochiltree County will benefit from economic activity like that associated with the Palo Duro Wind Energy. 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. *See* Attachment 3, and Tables 1 and 2, of Attachment D.

Board Finding Number 3.

Based on the Application, the level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$51.4 million, based on eight (8) qualifying positions allocated in the Palo Duro Wind Energy project in Perryton ISD.

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

The project's total investment is \$308.5 million, resulting in a relative level of investment per qualifying job of \$51.4 million.

The investment amount per job may vary, depending on the site layout, turbine technology and total number of turbines actually installed by Applicant. *See* Attachment I.

Board Finding Number 4.

The average salary level of qualifying jobs is expected to be at least \$46,035 per year, which meets the requirements under Chapter 313 for an appropriate wage-level, and each qualifying job will be offered a full package of benefits in compliance with the Affordable Care Act, area wide competitive 401(k) retirement savings plan, vacation time, sick leave and skills training.

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

After construction, the project will create eight new jobs when fully operational. All eight of these 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

Council Region, where Ochiltree County is located, was \$41,850 in 2012. The annual average manufacturing wage for 2012 for Ochiltree County was \$40,300. That same year, the county annual average wage for all industries was \$49,647. In addition to an annual average salary of \$46,035 each qualifying position will receive benefits in compliance with the Affordable Care Act, area wide competitive 401(k) retirement savings plan, vacation, sick leave and skills training.

Board Finding Number 5.

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

In support of this Finding, Applicant, as Attachment 13 to its Application, submitted information regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Attachment 13 provides that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. The industry standard requires approximately one (1) full time position for every 15 turbines, depending on the site layout, size and type of turbines selected, which is less than the requirements of §313.051(b). Applicant intends to use GE 1.7 MW turbines, which would require one (1) full time job for every 15 turbines. A copy of Attachment and check list item 13 submitted with the Application is attached hereto as Attachment I. Applicant reported in its Application that it would create at least eight (8) new jobs, all eight (8) of which are qualifying jobs, to service and support approximately 121 turbines, which is in line with industry standards. See Attachments A and I.

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 the Palo Duro Wind Energy, LLC application, 'Multiple MAP funds have invested approximately \$4,500,000,000 in wind entities and successfully developed multiple wind farms in different states around the United States of America totally over 3000 MW of wind generating projects. Depending on the ability to generate cost-effective electricity for regional consumers, these companies ultimately have the ability to locate or relocate in another state, another region of Texas, or another region of the world. Palo Duro Wind Energy believes, however, that the proposed site in Ochiltree and Hansford Counties is a

desirable business location and can provide electricity at a price that is competitive with other regions of Texas.’

Palo Duro Wind further states, in attachment 4A of its Application, that:

Electric utilities are focused on providing low-cost energy supply to their customers and contracting for the sale of electricity is currently highly competitive, particularly because of the large number of potential wind energy facilities that can be built in West Texas given the newly constructed transmission capacity. Receiving the Appraised Value Limitation from the school district is vital to obtaining long-term financing and to maintaining the economic competitiveness of the project with other projects currently being developed in Texas by MAP and by others.

See Attachment A.

Board Finding Number 7.

Subsequent positive 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 depicts Palo Duro Wind Energy, LLC’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.

[the remainder of this page is intentionally left blank – see next page for Table 1]

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Palo Duro Wind Energy, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	5	5	10	\$200,000	\$166,000	\$366,000
2014	100	94	194	\$4,000,000	\$6,986,000	\$10,986,000
2015	8	9	17	\$368,280	\$1,340,720	\$1,709,000
2016	8	8	16	\$368,280	\$1,218,720	\$1,587,000
2017	8	13	21	\$368,280	\$1,706,720	\$2,075,000
2018	8	13	21	\$368,280	\$1,706,720	\$2,075,000
2019	8	17	25	\$368,280	\$1,584,720	\$1,953,000
2020	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2021	8	19	27	\$368,280	\$1,950,720	\$2,319,000
2022	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2023	8	17	25	\$368,280	\$2,317,720	\$2,686,000
2024	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2025	8	19	27	\$368,280	\$1,950,720	\$2,319,000
2026	8	10	18	\$368,280	\$1,340,720	\$1,709,000
2027	8	12	20	\$368,280	\$1,584,720	\$1,953,000
2028	8	8	16	\$368,280	\$1,340,720	\$1,709,000

Source: CPA, REMI, Palo Duro Wind Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-13. Perryton ISD's ad valorem tax base in 2012-13 was \$1.2 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Perryton ISD's estimated wealth per WADA was \$399,724. The impact on the facilities and finances of the district are presented in Attachment 2 [of the Comptroller's Economic Impact Evaluation].

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Ochiltree County, Hospital District, Frank Phillips College, and the North Plains Underground Water Conservation District, with all property tax incentives sought being granted using estimated market value from Palo Duro Wind Energy, LLC's application. Palo Duro Wind Energy, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and the hospital district. Table 3 illustrates the estimated tax impact of the Palo Duro Wind Energy, LLC 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		Perryton ISD I&S Levy	Perryton ISD M&O Levy	Perryton ISD M&O and I&S Tax Levies (Before Credit Credited)	Perryton ISD M&O and I&S Tax Levies (After Credit Credited)	Ochiltree County Tax Levy	Ochiltree County Hospital District Tax Levy	Frank Phillips College District Tax Levy	North Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.085000	1.040000			0.420000	0.156000	0.031800	0.026016	
2014	7,713,750	\$7,713,750		\$6,557	\$80,223	\$86,780	\$86,780	\$32,398	\$12,033	\$2,453	\$2,007	\$135,671
2015	\$296,214,000	\$296,214,000		\$251,782	\$3,080,626	\$3,332,408	\$3,332,408	\$0	\$0	\$94,196	\$77,063	\$3,503,667
2016	\$272,548,500	\$10,000,000		\$231,666	\$104,000	\$335,666	\$335,666	\$0	\$0	\$86,670	\$70,906	\$493,243
2017	\$250,776,300	\$10,000,000		\$213,160	\$104,000	\$317,160	\$202,466	\$0	\$0	\$79,747	\$65,242	\$347,455
2018	\$230,744,500	\$10,000,000		\$196,133	\$104,000	\$300,133	\$191,601	\$0	\$0	\$73,377	\$60,030	\$325,008
2019	\$212,315,000	\$10,000,000		\$180,468	\$104,000	\$284,468	\$181,512	\$0	\$0	\$67,516	\$55,236	\$304,264
2020	\$195,358,900	\$10,000,000		\$166,055	\$104,000	\$270,055	\$172,146	\$0	\$0	\$62,124	\$50,825	\$285,095
2021	\$179,758,100	\$10,000,000		\$152,794	\$104,000	\$256,794	\$163,450	\$0	\$0	\$57,163	\$46,766	\$267,379
2022	\$165,404,600	\$10,000,000		\$140,594	\$104,000	\$244,594	\$159,513	\$0	\$0	\$52,599	\$43,032	\$255,143
2023	\$152,199,400	\$10,000,000		\$129,369	\$104,000	\$233,369	\$151,690	\$0	\$0	\$48,399	\$39,596	\$239,686
2024	\$140,049,500	\$10,049,500		\$119,042	\$1,456,515	\$1,575,557	\$65,823	\$0	\$0	\$44,536	\$36,435	\$146,794
2025	\$128,870,900	\$128,870,900		\$109,540	\$1,340,257	\$1,449,798	\$667,102	\$541,258	\$201,039	\$40,981	\$33,527	\$1,483,906
2026	\$118,585,600	\$118,585,600		\$100,798	\$1,233,290	\$1,334,088	\$1,334,088	\$498,060	\$184,994	\$37,710	\$30,851	\$2,085,703
2027	\$109,122,600	\$109,122,600		\$92,754	\$1,134,875	\$1,227,629	\$1,227,629	\$458,315	\$170,231	\$34,701	\$28,389	\$1,919,266
2028	\$100,416,900	\$100,416,900		\$85,354	\$1,044,336	\$1,129,690	\$1,129,690	\$421,751	\$156,650	\$31,933	\$26,124	\$1,766,149
						Total	\$9,401,564	\$1,951,781	\$724,947	\$814,105	\$666,030	\$13,558,427

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

Source: CPA, Palo Duro Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives												
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Perryton ISD I&S Levy	Perryton ISD M&O Levy		Perryton ISD M&O and I&S Tax Levies	Ochiltree County Tax Levy	Ochiltree County Hospital District Tax Levy	Frank Phillips College District Tax Levy	North Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.085000	1.040000			0.420000	0.156000	0.031800	0.026016	
2014	7,713,750	7,713,750		\$6,557	\$80,223		\$86,780	\$32,398	\$12,033	\$2,453	\$2,007	\$135,671
2015	\$296,214,000	\$296,214,000		\$251,782	\$3,080,626		\$3,332,408	\$1,244,099	\$462,094	\$94,196	\$77,063	\$5,209,859
2016	\$272,548,500	\$272,548,500		\$231,666	\$2,834,504		\$3,066,171	\$1,144,704	\$125,176	\$86,670	\$70,906	\$4,793,627
2017	\$250,776,300	\$250,776,300		\$213,160	\$2,608,074		\$2,821,233	\$1,053,260	\$391,211	\$79,747	\$65,242	\$4,410,694
2018	\$230,744,500	\$230,744,500		\$196,133	\$2,399,743		\$2,595,876	\$969,127	\$359,961	\$73,377	\$60,030	\$4,058,371
2019	\$212,315,000	\$212,315,000		\$180,468	\$2,208,076		\$2,388,544	\$891,723	\$331,211	\$67,516	\$55,236	\$3,734,230
2020	\$195,358,900	\$195,358,900		\$166,055	\$2,031,733		\$2,197,788	\$830,507	\$304,760	\$62,124	\$50,825	\$3,436,004
2021	\$179,758,100	\$179,758,100		\$152,794	\$1,869,484		\$2,022,279	\$754,984	\$280,423	\$57,163	\$46,766	\$3,161,614
2022	\$165,404,600	\$165,404,600		\$140,594	\$1,720,208		\$1,860,802	\$694,699	\$258,031	\$52,599	\$43,032	\$2,909,163
2023	\$152,199,400	\$152,199,400		\$129,369	\$1,582,874		\$1,712,243	\$639,237	\$237,431	\$48,399	\$39,596	\$2,676,907
2024	\$140,049,500	\$140,049,500		\$119,042	\$1,456,515		\$1,575,557	\$588,208	\$218,477	\$44,536	\$36,435	\$2,463,213
2025	\$128,870,900	\$128,870,900		\$109,540	\$1,340,257		\$1,449,798	\$541,258	\$201,039	\$40,981	\$33,527	\$2,266,602
2026	\$118,585,600	\$118,585,600		\$100,798	\$1,233,290		\$1,334,088	\$498,060	\$184,994	\$37,710	\$30,851	\$2,085,703
2027	\$109,122,600	\$109,122,600		\$92,754	\$1,134,875		\$1,227,629	\$458,315	\$170,231	\$34,701	\$28,389	\$1,919,266
2028	\$100,416,900	\$100,416,900		\$85,354	\$1,044,336		\$1,129,690	\$421,751	\$156,650	\$31,933	\$26,124	\$1,766,149
						Total	\$28,800,884	\$10,752,330	\$3,993,723	\$814,105	\$666,030	\$45,027,071

Source: CPA, Palo Duro Wind Energy, LLC

¹Tax Rate per \$100 Valuation

See also the District's Financial Impact Report, Tables III, IV and V, attached hereto as Attachment E.

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 District's Financial Impact Report, based on Palo Duro Wind's Application, that the project would add \$296,214,000 to the tax base at the peak investment level for the 2015 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. See Table I of Attachment E and Table 2 of Attachment D. In addition, the projected revenue gains from the proposed Agreement would be approximately \$2,962,130, based on \$100 per student per year in average daily attendance. See Table VI of Attachment E.

Board Finding Number 9.

The effect of the applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Perryton 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 Palo Duro Wind expects eight (8) new full-time jobs in the District, all eight (8) of which meet the criteria of qualifying jobs. 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 four (4) new students to the District. It is believed that Perryton ISD will easily be able to accommodate new students, if any, which may result from these new jobs. See Table VII of Attachment E. The District must plan to educate all students who reside within its boundaries, and the number of new students could vary widely depending on the number of construction jobs and workers present during the construction phase of Palo Duro Wind's renewable energy project. Therefore, the District may need to hire additional temporary teachers and staff to educate the additional students that could enroll in the District. The proposed Limitation on Appraised Value Agreement pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, provides that Applicant shall reimburse the District for extraordinary educational related expenses paid by the District that are directly attributable to Applicant's project.

Board Finding Number 10.

During the past two (2) years, twenty-one (21) projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code Chapter 313.

Board Finding Number 11.

The Board finds that the total investment of the Applicant is \$308,550,000, and the projected market value of the qualified property of the Applicant is \$296,214,000, as determined by the Comptroller.

See Table 2 of Attachment D; see also Table I of Attachment E.

Board Finding Number 12.

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

Board Finding Number 13.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with the projected depreciations of investment, is shown in Table II of Attachment E, and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.040	0.093	80,223	0	n/a	0	0
2015-2016	1.040	0.076	3,080,626	0	n/a	0	0
2016-2017	1.040	0.077	2,834,504	2,730,504	n/a	(2,054,699)	675,805
2017-2018	1.040	0.050	2,608,074	2,504,074	114,694	0	2,618,768
2018-2019	1.040	0.049	2,399,743	2,295,743	108,532	0	2,404,275
2019-2020	1.040	0.048	2,208,076	2,104,076	102,956	0	2,207,032
2020-2021	1.040	0.047	2,031,733	1,927,733	97,909	0	2,025,642
2021-2022	1.040	0.046	1,869,484	1,765,484	93,344	0	1,858,829
2022-2023	1.040	0.040	1,720,208	1,616,208	85,081	0	1,701,289
2023-2024	1.040	0.039	1,582,874	1,478,874	81,679	0	1,560,553
2024-2025	1.040	0.038	1,456,515	0	1,509,734	0	1,509,734
2025-2026	1.040	0.038	1,340,257	0	782,696	0	782,696
2026-2027	1.040	0.037	1,233,290	0	0	0	0
Totals			24,445,606	16,422,695	2,976,625	(2,054,699)	17,344,621

The Comptroller's estimated 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 depicted in Table 3 of the Economic Impact Evaluation. See Finding No. 7, page 8, infra.

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 receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E, and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.040	0.093	80,223	0	n/a	0	0
2015-2016	1.040	0.076	3,080,626	0	n/a	0	0
2016-2017	1.040	0.077	2,834,504	2,730,504	n/a	(2,054,699)	675,805
2017-2018	1.040	0.050	2,608,074	2,504,074	114,694	0	2,618,768
2018-2019	1.040	0.049	2,399,743	2,295,743	108,532	0	2,404,275
2019-2020	1.040	0.048	2,208,076	2,104,076	102,956	0	2,207,032
2020-2021	1.040	0.047	2,031,733	1,927,733	97,909	0	2,025,642
2021-2022	1.040	0.046	1,869,484	1,765,484	93,344	0	1,858,829
2022-2023	1.040	0.040	1,720,208	1,616,208	85,081	0	1,701,289
2023-2024	1.040	0.039	1,582,874	1,478,874	81,679	0	1,560,553
2024-2025	1.040	0.038	1,456,515	0	1,509,734	0	1,509,734
2025-2026	1.040	0.038	1,340,257	0	782,696	0	782,696
2026-2027	1.040	0.037	1,233,290	0	0	0	0
Totals			24,445,606	16,422,695	2,976,625	(2,054,699)	17,344,621

The Comptroller's estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 2 of the Economic Impact Evaluation. See Finding No. 7, page 8, infra.

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. The economic impact from Palo Duro Wind's project on the State of Texas, local employment levels and personal income is shown, and in Tables 1, 2 and 3 of the Economic Impact Evaluation. See Finding No. 7, pages 6, 7 and 8, infra.

Board Finding Number 16.

The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E; See also Finding No. 7, Table 2, at p. 8.

Board Finding Number 17.

Assuming that Applicant would still construct is renewable 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 14 from the projected taxes stated in Finding Number 13 is shown in Table II of Attachment E (column labeled “Tax Savings with Agreement,” which is highlighted in Finding No. 14, page 10). See also difference between Table 3 and Table 2, Finding No. 7, page 8.

Board Finding Number 18.

The Board of Trustees hired consultants to review and verify the information in the Application from Palo Duro Wind. 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 in its Application was true and correct when it was submitted (see Attachments B, C and D).

Board Finding Number 19.

The Applicant (Taxpayer Id. 32051279290) 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 (See Attachments B and C).

Board Finding Number 20.

The Limited Appraised Valuation Agreement on Qualified Property (LAVA), 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. See Table II in Attachment E.

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 approve Palo Duro Wind's Application and enter into the attached Limited Appraised Valuation Agreement of Property for School District Maintenance and Operations Taxes.

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Perryton 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 is hereby APPROVED; and,

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

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment G is APPROVED and is hereby authorized to be executed and delivered by the Trustee whose signature appears below on behalf of the Perryton 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 Perryton Independent School District Board of Trustees.

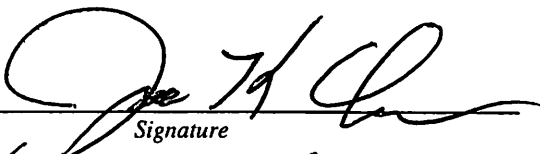
[the remainder of this page is intentionally left blank]

Dated this 16th day of December, 2013.

Perryton Independent School District

By 
Signature
Wesley Beal, President
Printed Name and Title

Attest:

By 
Signature
Joe K. Ogden, Secretary
Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status
C	Comptroller's Recommendation Letter
D	Comptroller Economic Impact Evaluation
E	District's Financial Impact Report
F	Comptroller's 2012 ISD Summary Worksheet
G	Proposed Limited Assessed Valuation Agreement
H	December 5, 2013 Agreement approval letter from Comptroller
I	Job Waiver Request

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 23, 2013

Robert Hall
Superintendent
Perryton Independent School District
821 SW 17th Ave.
Perryton, Texas 79070

Dear Superintendent Hall:

On July 29, 2013, the Comptroller's office received from Perryton Independent School District (Perryton ISD) an application from Palo Duro Wind Energy 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 91 days from the date of this letter. The Comptroller's office will send a letter of recommendation to the ISD and the applicant.

Please be advised we may request additional or clarifying information to complete our review of the application.

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-6053, or direct in Austin at 512-463-6053.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Wood", followed by a horizontal line.

Robert Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.
Samuel Enfield, Palo Duro Wind Energy, LLC
Wes Jackson, Cummings Westlake LLC

PALO DURO WIND ENERGY, LLC

**CHAPTER 313 APPLICATION
FOR APPRAISED VALUE LIMITATION
TO PERRYTON ISD**



Application for Appraised Value Limitation on Qualified Property

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

Form 50-296
(Revised May 2010)

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

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

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

This notice must include:

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

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

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

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

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

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative

Date application received by district

July 26, 2013

First Name Robert		Last Name Hall	
Title Superintendent			
School District Name Perryton ISD			
Street Address 821 SW. 17th Avenue			
Mailing Address same			
City Perryton		State TX	ZIP 79070
Phone Number (806) 435-5478		Fax Number	
Mobile Number (optional)		E-mail Address	

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

Will consultant be primary contact? ☒ Yes ☐ No



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, P.C.		
Street Address	500 S. Taylor, Suite 1200		
Mailing Address	PO Box 9158		
City	Amarillo	State	TX
		ZIP	79105
Phone Number	(806) 379-0326	Fax Number	(806) 379-0316
Mobile Number (Optional)		E-mail Address	audie.sciumbato@ulaw.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
	7-26-13

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

If yes, date determined complete. 7-26-13

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name	Samuel		Last Name	Enfield	
Title	Manager				
Organization	Palo Duro Wind Energy, LLC				
Street Address	3000 El Camino Real, 5 Palo Alto Square, Suite 700				
Mailing Address	same				
City	Palo Alto	State	CA	ZIP	94306
Phone Number	(301) 922-5032		Fax Number	(650) 324-9098	
Mobile Number (optional)			Business e-mail Address	Senfield@maproyalty.com	

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

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

First Name			Last Name		
Title					
Organization					
Street Address					
Mailing Address					
City		State		ZIP	
Phone Number			Fax Number		
Mobile Number (optional)			E-mail Address		

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

Will consultant be primary contact? ☒ Yes ☐ No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

Wes

Last Name

Jackson

Title

Partner

Firm Name

Cummings Westlake LLC

Street Address

12837 Louetta Road, Suite 201

Mailing Address

same

City

Cypress

State

TX

ZIP

77429-5611

Phone Number

713-266-4456 X-2

Fax Number

713-266-2333

Business email Address

wjackson@cwlp.net

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

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

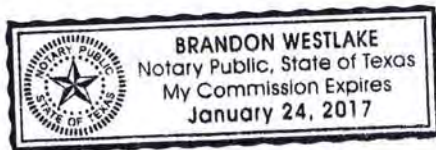
Signature (Authorized Business Representative (Applicant))




Date

July 19, 2013

GIVEN under my hand and seal of office this 19TH day of JULY, 2013



(Notary Seal)



Notary Public, State of

TEXAS

My commission expires

JANUARY 24, 2017

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

Palo Duro Wind Energy, LLC

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

32051279290

NAICS code

221119

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

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

APPLICANT BUSINESS STRUCTURE

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

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

Limited Liability Company

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

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

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

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

**ELIGIBILITY UNDER TAX CODE CHAPTER 313.024**

Are you an entity to which Tax Code, Chapter 171 applies? ☒ Yes ☐ No

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

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

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No

Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No

Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No

Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No

Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

PROJECT DESCRIPTION

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

See attached project description - Attachment 4

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

See attached project description - Attachment 4A

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- | | | | |
|---|--|--|---|
| <input checked="" type="checkbox"/> New Jobs | <input checked="" type="checkbox"/> Construct New Facility | <input checked="" type="checkbox"/> New Business / Start-up | <input type="checkbox"/> Expand Existing Facility |
| <input type="checkbox"/> Relocation from Out-of-State | <input type="checkbox"/> Expansion | <input checked="" type="checkbox"/> Purchase Machinery & Equipment | |
| <input type="checkbox"/> Consolidation | <input type="checkbox"/> Relocation within Texas | | |

PROJECTED TIMELINE

Begin Construction Q4 - 2013 Begin Hiring New Employees Q3 - 2014

Construction Complete Q4 - 2014 Fully Operational Q4 - 2014

Purchase Machinery & Equipment Q4 - 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? Q4 - 2014

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

none

Total

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

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

Applicant will apply for and anticipates entering into local Chapter 312 tax abatement with Ochiltree and Hansford Counties; Ochiltree and Hansford Hospital Districts; Frank Phillips College District and the Palo Duro River WD.

THE PROPERTYIdentify county or counties in which the proposed project will be located Ochiltree 82% & Hansford 18%Central Appraisal District (CAD) that will be responsible for appraising the property Ochiltree CAD 82% & Hansford CAD 18%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: Ochiltree (82%) & Hansford (18%) City: _____
(Name and percent of project) (Name and percent of project)Hospital District: Ochiltree Hosp. District (82%) & Hansford Hosp. District (18%) Water District: North Plains Underground Water Conservation District (100%)
(Name and percent of project) (Name and percent of project)Other (describe): Palo Duro River WD (18%) Other (describe): Frank Phillips College District (82%)
(Name and percent of project) (Name and percent of project)Is the project located entirely within this ISD? ☐ Yes ☒ No

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

Of the total Palo Duro Wind Project 82% will be located in Ochiltree County and Perryton ISD; the remaining 18% will be in Hansford County and Spearman ISD.

**INVESTMENT**

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

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

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

What is your total estimated *qualified* investment? \$308,550,000

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

What is the anticipated date of application approval? December 17, 2013

What is the anticipated date of the beginning of the qualifying time period? December 17, 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? \$308,550,000

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? September 30, 2013

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 N/A
(Market Value) (Tax Year)

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

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? ☒ Yes ☐ No

WAGE AND EMPLOYMENT INFORMATION

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

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

☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2013
(year)

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

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

10 total new permanent jobs will be created (8 in Perryton ISD and 2 Spearman ISD)

Total number of new jobs that will have been created when fully operational 8 in Perryton ISD

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? 6 in Perryton ISD

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 \$1,047

110% of the county average weekly wage for manufacturing jobs in the county is \$840

110% of the county average weekly wage for manufacturing jobs in the region is \$885.29

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? \$46,035

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? \$ 46,035

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? estimated 75%

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

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

Medical Insurance. company pays at least 80% of medical premiums for employee only coverage. Paid holidays and vacation, Retirement Savings Plan

ECONOMIC IMPACT

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

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

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

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

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

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

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

CONFIDENTIALITY NOTICE

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

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

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

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

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



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

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

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

ATTACHMENT 1

See executed application attached.

ATTACHMENT 2

Proof of Payment of Application Fee

Please find on the attached page, copy of the payment of the \$75,000 application fee to Perryton Independent School District.

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

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

ATTACHMENT 3

Not Applicable

ATTACHMENT 4

Detailed Description of the Project

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.

Palo Duro Wind Energy, LLC (Palo Duro Wind) is requesting an appraised value limitation from Perryton Independent School District (ISD) for the Palo Duro Wind Project (the “Project”), a proposed wind powered electric generating facility in Ochiltree and Hansford Counties. The proposed Perryton ISD portion of the Project (this application) will be constructed within a reinvestment zone to be established by Ochiltree County. A map showing the location of the project is included as Attachment 7.

The proposed Project is anticipated to have a total capacity of 250 MW, with approximately 206 MW located in Perryton ISD. Turbine selection is ongoing at this time and has not been finalized. The exact number of wind turbines and size of each turbine will vary depending upon the wind turbines selected, manufacturer’s availability and prices, ongoing wind studies and the final megawatt generating capacity of the Project when completed. Current plans are to install 1.7 MW GE turbines with an estimated 121 turbines located in Perryton ISD. The remaining turbines will be located in Spearman ISD. Palo Duro Wind is also constructing approximately 12 miles of generation transmission tie line in Perryton ISD and Ochiltree County. A separate Chapter 313 application is being submitted to Spearman ISD for their respective portion of the project. The Applicant requests a value limitation for all materials and equipment installed for the Project, including but not limited to; wind turbines, turbine transformers (pad-mounts), towers, foundations, roadways, buildings and offices, anemometer towers, collection system, electrical substations, generation transmission tie line and associated towers, and interconnection facilities.

Construction of the Project is anticipated to begin in the fourth quarter of 2013 with completion by December 31, 2014.

ATTACHMENT 4A

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

An investment fund managed by MAP Royalty, Inc (“MAP”) provided the capital necessary for the development of Webb County’s 150 MW Cedro Hill Wind Project, and the adjacent located 92MW Whitetail Wind Energy project; the construction of the facility resulted in a \$450 million investment in Webb county. Another MAP investment fund has continued to support local wind energy development and local economic growth through its interests in Bordas Wind Energy, LLC. The multi-year development process includes significant land option payments to local landowners, as well as environmental studies, surveys, wind resource assessment, and substantial transmission interconnection payments. Multiple MAP funds have invested approximately \$4,500,000,000 in wind entities and successfully developed multiple wind farms in different states around the United States of America totally over 3000 MW of wind generating projects. Depending on the ability to generate cost-effective electricity for regional consumers, these companies ultimately have the ability to locate or relocate in another state, another region of Texas, or another region of the world. Palo Duro Wind Energy believes, however, that the proposed site in Ochiltree and Hansford Counties is a desirable business location and can provide electricity at a price that is competitive with other regions of Texas. Electric utilities are focused on providing low-cost energy supply to their customers, and contracting for the sale of electricity is currently highly competitive, particularly because of the large number of potential wind energy facilities that can be built in West Texas given the newly constructed transmission capacity. Receiving the Appraised Value Limitation from the school district is vital to obtaining long-term financing and to maintaining the economic competitiveness of the project with other projects currently being developed in Texas by MAP and by others.

ATTACHMENT 5

List of districts and percentages where the project is located

The Perryton ISD portion of the project is wholly located in Ochiltree County. The jurisdiction percentages of the total project are as follows:

Ochiltree County	82%
Perryton Independent School District	82%
Ochiltree Hospital District	82%
Frank Phillips College District	82%
Hansford County	18%
Spearman Independent School District	18%
Palo Duro River Water District	18%
Hansford Hospital District	18%
North Plains Underground Water Conservation District	100%

ATTACHMENT 6

Description of Qualified Investment

- 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 improvement 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 (Please see Attachment 7)*

Palo Duro Wind Energy, LLC plans to construct a 250 MW wind farm in Ochiltree and Hansford Counties. Approximately one hundred twenty one (121) wind turbines will be located in Ochiltree County, all of which will be located in Perryton ISD. Turbine selection is ongoing at this time and has not been finalized. For purposes of this application, the project anticipates using 1.7 MW turbines manufactured by GE, although final turbine selection may change. Palo Duro Wind is also constructing approximately 12 miles of generation transmission tie line in Ochiltree County and Perryton ISD.

This application covers all qualified property within Perryton ISD necessary for the commercial operations of the wind farm. Qualified Investment and qualified property includes, but is not limited to, turbines, turbine transformers (pad-mounts), towers, foundations, underground collection systems, electrical substation(s), generation transmission tie lines, electrical interconnections, met towers, roads, operations & maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

The map in Attachment 7 shows the proposed project area with the proposed improvement locations. The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final location of turbines, transmission lines, and supporting structures will be determined before construction begins.

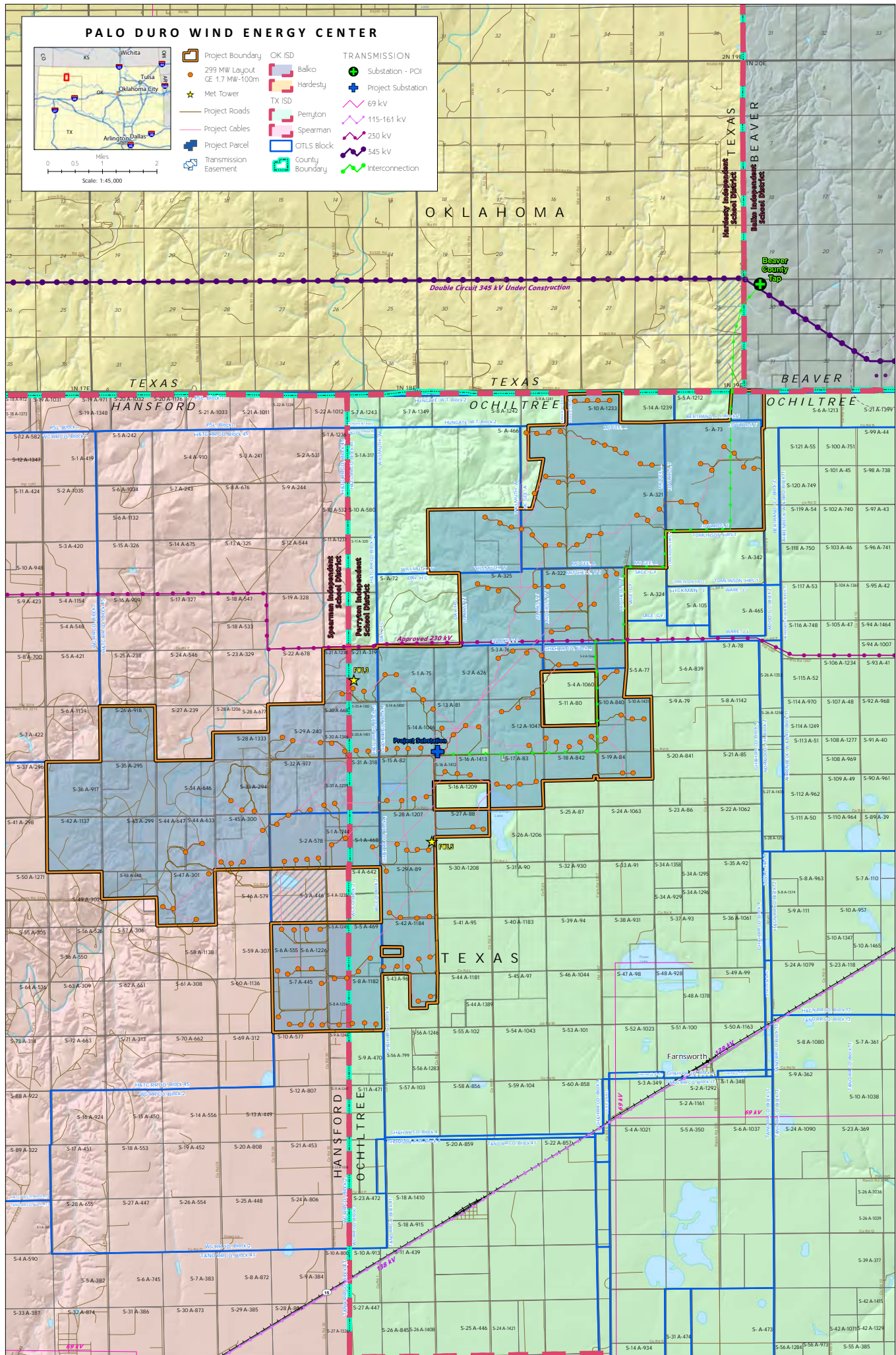
ATTACHMENT 7

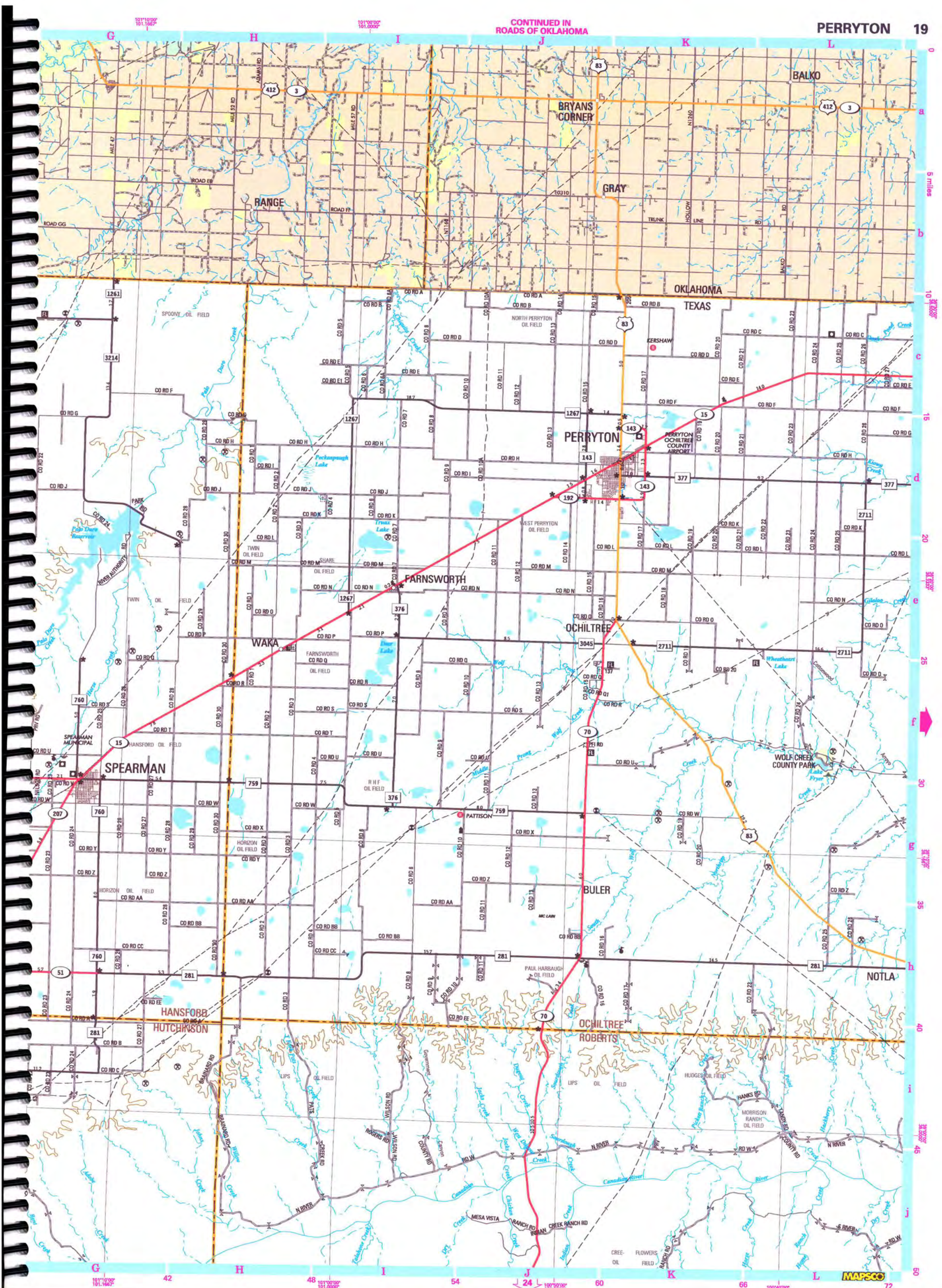
Map of qualified investment showing location of improvements with vicinity map

PALO DURO WIND ENERGY CENTER

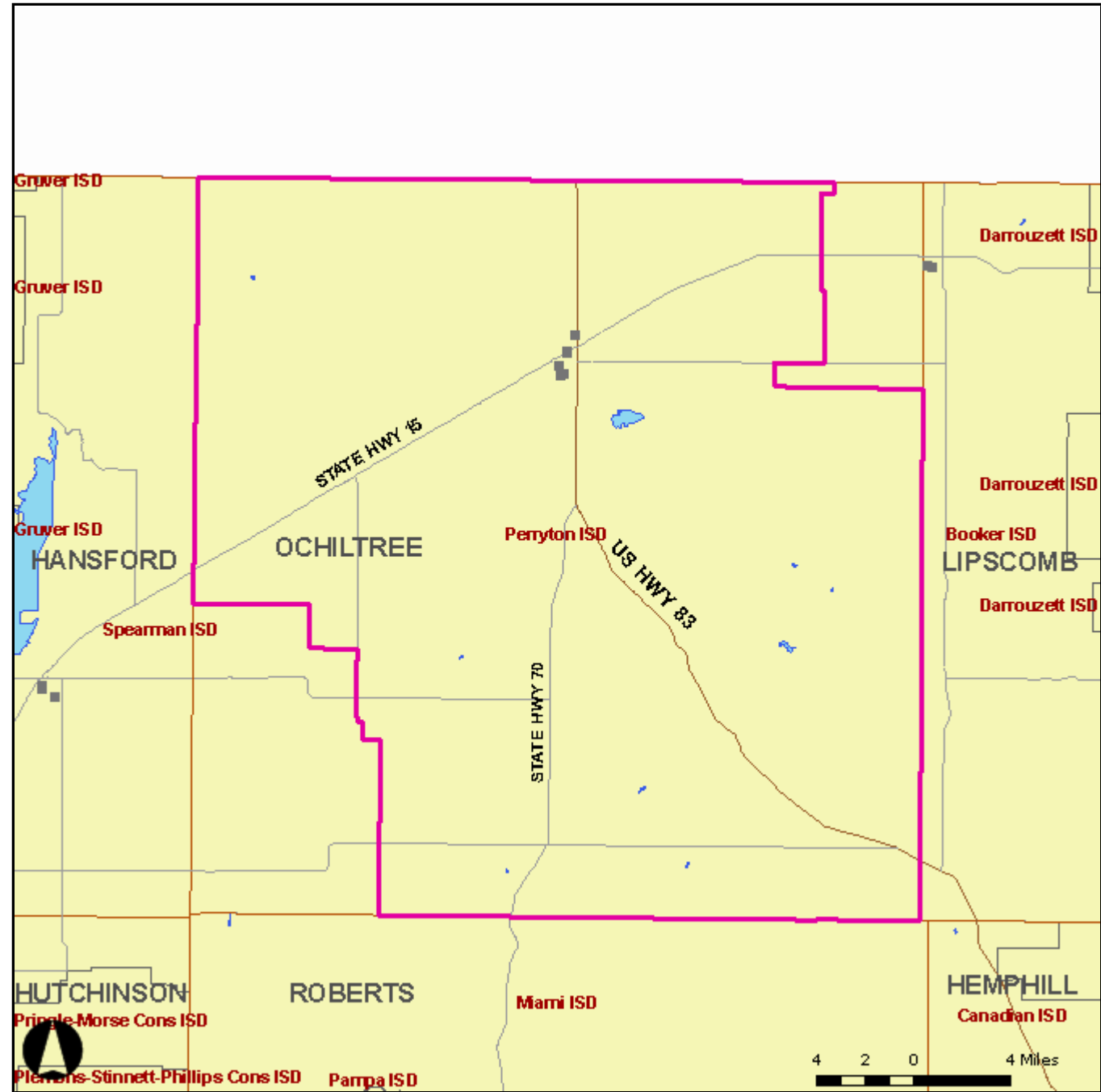
The map displays the Palo Duro Wind Energy Center project area, which includes a 299 MW layout and a 1.7 MW-100m CE. The project is situated in the northern part of the map, near the border of Oklahoma (OK) and Kansas (KS). Major roads shown include I-40, I-25, and I-35. Key cities labeled are Wichita, Tulsa, Oklahoma City, Arlington, and Dallas. The map also shows the project boundary, met towers, project roads, project cables, project parcels, transmission easements, and various transmission lines and substations. A scale bar indicates a distance of 0 to 2 miles, and the scale is 1:45,000.

TRANSMISSION	
	Substation - POI
	Project Substation
	69 kv
	115-161 kv
	230 kv
	545 kv
	Interconnection





Perryton ISD



ATTACHMENT 8

Description of Qualified Property

- 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 (Please see Attachment 7)*

Palo Duro Wind Energy, LLC plans to construct a 250 MW wind farm in Ochiltree and Hansford Counties. Approximately one hundred twenty one (121) wind turbines will be located in Ochiltree County, all of which will be located in Perryton ISD. Turbine selection is ongoing at this time and has not been finalized. For purposes of this application, the project anticipates using 1.7 MW turbines manufactured by GE, although final turbine selection may change. Palo Duro Wind is also constructing approximately 12 miles of generation transmission tie line in Ochiltree County and Perryton ISD.

This application covers all qualified property within Perryton ISD necessary for the commercial operations of the wind farm. Qualified Investment and qualified property includes, but is not limited to, turbines, turbine transformers (pad-mounts), towers, foundations, underground collection systems, electrical substation(s), generation transmission tie lines, electrical interconnections, met towers, roads, operations & maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

The map in Attachment 7 shows the proposed project area with the proposed improvement locations. The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final location of turbines, transmission lines, and supporting structures will be determined before construction begins.

ATTACHMENT 9

See Attachment 7

The maps of the qualified property, showing location of improvements, and a separate vicinity map are in Attachment 7

ATTACHMENT 10

See Attached List

**LEGAL DESCRIPTION OF LAND
PALO DURO WIND ENERGY, LLC**

Section	SurveyName	Block	Tract
21	H. & T. C., RR Co	45	The Northwest One-quarter (NW/4) of Section 21, Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
21	H. & T. C., RR Co	45	The East Half (E/2) and the Southwest Quarter (SW/4) of Section Twenty-one (21), Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
30	H. & T. C., RR Co	45	All
31	H. & T. C RR Co. Survey	45	All of the East One-Half (E/2)
15	GH&H RR Co. Survey	4	The Northwest 1/4
1	W. C. RR Co	2	The South Half of the North Half (S/2 of N/2)
29	G. H. & H. RR Co	4	The Northwest Quarter (NW/4)
1	W. C. RR Co	2	The North Half of the North Half (N/2 of N/2)
29	G. H. & H. RR Co	4	The Northeast Quarter (NE/4)
1	W.C. RR. Co. Survey	2	SW/4
1	W. C. RR Co.	2	All of the Southeast Quarter (SE/4) of Section 1, Block 2, WC RR Co. Survey, Patent No. 168, Volume 1, dated June 5, 1875, in Ochiltree County, Texas containing approximately 160 acres, more or less.
13	G. H. & H. RR Co	4	All of Section Thirteen (13), Block Four (4), GH&H RR Co. Survey, Ochiltree County, Texas; LESS and EXCEPT the following two Parcels: PARCEL ONE: A 100 acre tract of land more specifically described by metes and bounds as follows; BEGINNING at the Northwe
28	G. H. & H. RR Co	4	The North one-half, and all of the Southeast Quarter (SE/4) of Section Twenty-Eight (28), Block Four (4), GH&H RR Co. Original Grantee, Abstract Number 1207, Patent dated 01-24-1923, recorded in Volume 16-A, Page 493, situated in Ochiltree County, Texas
1	G. H. & H. RR Co	4	All
14	G. H. & H. RR Co	4	All
2	G. H. & H. RR Co	4	All
	Thomas J. Sparks		All of the Thomas J. Sparks Survey, Certificate No. 31/158, Abstract No. 325, Patent dated May 26, 1876, No. 47, Volume 8, located in Ochiltree County, Texas
3	G. H. & H. RR Co	4	Section Three (3), Block Four (4), GH&H Ry. Co. Survey, Certificate No. 33/542, Abstract No. 76, Patent dated March 11, 1875, No. 623, Vol. 1, located in Ochiltree County, Texas.
10	J.S. Hungate	Z	Section Ten (10), Block Z, J. S. Hungate Survey, Certificate No. SF 2774, Abstract No. 1233, Patent dated February 10, 1920, No. 507, Vol. 5A, located in Ochiltree County, Texas.
4	G. H. & H. RR Co.	4	North Half (N/2) of Section Four (4), Block 4, GH&H RR. Co. Survey, Certificate No. 33/542, Abstract No. 1366, Patent dated February 18, 1926, No. 414, Volume 28A, located in Ochiltree County, Texas,
5	GH&H RR Co.	4	The Southwest Quarter (SW/4)
10	GH&H RR Co	4	SW/4
10	GH&H RR Co.	4	E/2
10	G. H. & H. RR Co	4	The North Half (N/2) of the West Half (W/2)
11	G. H. & H. RR Co.	4	The South Half (S/2)
50	G. H. & H. RR Co.	4	That part of Section Number Fifty (50), Block Four (4), GH&H Ry. Co. Survey, lying South of the State Highway No. 15 Right-of-way [subject to the conveyances heretofore made by Grantors of approximately six (6) acres sold off of the West side of Section F
12	G. H. & H. RR Co	4	All of Section 12, Block 4, GH&H Ry. Co. Survey, Ochiltree County, Texas, save and except 14 acres and more particularly described as a 10.00 acre tract out of a 14.00 acre tract in the Southwest Quarter of Section 12; Block 4, GH&H RR. Co. Survey, and re
13	G. H. & H. RR Co	4	One hundred (100) acres in the form of a square situated in the Northwest (NW) corner of Section Number Thirteen (13), Block Four (4), GH&H Ry. Co. Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING at the Northwest (NW)
16	G. H. & H. RR Co	4	The North Half (N/2)
15	G. H. & H. RR Co	4	The East One-half (E/2)
15	G. H. & H. RR Co	4	Southwest quarter section fifteen, (15), Block four (4), GH&H Ry. Co. Survey, Certificate No. 33/584, Abstract No. 82, Patent Date March 18, 1875, No. 6. Volume 25, located in Ochiltree County, Texas.
17	G. H. & H. RR Co	4	East Half (E/2)
17	G. H. & H. RR Co	4	The West half (W/2) of Section 17, Block 4, GH&H Survey Co., Ochiltree County, Texas LESS AND EXCEPT a tract of land out of the West One-Half (W/2) of Section 17, Block 4, GH&H RR. Co. Survey, Ochiltree County, Texas, described in Volume 546, Page 841, De
19	G. H. & H. RR Co	4	The Northeast Quarter (NE/4)

**LEGAL DESCRIPTION OF LAND
PALO DURO WIND ENERGY, LLC**

19	G. H. & H. RR Co	4	The Northwest Quarter (NW/4)
27	G. H. & H. RR Co	4	Northwest Quarter (NW/4) and the Northeast Quarter (NE/4) of Section 27, Block 4, G.H.& H. RR Co. Survey, in Ochiltree County, Texas containing approximately 320 acres, more or less.
28	G. H. & H. RR Co	4	The Southwest Quarter (SW/4)
29	G. H. & H. RR Co	4	The Southwest Quarter (SW/4)
29	G. H. & H. RR Co	4	The Southeast Quarter (SE/4)
	McGee Survey		200 acres out of the North 642.55 acres of the South 1285.1 acres of the Anthony McGee Survey, Ochiltree County, Texas; BEGINNING at pipe set in the West boundary line of said Anthony McGee headright survey the southwest corner of subdivision No. 8, made
	W. J. Mitchell		A tract or parcel of land described as follows, to-wit: BEING the West one-half of the East 640 acres of the Warren J. Mitchell Survey, Patent No. 38, Volume 15, dated December 16, 1874, and described by metes and bounds as follows: BEGINNING at the North
	W. J. Mitchell		All of the East 320 acres of the W. J. Mitchell Survey, Ochiltree County, Texas, also described as 320 acres of land, more or less, located about eight and one-half (8-1/2) miles Northwest of the town of Farnsworth, out of the Warren J. Mitchell Survey, P
	Anthony McGee Headright		321.7 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by Metes and bounds as follows, Beginning at a 1" iron pipe set in the intersection of three roads as called for by Rupert C. Allen County
	Anthony McGee Headright		114.2 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
	Anthony McGee Headright		285.4 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
	Warren J. Mitchell Survey		The North Four Hundred Twenty-six (N/426) acres of the West Seven Hundred Forty-Six (W/746) acres of the Warren J. Mitchell Survey, Ochiltree County, Texas, containing approximately 426 acres, more or less.
	William Wilmuth Headright		2200 acres of land on Ochiltree County, Texas, and being the South 1/2 of the West 1/2, and the South 40 acres of the East 1/2 of the W. M. Willmuth 640 acre survey, Abstract 466, conveyed by J.W. Rogers to John O. Tillerson and Edith Tillerson, on Novemb
	William Wilmuth Headright		440 acres, more or less, out of the William Willmuth Headright Survey, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, described as follows: BEGINNING 2877 varas South of the Northeast corner of said Headright and along the East line of said Hea
	William Wilmuth Headright		Out of the William Wilmuth Headright Survey, Certificate 629, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, and described as follows: BEGINNING at the Southwest corner of a 640 acre tract out of the Southeast part of the William Wilmuth Headri
	Thomas Edwards Headright		All of Subdivisions One (1), Two (2), Three (3) and Four (4) of the Thomas Edwards Survey, Ochiltree County, Texas, said land being also described as all of the Thomas Edwards Headright Survey, Certificate NO. 20/33, Abstract No. 73; all of which is locat
5	O.J. Bertrand Survey	Z	217.3 acres of land in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described as follows: Tract 1: 110 acres in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING a

ATTACHMENT 11

See Attachment 7

A detailed map showing location of the land and separate vicinity map are in Attachment 7

ATTACHMENT 12

Description of all existing (if any) improvements

There are no existing wind farm related improvements at this site.

ATTACHMENT 13

Request of waiver of job creation requirement

CUMMINGS WESTLAKE LLC

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

July 23, 2013

Mr. Robert Hall, Superintendent
Perryton Independent School District
821 SW 17th Avenue
Perryton, TX 79070

Re: Chapter 313 Job Waiver Request

Dear Mr. Hall,

Palo Duro Wind Energy, LLC requests that the Perryton Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation 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.

Palo Duro Wind Energy, LLC requests that the Perryton Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Palo Duro Wind Energy, LLC has committed to create ten total jobs for the project, of which eight will be in Perryton ISD. Wind projects create a large number of full and part-time, but temporary, jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. 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. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

A handwritten signature in black ink, reading "J. Weston Jackson", followed by a long horizontal flourish.

J. Weston Jackson
Partner

ATTACHMENT 14

Calculation of three possible wage requirements with TWC documentation

- Ochiltree County average weekly wage for all jobs (all industries)
- Ochiltree County average weekly wage for all jobs (manufacturing)
- See attached Council of Governments Regional Wage Calculation and Documentation

**PALO DURO WIND ENERGY, LLC
ATTACHMENT 14**

**PERRYTON ISD - OCHILTREE COUNTY
CHAPTER 313 WAGE CALCULATION - ALL JOBS - ALL INDUSTRIES**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2012	\$ 914	\$ 47,528
THIRD	2012	\$ 910	\$ 47,320
FOURTH	2012	\$ 1,043	\$ 54,236
FIRST	2013	\$ 941	\$ 48,932
AVERAGE		\$ 952	\$ 49,504
X		110%	110%
		\$ 1,047	\$ 54,454

**PERRYTON ISD - OCHILTREE COUNTY
CHAPTER 313 WAGE CALCULATION - MANUFACTURING JOBS**

QUARTER	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
SECOND	2012	\$ 765	\$ 39,780
THIRD	2012	\$ 692	\$ 35,984
FOURTH	2012	\$ 833	\$ 43,316
FIRST	2013	\$ 763	\$ 39,676
AVERAGE		\$ 763	\$ 39,689
X		110%	110%
		\$ 840	\$ 43,658

CHAPTER 313 WAGE CALCULATION - REGIONAL WAGE RATE










REGION	YEAR	AVG WEEKLY WAGES*	ANNUALIZED
Panhandle	2012	\$ 804.81	\$ 41,850
X		110%	110%
		\$ 885.29	\$ 46,035

* SEE ATTACHED TWC DOCUMENTATION

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2012	1st Qtr	Ochiltree County	Private	00	0	10	Total, All Industries	\$952
2013	1st Qtr	Ochiltree County	Private	00	0	10	Total, All Industries	\$941
2012	2nd Qtr	Ochiltree County	Private	00	0	10	Total, All Industries	\$914
2012	3rd Qtr	Ochiltree County	Private	00	0	10	Total, All Industries	\$910
2012	4th Qtr	Ochiltree County	Private	00	0	10	Total, All Industries	\$1,043

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	Ochiltree County	Private	31	2	31-33	Manufacturing	\$810
2013	1st Qtr	Ochiltree County	Private	31	2	31-33	Manufacturing	\$763
2012	2nd Qtr	Ochiltree County	Private	31	2	31-33	Manufacturing	\$765
2012	3rd Qtr	Ochiltree County	Private	31	2	31-33	Manufacturing	\$692
2012	4th Qtr	Ochiltree County	Private	31	2	31-33	Manufacturing	\$833

2012 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages	
	Hourly	Annual
Texas	\$23.56	\$48,996
<u>1. Panhandle Regional Planning Commission</u>	\$20.12	\$41,850
<u>2. South Plains Association of Governments</u>	\$16.18	\$33,662
<u>3. NORTEX Regional Planning Commission</u>	\$17.83	\$37,076
<u>4. North Central Texas Council of Governments</u>	\$24.68	\$51,333
<u>5. Ark-Tex Council of Governments</u>	\$16.84	\$35,032
<u>6. East Texas Council of Governments</u>	\$19.61	\$40,797
<u>7. West Central Texas Council of Governments</u>	\$18.24	\$37,941
<u>8. Rio Grande Council of Governments</u>	\$16.17	\$33,631
<u>9. Permian Basin Regional Planning Commission</u>	\$21.93	\$45,624
<u>10. Concho Valley Council of Governments</u>	\$16.33	\$33,956
<u>11. Heart of Texas Council of Governments</u>	\$19.07	\$39,670
<u>12. Capital Area Council of Governments</u>	\$26.03	\$54,146
<u>13. Brazos Valley Council of Governments</u>	\$16.55	\$34,424
<u>14. Deep East Texas Council of Governments</u>	\$16.20	\$33,698
<u>15. South East Texas Regional Planning Commission</u>	\$29.38	\$61,118
<u>16. Houston-Galveston Area Council</u>	\$26.59	\$55,317
<u>17. Golden Crescent Regional Planning Commission</u>	\$21.03	\$43,742
<u>18. Alamo Area Council of Governments</u>	\$18.40	\$38,280
<u>19. South Texas Development Council</u>	\$13.54	\$28,170
<u>20. Coastal Bend Council of Governments</u>	\$22.97	\$47,786
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.33	\$33,961
<u>22. Texoma Council of Governments</u>	\$22.57	\$46,949
<u>23. Central Texas Council of Governments</u>	\$17.16	\$35,689
<u>24. Middle Rio Grande Development Council</u>	\$18.93	\$39,380

Source: Texas Occupational Employment and Wages

Data published: July 2013

Data published annually, next update will be July 31, 2014

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

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

Data intended for TAC 313 purposes only.

ATTACHMENT 15

Description of Benefits

At least 80% of employees of the operator of the Palo Duro Wind Project will be employed in qualifying jobs pursuant to Texas Tax Code 313.024(d). Qualifying jobs will meet the definition of Texas Tax Code Section 313.051(b). Employees will be offered a group health benefit plan for which the operator of the Palo Duro Wind Project will pay at least 80% of the premiums or other charges assessed for employee-only coverage under the plan or as necessary to be in compliance with the Affordable Care Act. In addition, each qualifying employee will receive area wide competitive 401(k) Retirement Savings Plan, vacation time, sick leave and skills training.

ATTACHMENT 16

The Economic Impact Study will be performed by the Comptroller at a future date.

Palo Duro Wind Energy, LLC

Chapter 313 Application to Perryton ISD

Cummings Westlake, LLC

ATTACHMENTS 17

See attached Schedule A

Amendment No. 001
Attachment 17

Schedule A (Rev. January 2013): Investment

Applicant Name PALO DURO WIND ENERGY, LLC
ISD Name PERRYTON 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	
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)				-	-		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)				15,427,500	-	15,427,500	0	15,427,500
	Complete tax years of qualifying time period	1	2014-2015	2014	292,522,500	600,000	293,122,500	0	293,122,500
		2	2015-2016	2015	0	0		0	-
	Value Limitation Period	3	2016-2017	2016	0	0		0	
Tax Credit Period (with 50% cap on credit)		4	2017-2018	2017	0	0		0	
		5	2018-2019	2018	0	0		0	
		6	2019-2020	2019	0	0		0	
		7	2020-2021	2020	0	0		0	
		8	2021-2022	2021	0	0		0	
		9	2022-2023	2022	0	0		0	
		10	2023-2024	2023	0	0		0	
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	0	0		0	
		12	2025-2026	2025	0	0		0	
		13	2026-2027	2026	0	0		0	
Post- Settle-Up Period		14	2027-2028	2027	0	0		0	
Post- Settle-Up Period		15	2028-2029	2028	0	0		0	

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

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

(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.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

August 7, 2013

Palo Duro Wind Energy, LLC

Chapter 313 Application to Perryton ISD

Cummings Westlake, LLC

ATTACHMENT 18

See attached Schedule B

Schedule B (Rev. January 2013): Estimated Market And Taxable Value

Applicant Name

PALO DURO WIND ENERGY, LLC

ISD Name

PERRYTON ISD

Form 50-296

CSP Name					Qualified Property			Reductions from Market Value	Estimated Taxable Value		
						Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"				
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land			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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Complete tax years of qualifying time period	1	2014-2015	2014	\$ -	\$ -	\$ 7,713,750	\$ -	\$ 7,713,750	\$ 7,713,750	
		2	2015-2016	2015	\$ -	\$582,000	\$ 295,632,000	\$ -	\$ 296,214,000	\$296,214,000	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016	\$ -	\$567,500	\$ 271,981,000	\$ -	\$ 272,548,500	\$ 10,000,000
			4	2017-2018	2017	\$ -	\$553,300	\$ 250,223,000	\$ -	\$ 250,776,300	\$ 10,000,000
			5	2018-2019	2018	\$ -	\$539,500	\$ 230,205,000	\$ -	\$ 230,744,500	\$ 10,000,000
			6	2019-2020	2019	\$ -	\$526,000	\$ 211,789,000	\$ -	\$ 212,315,000	\$ 10,000,000
			7	2020-2021	2020	\$ -	\$512,900	\$ 194,846,000	\$ -	\$ 195,358,900	\$ 10,000,000
			8	2021-2022	2021	\$ -	\$500,100	\$ 179,258,000	\$ -	\$ 179,758,100	\$ 10,000,000
			9	2022-2023	2022	\$ -	\$487,600	\$ 164,917,000	\$ -	\$ 165,404,600	\$ 10,000,000
			10	2023-2004	2023	\$ -	\$475,400	\$ 151,724,000	\$ -	\$ 152,199,400	\$ 10,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024	\$ -	\$463,500	\$ 139,586,000	\$ -	\$ 140,049,500	\$140,049,500	
		12	2025-2026	2025	\$ -	\$451,900	\$ 128,419,000	\$ -	\$ 128,870,900	\$128,870,900	
		13	2026-2027	2026	\$ -	\$440,600	\$ 118,145,000	\$ -	\$ 118,585,600	\$118,585,600	
Post- Settle-Up Period		14	2027-2028	2027	\$ -	\$429,600	\$ 108,693,000	\$ -	\$ 109,122,600	\$109,122,600	
Post- Settle-Up Period		15	2028-2029	2028	\$ -	\$418,900	\$ 99,998,000	\$ -	\$ 100,416,900	\$100,416,900	

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.

 July 19, 2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

ATTACHMENT 19

See attached Schedule C

Amendment No. 001

Attachment 19

Schedule C- Application: Employment Information

Applicant Name
ISD NamePALO DURO WIND ENERGY, LLC
PERRYTON ISD

Form 50-296

					Construction		New Jobs		Qualifying Jobs		
		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 annual wage 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	
		pre- year 1	2013-2014	2013	5 FTEs	\$40,000.00	0	\$0.00	0	\$0.00	
	Complete tax years of qualifying time period	1	2014-2015	2014	100 FTEs	\$40,000.00	0	\$0.00	0	\$0.00	
		2	2015-2016	2015			8	\$46,035.00	6	\$46,035.00	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2016-2017	2016			8	\$46,035.00	6	\$46,035.00
			4	2017-2018	2017			8	\$46,035.00	6	\$46,035.00
			5	2018-2019	2018			8	\$46,035.00	6	\$46,035.00
			6	2019-2020	2019			8	\$46,035.00	6	\$46,035.00
			7	2020-2021	2020			8	\$46,035.00	6	\$46,035.00
			8	2021-2022	2021			8	\$46,035.00	6	\$46,035.00
			9	2022-2023	2022			8	\$46,035.00	6	\$46,035.00
			10	2023-2004	2023			8	\$46,035.00	6	\$46,035.00
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2024-2025	2024			8	\$46,035.00	6	\$46,035.00	
		12	2025-2026	2025			8	\$46,035.00	6	\$46,035.00	
		13	2026-2027	2026			8	\$46,035.00	6	\$46,035.00	
Post- Settle-Up Period		14	2027-2028	2027			8	\$46,035.00	6	\$46,035.00	
Post- Settle-Up Period		15	2028-2029	2028			8	\$46,035.00	6	\$46,035.00	

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

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



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

August 7, 2013

Palo Duro Wind Energy, LLC

Chapter 313 Application to Perryton ISD

Cummings Westlake, LLC

ATTACHMENT 20

See attached Schedule D

Amendment No. 003

Attachment 20

Schedule D: (Rev. January 2013): Other Tax Information

Applicant
Name

PALO DURO WIND ENERGY, LLC

ISD Name

PERRYTON 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	1,928,438	13,499,063		-	-	-	-
	Complete tax years of qualifying time period	1	2014-2015	2014	36,640,313	256,482,188	0	0%	n/a	n/a	n/a
		2	2015-2016	2015	100,000	200,000	0	100% *	n/a	100%	n/a
		3	2016-2017	2016	100,000	200,000	0	100% *	n/a	100%	n/a
		4	2017-2018	2017	100,000	200,000	0	100% *	n/a	100%	n/a
		5	2018-2019	2018	100,000	200,000	0	100% *	n/a	100%	n/a
		6	2019-2020	2019	100,000	200,000	80,000	100% *	n/a	100%	n/a
		7	2020-2021	2020	100,000	200,000	80,000	100% *	n/a	100%	n/a
		8	2021-2022	2021	100,000	200,000	80,000	100% *	n/a	100%	n/a
		9	2022-2023	2022	100,000	200,000	80,000	100% *	n/a	100%	n/a
		10	2023-2004	2023	100,000	200,000	80,000	100% *	n/a	100%	n/a
		11	2024-2025	2024	100,000	200,000	80,000	100% *	n/a	100%	n/a
		12	2025-2026	2025	100,000	200,000	80,000	0%	-	0%	-
		13	2026-2027	2026	100,000	200,000	80,000	0%	-	0%	-
	Post- Settle-Up Period	14	2027-2028	2027	100,000	200,000	80,000	0%	-	0%	-
	Post- Settle-Up Period	15	2028-2029	2028	100,000	200,000	80,000	0%	-	0%	-

*For planning, construction and operation of the facility.



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Sept. 25, 2013

* NOTE - An anticipated contractual PILOT payment of approximately \$2,000 per MW installed will be made annually.

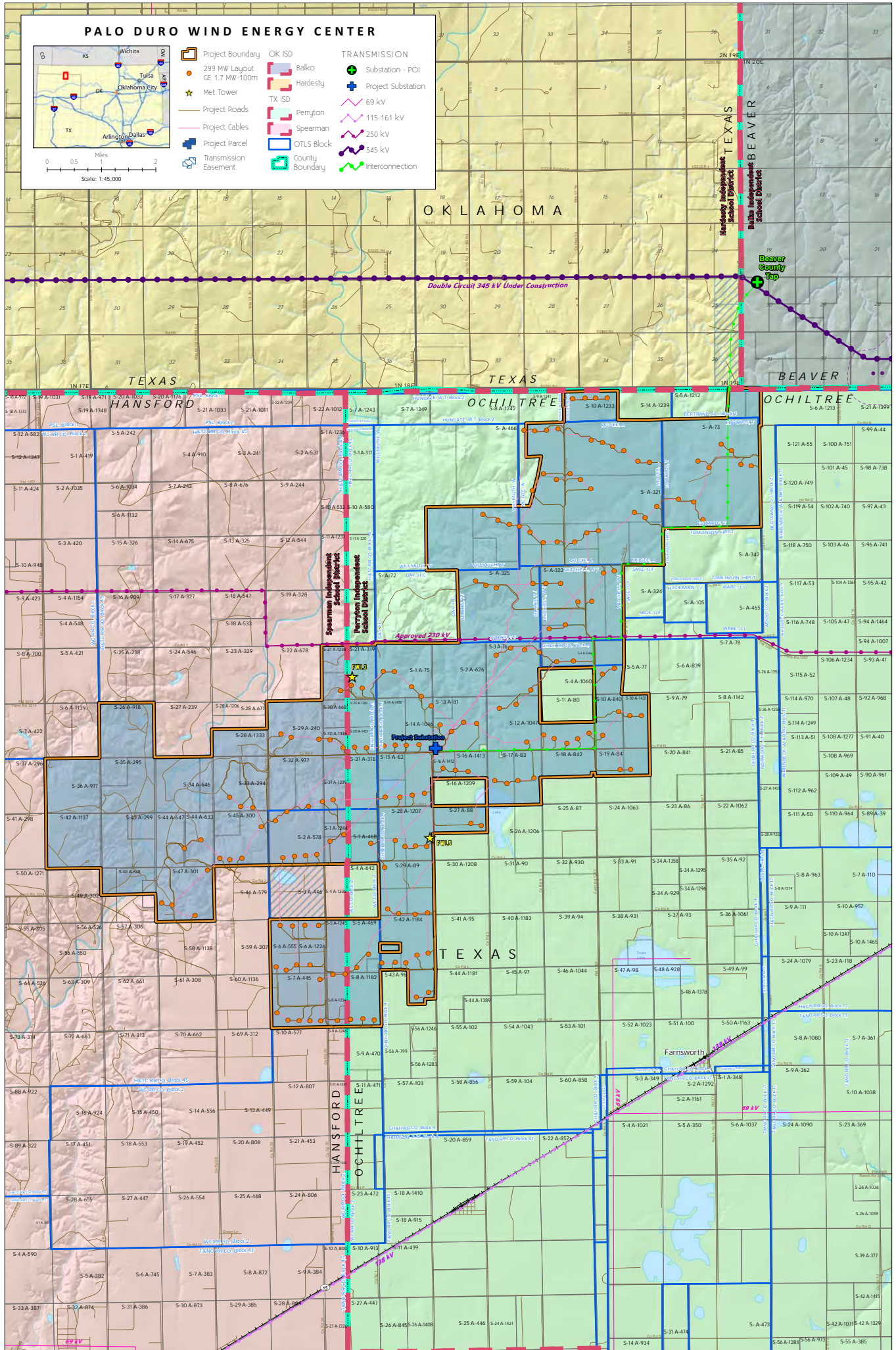
ATTACHMENT 21

See attached map of the proposed reinvestment zone

PALO DURO WIND ENERGY CENTER



- Project Boundary
- 299 MW Layout
- Met Tower
- Project Roads
- Project Cables
- Project Parcel
- Transmission Easement
- OK ISD
- Balko
- Hardesty
- Perrinton
- Spearman
- OTLS Block
- County Boundary
- TRANSMISSION
- Substation - POI
- Project Substation
- 69 kv
- 115-161 kv
- 230 kv
- 345 kv
- Interconnection



ATTACHMENT 22

Ochiltree County Commissioners Court is expected to create the proposed reinvestment zone on or before September 30, 2013. The order, resolution, or ordinance establishing the zone will be furnished at a later date.

The Commissioners Court of Ochiltree County, Texas
Regular Session
Re: Designation of Reinvestment Zone

Motion by Richard Burger, seconded by
Duane Pshigoda that the following action be taken by the court:

1. That the County designate the property located in Ochiltree County having the legal description attached to this order as a Reinvestment Zone for Wind Power Generated Electricity ONLY under the Ochiltree county Guidelines for Granting Tax Abatements hereafter referred as "Ochiltree County Reinvestment Zone, Site 1: All of Ochiltree County, excluding any municipalities",
2. That the County declare eligible for property tax abatement all eligible property that produces electricity by wind power, now or thereafter located in Ochiltree county Reinvestment Zone, Site 1: All of Ochiltree County, excluding any municipalities,

Passed and approved at this meeting of the Ochiltree County Commissioners Court, at which a quorum was present on the 14th day of October, 2013.

Duane Pshigoda
Duane Pshigoda, Commissioner Precinct 1

Doug Barnes
Doug Barnes, Commissioner Precinct 2

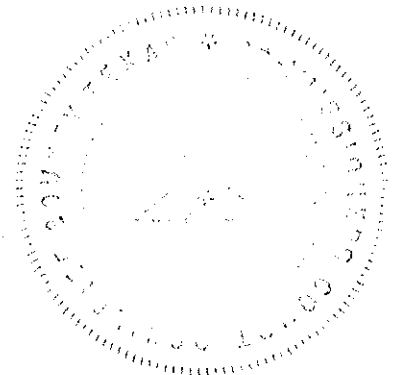
Richard Burger
Richard Burger, Commissioner Precinct 3

Dempsey Malaney
Dempsey Malaney, Commissioner Precinct 4

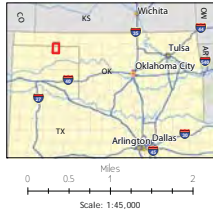
Earl J. McKinley
Earl J. McKinley, County Judge

ATTEST:

Stacey Brown
Stacey Brown, County Clerk



PALO DURO WIND ENERGY CENTER



- Project Boundary
- 299 MW Layout
- GE 1.7 MW-100m
- Met Tower
- Project Roads
- Project Cables
- Project Parcel
- Transmission Easement
- OK ISD
- Balko
- Hardesty
- TX ISD
- Perrinton
- Spearman
- OTLS Block
- County Boundary
- TRANSMISSION
- Substation - POI
- Project Substation
- 69 kv
- 115-161 kv
- 230 kv
- 545 kv
- Interconnection

EXHIBIT A

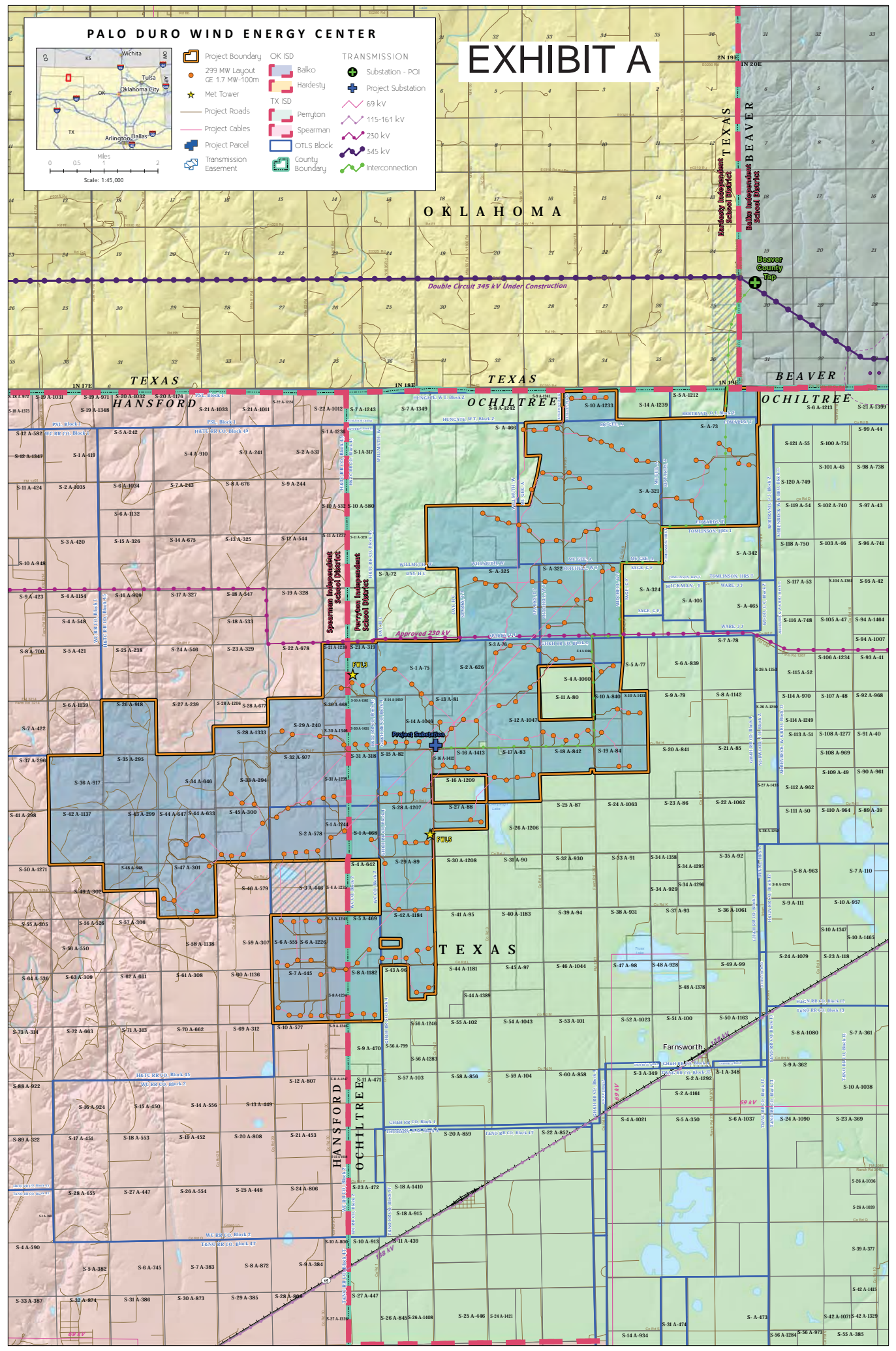


EXHIBIT B

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
H. & T. C., RR Co	45	21	The Northwest One-quarter (NW/4) of Section 21, Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
H. & T. C., RR Co	45	21	The East Half (E/2) and the Southwest Quarter (SW/4) of Section Twenty-one (21), Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
H. & T. C., RR Co	45	26	ALL
H. & T. C., RR Co	45	28	S/2
H. & T. C., RR Co	45	29	All
H. & T. C., RR Co	45	30	All
H. & T. C., RR Co	45	31	All of the East One-Half (E/2)
H. & T. C., RR Co	45	31	All of the West One-Half (W/2)
H. & T. C., RR Co	45	32	All of the East One-half (E/2)
H. & T. C., RR Co	45	32	W/2
H. & T. C., RR Co	45	33	W/2 and SE/4
H. & T. C., RR Co	45	33	All of the North-East One Fourth (NE/4)
H. & T. C., RR Co	45	34	E/2 of the E/2
Houston & Texas Central Railway	45	34	W/2 and the W/2 of the E/2
H. & T. C., RR Co	45	35	NW/4
Houston & Texas Central Railway	45	35	E/2 and SW/4
H. & T. C., RR Co	45	36	ALL
H. & T. C., RR Co	45	42	All
H. & T. C., RR Co	45	43	W/2 and SE/4
H. & T. C., RR Co	45	43	NE/4
H. & T. C., RR Co	45	44	W/2
H. & T. C., RR Co	45	44	E/2
H. & T. C., RR Co	45	45	Northwest one-fourth (NW/4)
H. & T. C., RR Co	45	47	ALL
H. & T. C., RR Co	45	48	N/2
H. & T. C., RR Co	45	45	All of the East One-Half (E/2) and the South West One Fourth (SW/4)
W. C. RR Co	2	1	The South Half of the North Half (S/2 of N/2)
W. C. RR Co	2	1	The North Half of the North Half (N/2 of N/2)
W. C. RR Co	2	1	SW/4
W. C. RR Co	2	1	All of the Southeast Quarter (SE/4) of Section 1, Block 2, WC RR Co. Survey, Patent No. 168, Volume 1, dated June 5, 1875, in Ochiltree County, Texas containing approximately 160 acres, more or less.
W. C. RR Co	2	2	All
W. C. RR Co	2	5	A square tract of land measuring one-quarter mile long by one-quarter mile wide, and located in the extreme Southeast corner of Section 5, Block 2, Washington County RR. Company Survey, Ochiltree County, Texas, containing approximately 40 acres, more or less.
W. C. RR Co	2	5	Section No. 5, in Block Two (2), Washington County R.R. Company Survey, EXCEPT A square tract of land measuring one-quarter mile long by one-quarter mile wide, and located in the extreme Southeast corner of Section 5, Block 2, Washington County RR. Company Survey, Ochiltree County, Texas; all of which is located in Hansford and Ochiltree Counties, Texas, containing approximately 598 acres, more or less.
W. C. RR Co	2	6	ALL
W. C. RR Co	2	7	ALL
W. C. RR Co	2	8	All
G. H. & H. RR Co	4	1	All
G. H. & H. RR Co	4	2	All
G. H. & H. RR Co	4	3	Section Three (3), Block Four (4), GH&H Ry. Co. Survey, Certificate No. 33/542, Abstract No. 76, Patent dated March 11, 1875, No. 623, Vol. 1, located in Ochiltree County, Texas.
G. H. & H. RR Co	4	4	North Half (N/2) of Section Four (4), Block 4, GH&H RR. Co. Survey, Certificate No. 33/542, Abstract No. 1366, Patent dated February 18, 1926, No. 414, Volume 28A, located in Ochiltree County, Texas,
G. H. & H. RR Co	4	5	The Southwest Quarter (SW/4)
G. H. & H. RR Co	4	10	E/2
G. H. & H. RR Co	4	10	SW/4

G. H. & H. RR Co	4	10	The North Half (N/2) of the West Half (W/2)
G. H. & H. RR Co.	4	11	The South Half (S/2)
G. H. & H. RR Co	4	12	All of Section 12, Block 4, GH&H Ry. Co. Survey, Ochiltree County, Texas, save and except 14 acres and more particularly described as a 10.00 acre tract out of a 14.00 acre tract in the Southwest Quarter of Section 12; Block 4, GH&H RR. Co. Survey, and re
G. H. & H. RR Co	4	13	One hundred (100) acres in the form of a square situated in the Northwest (NW) corner of Section Number Thirteen (13), Block Four (4), GH&H Ry. Co. Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING at the Northwest (NW)
G. H. & H. RR Co	4	13	All of Section Thirteen (13), Block Four (4), GH&H RR Co. Survey, Ochiltree County, Texas; LESS and EXCEPT the following two Parcels: PARCEL ONE: A 100 acre tract of land more specifically described by metes and bounds as follows; BEGINNING at the Northwe
G. H. & H. RR Co	4	14	All
G. H. & H. RR Co	4	15	The Northwest 1/4
G. H. & H. RR Co	4	15	The East One-half (E/2)
G. H. & H. RR Co	4	15	Southwest quarter section fifteen, (15), Block four (4), GH&H Ry. Co. Survey, Certificate No. 33/584, Abstract No. 82, Patent Date March 18, 1875, No. 6. Volume 25, located in Ochiltree County, Texas.
G. H. & H. RR Co	4	16	The North Half (N/2)
G. H. & H. RR Co	4	17	East Half (E/2)
G. H. & H. RR Co	4	17	The West half (W/2) of Section 17, Block 4, GH&H Survey Co., Ochiltree County, Texas LESS AND EXCEPT a tract of land out of the West One-Half (W/2) of Section 17, Block 4, GH&H RR. Co. Survey, Ochiltree County, Texas, described in Volume 546, Page 841, De
G. H. & H. RR Co	4	19	The Northeast Quarter (NE/4)
G. H. & H. RR Co	4	19	The Northwest Quarter (NW/4)
G. H. & H. RR Co	4	27	Northwest Quarter (NW/4) and the Northeast Quarter (NE/4) of Section 27, Block 4, G.H. & H. RR Co. Survey, in Ochiltree County, Texas containing approximately 320 acres, more or less.
G. H. & H. RR Co	4	28	The Southwest Quarter (SW/4)
G. H. & H. RR Co	4	29	The Southeast Quarter (SE/4)
G. H. & H. RR Co	4	29	The Southwest Quarter (SW/4)
G. H. & H. RR Co.	4	42	A 111.492 acre tract of land in Survey No. Forty-two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, Texas more specifically described by metes and bounds as follows: Beginning at the Southwest Corner of Survey No. Forty-Two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, State of Texas; Thence with a State Plane Coordinate Bearing of N89°07'34"E along the South line of said Survey No. Forty-Two (42) a distance of 1979.43 feet to #5 rebar; Thence N 01°45'34"W a distance of 2552.80 feet to a #5 rebar; Thence N 89°19'41"W a distance of 1868.30 feet to a #5 rebar on the West line of said Survey No. Forty-Two (42), Block Four (4) Galveston Houston & Henderson Railway Company Survey; Thence S 01°45'34"E a distance of 2552.80 feet to the point of beginning and containing 111.492 acres, more or less; all of which is located in Ochiltree County, Texas, containing approximately 111.492 acres, more or less.
G. H. & H. RR Co.	4	42	331.964 acres out of Section Forty-two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Patent No. 180, Volume 48A, dated October 24, 1930, Ochiltree County, Texas, and more particularly described as follows: BEGINNING at the common corner of Surveys No. Forty-one (41), Forty-two (42), Forty-three (43) and Forty-four (44), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, State of Texas, said corner being a #4 rebar in place; THENCE with a State Plane Coordinate Bearing of S 89°07'34" W along the South line of said Survey No. Forty-two (42) a distance of 3399.33 feet & set a #5 rebar; THENCE N 01°45'34" W a distance of 2552.80 feet & set a #5 rebar; THENCE N 89°19'41" W a distance of 1868.30 feet & set a #5 rebar, said rebar being on the West line of said Survey No. Forty-two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey; THENCE N 01°00'27" W along the West line of said Survey No. Forty-two (42) a distance of 2677.90 feet & set a 3/4" I.D. pipe, said pipe being the Northwest (NW) corner of said survey No. Forty-two (42); THENCE N 89°07'34" E along the North line of said Survey No. Forty-two (42) a distance of 5315.09 feet & set a #5 rebar, said rebar being the Northeast (NE) corner of said Survey No. Forty-two (42), from whence the centerline of a North & South paved county road bears 20.8 feet East; THENCE S 00°50'50" E along the East line of said Survey No. Forty-two (42) a distance of 5280.80 feet to the point of BEGINNING and containing 531.964 acres, more or less; all of which is located in Ochiltree County, Texas, containing approximately 531.964 acres, more or less.
G. H. & H. RR Co.	4	43	Being a 34.876 acre tract out of Section 43, Block 4, G.H.&H. RR. Co. Survey, and recorded as Tract #1 in Volume 540, Page 856, Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a mag nail set in asphalt for the Southeast corner of Section 43, and for the Southeast corner of this tract; Thence South 89°22'20" West 1685.3' with South line of Section 43 and County Road M to a 1/2" iron rod set, for the Southerly Southeast corner of a 80.206 acre tract recorded in Volume 566, Page 738, for the Southwest corner of this tract; The following calls with Southerly line of said 80.206 acre tract and fence line: Thence North 0°55'10" East at 33.0' pass fence corner post, continuing a total distance of 468.1' to 1/2" iron rod set; Thence North 45°50'10" East 758.8' to a 5/8" iron rod found; Thence North 89°07'10" East at 1084.6' pass fence corner post, continuing a total distance of 1123.1' to a mag nail set, for the Northeast corner of this tract; Thence South 0°36' East 995.5' with East line of Section 43 and County Road 2 to the place of beginning and containing 34.876 acres; all of which is located in Ochiltree County, Texas, containing approximately 34.876 acres, more or less.
G. H. & H. RR Co.	4	43	Being a 25.505 acre tract out of Section 43, Block 4, G.H.&H. RR. Co. Survey, and recorded as Tract #2 in Volume 540, Page 856, Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a 1/2" iron rod set at fence corner, for the Southwest corner of this tract, from which the southwest corner of Section 43 bears South 44°04'40" West 1515.2' and South 89°22'20" West 1568.8' to a 1/2" iron rod found; Thence North 0°39'40" West 638.2' with East line of a 239.623 acre tract recorded in Volume 540, Page 856 to a 1/2" iron rod set, for the Northwest corner of this tract; Thence North 89°22'50" East 1661.3' with South line of a 197.659 acre tract recorded in Volume 690, Page 418, Official Public Records to a 1/2" iron rod found, for the Southerly Southeast corner of said 197.659 acre tract, and for the Northeast corner of this tract; Thence South 0°52'10" East 444.6' with fence line to a 1/2" iron rod set at fence corner, for interior corner of a 80.206 acre tract recorded in Volume 566, Page 738, Official Public Records, for the Southeast corner of this tract; The following calls with Northerly line of said 80.206 acre tract and fence line: Thence South 89°14' West 491.8' to a 1/2" iron rod set; Thence South 47°50'50" West 617.7' to 1/2" iron rod set; Thence North 89°12'30" West 695.2' to the place of beginning, and containing 25.505 acres; all of which is located in Ochiltree County, Texas, containing approximately 25.505 acres, more or less.

G. H. & H. RR Co.	4	43	Being a 239.630 acre tract in the West Half of Section 43, Block 4, G.H.&H. RR. Co. Survey, and recorded as Tract #3 in Volume 540, Page 856, Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a ½" iron rod found for the Southwest corner of Section 43, and for the Southwest corner of this tract; Thence North 0°36' West 4205.5' with West line of Section 43 to a ½" iron rod set, for the Northwest corner of this tract, from which the Northwest corner of Section 43 bears North 0°36' West 1072.7' to a ½" iron rod found; Thence North 89°22'30" East 2611.4' to a ½" iron rod w/ cap, found for the Northeast corner of this tract; Thence South 0°20'40" East 2292.4' to a ½" iron rod w/ cap, found for the Southwest corner of a 197.659 acre tract recorded in Volume 690, Page 418, Official Public Records; Thence North 89°22'50" East 30.0' to a ½" iron rod set, for the Northwest corner of a 25.502 acre tract recorded in Volume 540, Page 856, Official Public Records; Thence South 0°39'40" East 838.2' to a ½" iron rod set at fence corner, for the Southwest corner of said 25.502 acre tract; Thence South 44°04'40" West with fence line at 1469.9' pass fence corner post, continuing a total distance of 1512.2' to a ½" iron rod found, for the Southwest corner of a 80.206 acre tract recorded in Volume 566, Page 755, Official Public Records, for the Southeast corner of this tract; Thence South 89°22'20" West 1568.8' with South line of Section 43 and center of County Road M to the place of beginning, and containing 239.623 acres; all of which is located in Ochiltree County, Texas, containing approximately 239.623 acres, more or less.
G. H. & H. RR Co.	4	43	197.659 acres out of the East One-half (E/2) of Section Forty-three (43), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Patent No. 20, Volume 25, dated March 18, 1875, Ochiltree County, Texas, and more particularly described as follows: BEGINNING at the common corner of Surveys No. Forty-one (41), Forty-two (42), Forty-three (43) and Forty-four (44), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, State of Texas, said corner being a #4 rebar in place; THENCE with a State Plane Coordinate Bearing of S 89°07'34" W along the North line of said Survey No. Forty-three (43) a distance of 2684.16 feet & set a #5 rebar; THENCE S 00°35'26" E a distance of 1072.81 feet & set a #5 rebar, said rebar being the Northeast (NE) corner of an existing 239.623 acre tract recorded in Volume 540, Page 856, Office of the County Clerk, Ochiltree County, State of Texas; THENCE continue S 00°35'26" E along the East line of said existing 239.623 acre tract a distance of 2292.38 feet & set a #5 rebar; THENCE N 89°08'11" E a distance of 30.00 feet & set a #5 rebar, said rebar being the Northwest (NW) corner of an existing 25.502 acre tract recorded in Volume 540, Page 856, Office of the County Clerk, Ochiltree County, State of Texas; THENCE continue N 89°08'11" E along the North line of said existing 25.502 acre tract a distance of 1661.31 feet to a #4 rebar in place, said rebar being the Northeast (NE) corner of said existing 25.502 acre tract; THENCE N 00°09'23" W along the most Northerly West line of an existing 80.206 acre tract recorded in Volume 566, Page 738, Office of the County Clerk, Ochiltree County, State of Texas, a distance of 446.22 feet & set a #5 rebar, said rebar being the most Northerly Northwest (NW) corner of said existing 80.206 acre tract; THENCE N 89°07'34" E along the North line of said existing 80.206 acre tract a distance of 1002.55 feet to an existing #4 rebar, said rebar being the Northeast (NE) corner of said existing 80.206 acre tract, said rebar being on the East line of said Survey No. Forty-three (43), Block Four (4), Galveston Houston & Henderson Railway Company Survey; THENCE N 00°50'50" W along the East line of said Survey No. Forty-three (43) a distance of 2919.27 feet to the point of
G. H. & H. RR Co	4	28	The North one-half, and all of the Southeast Quarter (SE/4) of Section Twenty-Eight (28), Block Four (4), GH&H RR Co. Original Grantee, Abstract Number 1207, Patent dated 01-24-1923, recorded in Volume 16-A, Page 493, situated in Ochiltree County, Texas
G. H. & H. RR Co	4	29	The Northwest Quarter (NW/4)
G. H. & H. RR Co	4	29	The Northeast Quarter (NE/4)
Thomas J. Sparks			All of the Thomas J. Sparks Survey, Certificate No. 31/158, Abstract No. 325, Patent dated May 26, 1876, No. 47, Volume 8, located in Ochiltree County, Texas
J.S. Hungate	Z	10	Section Ten (10), Block Z, J. S. Hungate Survey, Certificate No. SF 2774, Abstract No. 1233, Patent dated February 10, 1920, No. 507, Vol. 5A, located in Ochiltree County, Texas.
Warren J. Mitchell Survey			160 acres, the North 1/2 of 320 acres, out of the Warren J. Mitchell Survey, Certificate No. 29/271, Abstract No. 322, Patent No. 38, Volume 15, dated December 16, 1874. Said 320 acres more fully described by metes and bounds as follows: BEGINNING at the
Warren J. Mitchell Survey			Being the South Half of the 320 acres of land, more or less, out of the Warren J. Mitchell 1920 acre Survey, Certificate No. 29/277, Patented December 16, 1874, by Patent No. 38, Volume 15, Abstract No. 322, which 320 acre tract is described by metes and
W. J. Mitchell			A tract or parcel of land described as follows, to-wit: BEING the West one-half of the East 640 acres of the Warren J. Mitchell Survey, Patent No. 38, Volume 15, dated December 16, 1874, and described by metes and bounds as follows: BEGINNING at the North
W. J. Mitchell			All of the East 320 acres of the W. J. Mitchell Survey, Ochiltree County, Texas, also described as 320 acres of land, more or less, located about eight and one-half (8-1/2) miles Northwest of the town of Farnsworth, out of the Warren J. Mitchell Survey, P
Warren J. Mitchell Survey			The North Four Hundred Twenty-six (N/426) acres of the West Seven Hundred Forty-Six (W/746) acres of the Warren J. Mitchell Survey, Ochiltree County, Texas, containing approximately 426 acres, more or less.
Anthony McGee Headright			321.7 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by Metes and bounds as follows, Beginning at a 1" iron pipe set in the intersection of three roads as called for by Rupert C. Allen County
Anthony McGee Headright			114.2 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
Anthony McGee Headright			285.4 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same

Anthony McGee Headright			A 1,402.03 acre tract of land being a portion of Subdivision 6, 7, and 8 of Johnson and Hoghland Subdivision of the Anthony McGee Headright, in Ochiltree County, Texas, being further described by metes and bounds as follows: BEGINNING at a 1" iron pipe found in the centerline of County Road "6A", being the Southeast corner of said Subdivision 7, the Southeast corner of this tract of land; THENCE N 89°30'00" W (Base Bearing), a distance of 14,011.45 feet to a 1" angle iron found on the West side of a wood post; THENCE N 0°55'00" E with a fence, a distance of 1,847.02 feet to a 1 foot dia. wood fence post; THENCE S 85°45'59" E. with a fence, a distance of 1,164.07 feet to a 3/8" rebar with a cap marked "RPLS 4664", set at a fence corner post; THENCE N 17°11'33" E. with a fence, a distance of 2,821 feet to a 3/8" (rebar with a cap marked) "RPLS 4664", set at a fence corner post; THENCE N 9°05'19" E. with a fence, a distance of 215.71 feet to a 3/8" rebar with a cap marked "RPLS 4664", set; THENCE S 89°30'00" E, a distance of 12,022.44 feet to a 3/8" rebar with a cap marked "RPLS 4664", set in the East line of said Subdivision 7, being in the centerline of said County, Road "6A"; THENCE S 0°50'59" W, a distance of 4,686.97 feet to the POINT OF BEGINNING. Said tract contains a computed area of 1,402.03 acres of land. Basis of bearing (S 89°30' E), was used based on the South line of the Johnson and Hoghland Subdivision per map in Volume 56, page 430-A, Official Public Records of Ochiltree County, Texas; all of which is located in Ochiltree County, Texas, containing 1,402.03 acres, more or less.
Anthony McGee Headright			A 1,521.90 acre tract of land being all of Subdivision 5 and 4, and a portion of Subdivision 6, 7 and 8, of Johnson and Hoghland Subdivision of the Anthony McGee Headright, in Ochiltree County, Texas, being further described by metes and bounds as follows: BEGINNING at the Northeast corner of said Subdivision 4, being in the Intersection of County Road "B" and County Road "6A", the Northeast corner of this tract of land; THENCE S 0°50'59" W, a distance of 38.96 feet pass a 1/2" rebar with a cap marked "Bezner/Webb 2057", found, continuing for a total distance of 5,268.58 feet to a (16C) rebar with a cap marked "RPLS 4664", set, the Southeast corner of this tract of land; THENCE N 89°30'00" W (Base Bearing), a distance of 12,022.44 feet to a "rebar with a cap marked "RPLS 4664", set; THENCE N 9°05'19" E, with a fence, a distance of 1,904.44 feet to a fence corner post; THENCE N 62°45'48" W, with a fence, a distance of 45.77 feet to a "rebar with a cap marked "RPLS 4664", set; THENCE S 88°24'33" W, with a fence a distance of 1,427.54 feet to a "rebar with a cap marked "RPLS 4664", set; THENCE N 1°12'35" E, a distance of 3,295.41 feet to a "rebar with a cap marked "RPLS 4664", set in the North line of said Subdivision 8, the Northwest corner of this tract of land; THENCE N 89°58'17" E a distance of 13,197.39 feet to the POINT OF BEGINNING. Said tract contains a computed area of 1,521.90 acres of land. Basis of bearing (S 89°30' E), was used based on the South line of the Johnson and Hoghland Subdivision per map in Volume 56, Page 430-A, Official Public Records of Ochiltree County, Texas; all of which is located in Ochiltree County, Texas, containing 1,521.90 acres, more or less.
McGee Survey			200 acres out of the North 642.55 acres of the South 1285.1 acres of the Anthony McGee Survey, Ochiltree County, Texas; BEGINNING at pipe set in the West boundary line of said Anthony McGee headright survey the southwest corner of subdivision No. 8, made
William Wilmuth Headright			200 acres of land on Ochiltree County, Texas, and being the South 1/2 of the West 1/2, and the South 40 acres of the East 1/2 of the W. M. Willmuth 640 acre survey, Abstract 466, conveyed by J.W. Rogers to John O. Tillerson and Edith Tillerson, on Novemb
William Wilmuth Headright			440 acres, more or less, out of the William Willmuth Headright Survey, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, described as follows: BEGINNING 2877 varas South of the Northeast corner of said Headright and along the East line of said Hea
William Wilmuth Headright			Out of the William Wilmuth Headright Survey, Certificate 629, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, and described as follows: BEGINNING at the Southwest corner of a 640 acre tract out of the Southeast part of the William Wilmuth Headri
Thomas Edwards Headright Survey			All of Subdivisions One (1), Two (2), Three (3) and Four (4) of the Thomas Edwards Survey, Ochiltree County, Texas, said land being also described as all of the Thomas Edwards Headright Survey, Certificate NO. 20/33, Abstract No. 73; all of which is locat
O.J. Bertrand Survey	Z	5	217.3 acres of land in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described as follows: Tract 1: 110 acres in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING a

Palo Duro Wind Energy, LLC

Chapter 313 Application to Perryton ISD

Cummings Westlake, LLC

ATTACHMENT 23

See attached legal description of Reinvestment Zone

**LEGAL DESCRIPTION OF REINVESTMENT ZONE
PALO DURO WIND ENERGY, LLC**

Section	SurveyName	Block	Tract
21	H. & T. C., RR Co	45	The Northwest One-quarter (NW/4) of Section 21, Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
21	H. & T. C., RR Co	45	The East Half (E/2) and the Southwest Quarter (SW/4) of Section Twenty-one (21), Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
29	H. & T. C., RR Co	45	All
30	H. & T. C., RR Co	45	All
31	H. & T. C., RR Co. Survey	45	All of the West One-Half (W/2)
32	H. & T. C., RR Co. Survey	45	All of the East One-half (E/2)
33	H. & T. C. RR Co. Survey	45	All of the North-East One Fourth (NE/4)
45	H. & T. C. RR Co. Survey	45	All of the East One-Half (E/2) and the South West One Fourth (SW/4)
28	H. & T.C. RR Co.	45	S/2
32	H. & T.C. RR Co.	45	W/2
33	H. & T.C. RR Co.	45	W/2 and SE/4
26	Houston & Texas Central Railway Company	45	ALL
34	Houston & Texas Central Railway Company	45	E/2 of the E/2
35	Houston & Texas Central Railway Company	45	NW/4
36	Houston & Texas Central Railway Company	45	ALL
43	Houston & Texas Central Railway Company	45	W/2 and SE/4
44	Houston & Texas Central Railway Company	45	E/2
47	Houston & Texas Central Railway Company	45	ALL
48	Houston & Texas Central Railway Company	45	N/2
2	WC RR Co.	2	All
42	H. & T. C., RR Co	45	All
45	H. & T. C., RR Co	45	Northwest one-fourth (NW/4)
1	W. C. RR Co	2	The South Half of the North Half (S/2 of N/2)
1	W. C. RR Co	2	The North Half of the North Half (N/2 of N/2)
1	W.C. RR. Co. Survey	2	SW/4
7	W. C. RR Co., Survey	2	ALL
	Warren J. Mitchell Survey		160 acres, the North 1/2 of 320 acres, out of the Warren J. Mitchell Survey, Certificate No. 29/271, Abstract No. 322, Patent No. 38, Volume 15, dated December 16, 1874. Said 320 acres more fully described by metes and bounds as follows: BEGINNING at the
6	W. C. R. R., Co., Survey	2	ALL
34	Houston & Texas Central Railway Company	45	W/2 and the W/2 of the E/2
35	Houston & Texas Central Railway Company	45	E/2 and SW/4
43	Houston & Texas Central Railway Company	45	NE/4
44	Houston & Texas Central Railway Company	45	W/2
21	H. & T. C., RR Co	45	The Northwest One-quarter (NW/4) of Section 21, Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
21	H. & T. C., RR Co	45	The East Half (E/2) and the Southwest Quarter (SW/4) of Section Twenty-one (21), Block 45, H&TC Ry. Co. Survey, Patent No. 233, Volume 94, dated January 19, 1886, lying in Ochiltree and Hansford Counties, Texas.
30	H. & T. C., RR Co	45	All
31	H. & T. C RR Co. Survey	45	All of the East One-Half (E/2)
15	GH&H RR Co. Survey	4	The Northwest 1/4
1	W. C. RR Co	2	The South Half of the North Half (S/2 of N/2)
29	G. H. & H. RR Co	4	The Northwest Quarter (NW/4)
1	W. C. RR Co	2	The North Half of the North Half (N/2 of N/2)
29	G. H. & H. RR Co	4	The Northeast Quarter (NE/4)
1	W.C. RR. Co. Survey	2	SW/4
1	W. C. RR Co.	2	All of the Southeast Quarter (SE/4) of Section 1, Block 2, WC RR Co. Survey, Patent No. 168, Volume 1, dated June 5, 1875, in Ochiltree County, Texas containing approximately 160 acres, more or less.
13	G. H. & H. RR Co	4	All of Section Thirteen (13), Block Four (4), GH&H RR Co. Survey, Ochiltree County, Texas; LESS and EXCEPT the following two Parcels: PARCEL ONE: A 100 acre tract of land more specifically described by metes and bounds as follows; BEGINNING at the Northwe

**LEGAL DESCRIPTION OF REINVESTMENT ZONE
PALO DURO WIND ENERGY, LLC**

28	G. H. & H. RR Co	4	The North one-half, and all of the Southeast Quarter (SE/4) of Section Twenty-Eight (28), Block Four (4), GH&H RR Co. Original Grantee, Abstract Number 1207, Patent dated 01-24-1923, recorded in Volume 16-A, Page 493, situated in Ochiltree County, Texas
1	G. H. & H. RR Co	4	All
14	G. H. & H. RR Co	4	All
2	G. H. & H. RR Co	4	All
	Thomas J. Sparks		All of the Thomas J. Sparks Survey, Certificate No. 31/158, Abstract No. 325, Patent dated May 26, 1876, No. 47, Volume 8, located in Ochiltree County, Texas
3	G. H. & H. RR Co	4	Section Three (3), Block Four (4), GH&H Ry. Co. Survey, Certificate No. 33/542, Abstract No. 76, Patent dated March 11, 1875, No. 623, Vol. 1, located in Ochiltree County, Texas.
10	J.S. Hungate	Z	Section Ten (10), Block Z, J. S. Hungate Survey, Certificate No. SF 2774, Abstract No. 1233, Patent dated February 10, 1920, No. 507, Vol. 5A, located in Ochiltree County, Texas.
4	G. H. & H. RR Co.	4	North Half (N/2) of Section Four (4), Block 4, GH&H RR. Co. Survey, Certificate No. 33/542, Abstract No. 1366, Patent dated February 18, 1926, No. 414, Volume 28A, located in Ochiltree County, Texas,
5	GH&H RR Co.	4	The Southwest Quarter (SW/4)
10	GH&H RR Co	4	SW/4
10	GH&H RR Co.	4	E/2
10	G. H. & H. RR Co	4	The North Half (N/2) of the West Half (W/2)
11	G. H. & H. RR Co.	4	The South Half (S/2)
50	G. H. & H. RR Co.	4	That part of Section Number Fifty (50), Block Four (4), GH&H Ry. Co. Survey, lying South of the State Highway No. 15 Right-of-way [subject to the conveyances heretofore made by Grantors of approximately six (6) acres sold off of the West side of Section F
12	G. H. & H. RR Co	4	All of Section 12, Block 4, GH&H Ry. Co. Survey, Ochiltree County, Texas, save and except 14 acres and more particularly described as a 10.00 acre tract out of a 14.00 acre tract in the Southwest Quarter of Section 12; Block 4, GH&H RR. Co. Survey, and re
13	G. H. & H. RR Co	4	One hundred (100) acres in the form of a square situated in the Northwest (NW) corner of Section Number Thirteen (13), Block Four (4), GH&H Ry. Co. Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING at the Northwest (NW)
16	G. H. & H. RR Co	4	The North Half (N/2)
15	G. H. & H. RR Co	4	The East One-half (E/2)
15	G. H. & H. RR Co	4	Southwest quarter section fifteen, (15), Block four (4), GH&H Ry. Co. Survey, Certificate No. 33/584, Abstract No. 82, Patent Date March 18, 1875, No. 6. Volume 25, located in Ochiltree County, Texas.
17	G. H. & H. RR Co	4	East Half (E/2)
17	G. H. & H. RR Co	4	The West half (W/2) of Section 17, Block 4, GH&H Survey Co., Ochiltree County, Texas LESS AND EXCEPT a tract of land out of the West One-Half (W/2) of Section 17, Block 4, GH&H RR. Co. Survey, Ochiltree County, Texas, described in Volume 546, Page 841, De
19	G. H. & H. RR Co	4	The Northeast Quarter (NE/4)
19	G. H. & H. RR Co	4	The Northwest Quarter (NW/4)
27	G. H. & H. RR Co	4	Northwest Quarter (NW/4) and the Northeast Quarter (NE/4) of Section 27, Block 4, G.H.& H. RR Co. Survey, in Ochiltree County, Texas containing approximately 320 acres, more or less.
28	G. H. & H. RR Co	4	The Southwest Quarter (SW/4)
29	G. H. & H. RR Co	4	The Southwest Quarter (SW/4)
29	G. H. & H. RR Co	4	The Southeast Quarter (SE/4)
	McGee Survey		200 acres out of the North 642.55 acres of the South 1285.1 acres of the Anthony McGee Survey, Ochiltree County, Texas; BEGINNING at pipe set in the West boundary line of said Anthony McGee headright survey the southwest corner of subdivision No. 8, made
	W. J. Mitchell		A tract or parcel of land described as follows, to-wit: BEING the West one-half of the East 640 acres of the Warren J. Mitchell Survey, Patent No. 38, Volume 15, dated December 16, 1874, and described by metes and bounds as follows: BEGINNING at the North
	W. J. Mitchell		All of the East 320 acres of the W. J. Mitchell Survey, Ochiltree County, Texas, also described as 320 acres of land, more or less, located about eight and one-half (8-1/2) miles Northwest of the town of Farnsworth, out of the Warren J. Mitchell Survey, P

**LEGAL DESCRIPTION OF REINVESTMENT ZONE
PALO DURO WIND ENERGY, LLC**

	Anthony McGee Headright		321.7 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by Metes and bounds as follows, Beginning at a 1" iron pipe set in the intersection of three roads as called for by Rupert C. Allen County
	Anthony McGee Headright		114.2 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
	Anthony McGee Headright		285.4 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
	Warren J. Mitchell Survey		The North Four Hundred Twenty-six (N/426) acres of the West Seven Hundred Forty-Six (W/746) acres of the Warren J. Mitchell Survey, Ochiltree County, Texas, containing approximately 426 acres, more or less.
	William Wilmuth Headright		2200 acres of land on Ochiltree County, Texas, and being the South 1/2 of the West 1/2, and the South 40 acres of the East 1/2 of the W. M. Willmuth 640 acre survey, Abstract 466, conveyed by J.W. Rogers to John O. Tillerson and Edith Tillerson, on Novemb
	William Wilmuth Headright		440 acres, more or less, out of the William Willmuth Headright Survey, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, described as follows: BEGINNING 2877 varas South of the Northeast corner of said Headright and along the East line of said Hea
	William Wilmuth Headright		Out of the William Wilmuth Headright Survey, Certificate 629, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, and described as follows: BEGINNING at the Southwest corner of a 640 acre tract out of the Southeast part of the William Wilmuth Headri
	Thomas Edwards Headright		All of Subdivisions One (1), Two (2), Three (3) and Four (4) of the Thomas Edwards Survey, Ochiltree County, Texas, said land being also described as all of the Thomas Edwards Headright Survey, Certificate NO. 20/33, Abstract No. 73; all of which is locat
5	O.J. Bertrand Survey	Z	217.3 acres of land in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described as follows: Tract 1: 110 acres in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING a

ATTACHMENT 24

Guidelines and Criteria for Ochiltree County to be provided later.

**Guidelines & Criteria for Granting Tax Abatements
Ochiltree County, Texas**

Preamble

Pursuant to Chapter 312 of the Texas Tax Code, Ochiltree County may consider an application for tax abatement, designate a reinvestment zone, and enter into a tax abatement agreement in accordance with these Guidelines and Criteria. It is the express intent of the Ochiltree County Commissioners' Court to promote economic development, but not at the expense of the county's natural resources or services provided to the general public. No application submitted under the following schedule deemed to have a substantially adverse effect on natural resources in the County or on County infrastructure (including roads and bridges) will be approved, unless the applicant can demonstrate just cause for such an exception.

I. Abatement Application Procedure

- (a) **Who may apply.** Any present or potential owner of taxable real property in Ochiltree County may submit an application for tax abatement conforming to the requirements herein.
- (b) **Eligible property.** Abatement may be granted for the following property: new, expanded or modernized buildings and structures, fixed machinery and equipment; site improvements; other tangible items necessary to the operation and administration of the project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code. Taxes on real property may be abated only to the extent the property's value for a given year exceeds its value for the year in which the agreement is executed. Tangible personal property located on the real property at any time before the period covered by the agreement is not eligible for abatement. Tangible personal property eligible for abatement shall not include inventory or supplies.

Property in a reinvestment zone that is owned or leased by a member of the County Commissioners' Court is excluded from property tax abatement.

- (c) **Application provisions.** The application shall consist of a completed Ochiltree County Tax Abatement Application Form, which shall contain the following:
 - (1) information showing how the project meets the requirements of the criteria outlined in Section II below.
 - (2) a map and description of the property;
 - (3) a time schedule for completing the planned improvements;
 - (4) the estimated taxable value or range of values of the project or facility;and

- (5) basic financial information about the applicant sufficient to enable evaluation of the application's financial capacity.

(d) **Procedure for Consideration of Application.** The procedure for consideration by the County of a Tax Abatement Application is as follows:

- (1) An applicant may request a Tax Abatement Application from the County Clerk.
- (2) After an applicant completes the Tax Abatement Application, the applicant must provide a copy to each member of the Ochiltree County Commissioners' Court and the County Clerk.
- (3) The Commissioners' Court shall issue a determination at any time before the expiration of forty-five (45) days from the date of receipt of the application regarding how to proceed with the application. The Commissioners' Court shall choose either to deny the application, consider the application, or consider the application on an expedited basis.

(A) **Denial of Application.** If the Commissioners' Court chooses to deny the application, it shall make a finding by majority vote at a regularly scheduled meeting that, after balancing the criteria described below in Section II, it is the judgment of the Commissioners' Court that the application should be denied.

(B) **Consideration of Application.** If the County determines that the application should be further considered, the Commissioners' Court must hold a public hearing to obtain public input on the application. Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be:

- (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and
- (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners' Court evaluates the application against the criteria in Section II and decides by majority vote whether to designate the property for which the 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. **An order designating an area as a reinvestment zone is valid for five years from the date of designation.** Once the area is designated as a reinvestment zone, the Commissioners' Court 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 days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in

its boundaries real property that is to be included in the proposed reinvestment zone, 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. A tax abatement agreement that is declined by the County may be amended and resubmitted to the County.

- (C) **Expedited consideration of application.** If the County determines that the application should receive expedited consideration, the Commissioners' Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners' Court, provided the County meets the procedural prerequisites for each step.
- (e) **Confidentiality.** As required by Chapter 312.003 of the Texas Tax Code, information that is provided to Ochiltree County in connection with an application or request for tax abatement under this chapter and 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 tax abatement is sought is confidential and not subject to public disclosure until the tax abatement agreement is executed.
- (f) **Effect of error or variance with application procedure.** Except where not allowed by state law, the County may waive application procedures or grant procedural variances as they deem appropriate.

II. Criteria for Designating a Reinvestment Zone and Evaluating Tax Abatement Agreement

- (A) **Minimum requirements.** To be designated a reinvestment zone, County Commissioners must find by majority vote that the designation would contribute to the retention or expansion of primary employment or would attract major investment in the zone that would be a benefit to the property and that would contribute to the economic development of the County.
- (B) **Criteria.** In determining whether to designate a reinvestment zone and whether to enter into a tax abatement agreement, the Commissioners' Court shall consider the following factors, among others determined appropriate by the Court:
- (1) the current value of land and existing improvements, if any;
 - (2) the type, value, and purpose of proposed improvements, if any;
 - (3) the productive life of proposed improvements;
 - (4) the impact of proposed improvements and any other proposed expenditures on existing jobs;
 - (5) the number and type of new jobs, if any, to be created by proposed improvements and expenditures;
 - (6) any costs to be incurred by Ochiltree County, if any, to provide facilities or services directly resulting from the new improvements;
 - (7) the types and values of public improvements, if any, to be made by applicant seeking abatement;
 - (8) an estimate of the amount of ad valorem property taxes to be paid to Ochiltree County after expiration of the abatement agreement.
 - (9) the impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any;
 - (10) the overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area; and
 - (11) whether the applicant's proposed facility or improvement or modernization is an industry which is new to Ochiltree County;
 - (12) the impact upon County infrastructure including roads, bridges and the use of County services;
 - (13) the impact upon depletion of natural resources of the County.

III. Format for Tax Abatement Agreement

(a) **Required Provisions.** If the Ochiltree County Commissioners' Court designates a reinvestment zone, it may consider and execute a tax abatement agreement with the owner of the designated property as outlined above. Any tax abatement agreement shall include at least the following provisions:

- (1) the kind, number and location of all proposed improvements of the property;
- (2) provisions allowing for reasonable access to the property for initial and intermittent inspection purposes by County employees or designated representatives to ensure improvements are made in compliance with the agreement;
- (3) provisions limiting the use of the property consistent with the general purpose of encouraging development or redevelopment of the area during the period of the abatement;
- (4) provisions for recapturing property tax revenue lost as a result of the agreement if the owner of the property fails to make the improvements or repairs as provided in the agreement;
- (5) each term agreed to by the recipient of the abatement;
- (6) a requirement that the abatement recipient certify its compliance with the agreement annually to each taxing unit that is a party to the agreement; and
- (7) provisions allowing the County to cancel or modify the agreement if the recipient fails to comply with the agreement.

(b) **Optional Provisions.** The tax abatement agreement may also contain any or all of the following items, in addition to any others deemed appropriate by the contracting parties:

- (1) the estimated taxable value or range of values for which taxes are to be abated;
- (2) the percent of value to be abated each year;
- (3) the commencement and termination dates of the abatement;
- (4) the proposed use of the property;
- (5) a time schedule, map, and property description;
- (6) contractual obligations in the event of default or violation of terms or conditions;
- (7) the size of investment and number of temporary and permanent jobs involved, if any,
- (8) provisions for dispute resolution.

- (c) **Duration and portion of abatement.** A tax abatement agreement granted by Ochiltree County shall be up to but not exceeding seven (7) years in duration and up to, but not exceeding 100 percent (100%) in portion of ad valorem property taxes abated. At any time before the expiration of the agreement, the parties may agree to modify the agreement or to delete provisions that were not necessary to the original agreement. The same procedural prerequisites for approval of the original agreement apply to modification of the agreement.
- (d) **Time limit.** Such agreement shall be executed within thirty (30) days after the passage of the resolution approving the agreement, unless the County and the applicant mutually agree otherwise.

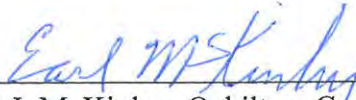
IV. General Provisions

These guidelines and criteria in no way require the Court to enter into any specific tax abatement agreement. The County maintains the discretion to reject any application for tax abatement as it deems appropriate.

V. Sunset and Amendment of Guidelines and Criteria

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years, unless amended by a three-fourths (3/4) vote of the Ochiltree County Commissioners' Court.

Moved, Seconded and Passed Unanimously, this 26th day of August, 2013.



Earl J. McKinley, Ochiltree County Judge



Duane Pshigoda, Commissioner Precinct 1



Doug Barnes, Commissioner Precinct 2



Richard Burger, Commissioner Precinct 3



Dempsey Malaney, Commissioner Precinct 4



Stacey Brown, Ochiltree County Clerk



Franchise Tax Account Status

As of: 12/11/2013 12:49:34 PM

This Page is Not Sufficient for Filings with the Secretary of State

PALO DURO WIND ENERGY, LLC DBA PALO DURO ONE WIND ENERGY, LLC	
Texas Taxpayer Number	32051279290
Mailing Address	3000 EL CAMINO REAL STE 5-700 PALO ALTO, CA 94306-2116
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	06/18/2013
Texas SOS File Number	0801803611
Registered Agent Name	CORPORATION SERVICE COMPANY DBA CSC - LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET, SUITE 620 AUSTIN, TX 78701

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



October 24, 2013

Robert Hall
Superintendent
Perryton Independent School District
821 SW 17th Ave.
Perryton, Texas 79070

Dear Superintendent Hall:

On August 23, 2013, the Comptroller received the completed application (Application # 321) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in July 2013 to the Perryton Independent School District (the school district) by Palo Duro Wind Energy, 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 3 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 (\$308.5 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a renewable energy facility in Ochiltree 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 Tax Code, 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.

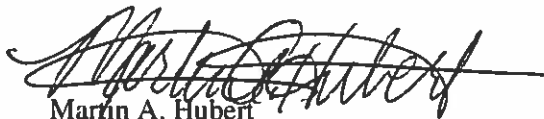
Note that any new building or other improvement existing as of the application review start date August 23, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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	Palo Duro Wind Energy, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Perryton ISD
2011-12 Enrollment in School District	2,365
County	Ochiltree
Total Investment in District	\$308,550,000
Qualified Investment	\$308,550,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	8*
Number of qualifying jobs committed to by applicant	6
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$885
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$885
Minimum Annual Wage committed to by applicant for qualified jobs	\$46,035
Investment per Qualifying Job	\$51,425,000
Estimated 15 year M&O levy without any limit or credit:	\$26,624,817
Estimated gross 15 year M&O tax benefit	\$19,399,320
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):	\$17,344,621
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$2,976,625
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$9,280,196
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	65.1%
Percentage of tax benefit due to the limitation	84.7%
Percentage of tax benefit due to the credit.	15.3%
* 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 Palo Duro Wind Energy, LLC (the project) applying to Perryton 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 eight new jobs when fully operational. All eight of these 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 Council Region, where Ochiltree County is located, was \$41,850 in 2012. The annual average manufacturing wage for 2012 for Ochiltree County was \$40,300. That same year, the county annual average wage for all industries was \$49,647. In addition to an annual average salary of \$46,035 each qualifying position will receive benefits in compliance with the Affordable Care Act, area wide competitive 401(k) retirement savings plan, vacation, sick leave and skills training. The project's total investment is \$308.5 million, resulting in a relative level of investment per qualifying job of \$51.4 million.

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

According to Palo Duro Wind Energy, LLC's application, "Multiple MAP funds have invested approximately \$4,500,000,000 in wind entities and successfully developed multiple wind farms in different states around the United States of America totaling over 3000 MW of wind generating projects. Depending on the ability to generate cost-effective electricity for regional consumers, these companies ultimately have the ability to locate or relocate in another state, another region of Texas, or another region of the world. Palo Duro Wind Energy believes, however, that the proposed site in Ochiltree and Hansford Counties is a desirable business location and can provide electricity at a price that is competitive with other regions of Texas."

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

During the past two years, 21 projects in the Panhandle Regional Planning Council Region applied for value limitation agreements under Tax Code, Chapter 313.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Palo Duro Wind Energy, LLC 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 Palo Duro Wind Energy, LLC'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 Palo Duro Wind Energy, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	5	5	10	\$200,000	\$166,000	\$366,000
2014	100	94	194	\$4,000,000	\$6,986,000	\$10,986,000
2015	8	9	17	\$368,280	\$1,340,720	\$1,709,000
2016	8	8	16	\$368,280	\$1,218,720	\$1,587,000
2017	8	13	21	\$368,280	\$1,706,720	\$2,075,000
2018	8	13	21	\$368,280	\$1,706,720	\$2,075,000
2019	8	17	25	\$368,280	\$1,584,720	\$1,953,000
2020	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2021	8	19	27	\$368,280	\$1,950,720	\$2,319,000
2022	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2023	8	17	25	\$368,280	\$2,317,720	\$2,686,000
2024	8	15	23	\$368,280	\$1,950,720	\$2,319,000
2025	8	19	27	\$368,280	\$1,950,720	\$2,319,000
2026	8	10	18	\$368,280	\$1,340,720	\$1,709,000
2027	8	12	20	\$368,280	\$1,584,720	\$1,953,000
2028	8	8	16	\$368,280	\$1,340,720	\$1,709,000

Source: CPA, REMI, Palo Duro Wind Energy, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Perryton ISD's ad valorem tax base in 2012-2013 was \$1.2 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Perryton ISD's estimated wealth per WADA was \$399,724. 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, Ochiltree County, Hospital District, Frank Phillips College, and North Plains Underground Water Conservation District, with all property tax incentives sought being granted using estimated market value from Palo Duro Wind Energy, LLC's application. Palo Duro Wind Energy, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county and the hospital district. Table 3 illustrates the estimated tax impact of the Palo Duro Wind Energy, LLC 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	Perryton ISD I&S Levy	Perryton ISD M&O Levy	Perryton ISD M&O and I&S Tax Levies (Before Credit Credited)	Perryton ISD M&O and I&S Tax Levies (After Credit Credited)	Ochiltree County Tax Levy	Ochiltree County Hospital District Tax Levy	Frank Phillips College District Tax Levy	North Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			0.085000	1.040000				0.420000	0.156000	0.031800	0.026016	
2014	7,713,750	\$7,713,750		\$6,557	\$80,223	\$86,780	\$86,780	\$32,398	\$12,033	\$2,453	\$2,007	\$135,671
2015	\$296,214,000	\$296,214,000		\$251,782	\$3,080,626	\$3,332,408	\$3,332,408	\$0	\$0	\$94,196	\$77,063	\$3,503,667
2016	\$272,548,500	\$10,000,000		\$231,666	\$104,000	\$335,666	\$335,666	\$0	\$0	\$86,670	\$70,906	\$493,243
2017	\$250,776,300	\$10,000,000		\$213,160	\$104,000	\$317,160	\$202,466	\$0	\$0	\$79,747	\$65,242	\$347,455
2018	\$230,744,500	\$10,000,000		\$196,133	\$104,000	\$300,133	\$191,601	\$0	\$0	\$73,377	\$60,030	\$325,008
2019	\$212,315,000	\$10,000,000		\$180,468	\$104,000	\$284,468	\$181,512	\$0	\$0	\$67,516	\$55,236	\$304,264
2020	\$195,358,900	\$10,000,000		\$166,055	\$104,000	\$270,055	\$172,146	\$0	\$0	\$62,124	\$50,825	\$285,095
2021	\$179,758,100	\$10,000,000		\$152,794	\$104,000	\$256,794	\$163,450	\$0	\$0	\$57,163	\$46,766	\$267,379
2022	\$165,404,600	\$10,000,000		\$140,594	\$104,000	\$244,594	\$159,513	\$0	\$0	\$52,599	\$43,032	\$255,143
2023	\$152,199,400	\$10,000,000		\$129,369	\$104,000	\$233,369	\$151,690	\$0	\$0	\$48,399	\$39,596	\$239,686
2024	\$140,049,500	\$140,049,500		\$119,042	\$1,456,515	\$1,575,557	\$65,823	\$0	\$0	\$44,536	\$36,435	\$146,794
2025	\$128,870,900	\$128,870,900		\$109,540	\$1,340,257	\$1,449,798	\$667,102	\$541,258	\$201,039	\$40,981	\$33,527	\$1,483,906
2026	\$118,585,600	\$118,585,600		\$100,798	\$1,233,290	\$1,334,088	\$1,334,088	\$498,060	\$184,994	\$37,710	\$30,851	\$2,085,703
2027	\$109,122,600	\$109,122,600		\$92,754	\$1,134,875	\$1,227,629	\$1,227,629	\$458,315	\$170,231	\$34,701	\$28,389	\$1,919,266
2028	\$100,416,900	\$100,416,900		\$85,354	\$1,044,336	\$1,129,690	\$1,129,690	\$421,751	\$156,650	\$31,933	\$26,124	\$1,766,149
						Total	\$9,401,564	\$1,951,781	\$724,947	\$814,105	\$666,030	\$13,558,427

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

Source: CPA, Palo Duro Wind Energy, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Perryton ISD I&S Levy	Perryton ISD M&O Levy		Perryton ISD M&O and I&S Tax Levies	Ochiltree County Tax Levy	Ochiltree County Hospital District Tax Levy	Frank Phillips College District Tax Levy	North Plains Underground Water Conservation District Tax Levy	Estimated Total Property Taxes
			Tax Rate	0.085000	1.040000			0.420000	0.156000	0.031800	0.026016	
2014	7,713,750	7,713,750		\$6,557	\$80,223		\$86,780	\$32,398	\$12,033	\$2,453	\$2,007	\$135,671
2015	\$296,214,000	\$296,214,000		\$251,782	\$3,080,626		\$3,332,408	\$1,244,099	\$462,094	\$94,196	\$77,063	\$5,209,859
2016	\$272,548,500	\$272,548,500		\$231,666	\$2,834,504		\$3,066,171	\$1,144,704	\$425,176	\$86,670	\$70,906	\$4,793,627
2017	\$250,776,300	\$250,776,300		\$213,160	\$2,608,074		\$2,821,233	\$1,053,260	\$391,211	\$79,747	\$65,242	\$4,410,694
2018	\$230,744,500	\$230,744,500		\$196,133	\$2,399,743		\$2,595,876	\$969,127	\$359,961	\$73,377	\$60,030	\$4,058,371
2019	\$212,315,000	\$212,315,000		\$180,468	\$2,208,076		\$2,388,544	\$891,723	\$331,211	\$67,516	\$55,236	\$3,734,230
2020	\$195,358,900	\$195,358,900		\$166,055	\$2,031,733		\$2,197,788	\$820,507	\$304,760	\$62,124	\$50,825	\$3,436,004
2021	\$179,758,100	\$179,758,100		\$152,794	\$1,869,484		\$2,022,279	\$754,984	\$280,423	\$57,163	\$46,766	\$3,161,614
2022	\$165,404,600	\$165,404,600		\$140,594	\$1,720,208		\$1,860,802	\$694,699	\$258,031	\$52,599	\$43,032	\$2,909,163
2023	\$152,199,400	\$152,199,400		\$129,369	\$1,582,874		\$1,712,243	\$639,237	\$237,431	\$48,399	\$39,596	\$2,676,907
2024	\$140,049,500	\$140,049,500		\$119,042	\$1,456,515		\$1,575,557	\$588,208	\$218,477	\$44,536	\$36,435	\$2,463,213
2025	\$128,870,900	\$128,870,900		\$109,540	\$1,340,257		\$1,449,798	\$541,258	\$201,039	\$40,981	\$33,527	\$2,266,602
2026	\$118,585,600	\$118,585,600		\$100,798	\$1,233,290		\$1,334,088	\$498,060	\$184,994	\$37,710	\$30,851	\$2,085,703
2027	\$109,122,600	\$109,122,600		\$92,754	\$1,134,875		\$1,227,629	\$458,315	\$170,231	\$34,701	\$28,389	\$1,919,266
2028	\$100,416,900	\$100,416,900		\$85,354	\$1,044,336		\$1,129,690	\$421,751	\$156,650	\$31,933	\$26,124	\$1,766,149
						Total	\$28,800,884	\$10,752,330	\$3,993,723	\$814,105	\$666,030	\$45,027,071

Source: CPA, Palo Duro Wind Energy, LLC

¹Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$24,445,606. The estimated gross 13 year M&O tax benefit, or levy loss, is \$19,399,320.

Attachment 3 is an economic overview of Ochiltree 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

Amendment No. 001 Attachment 17

Schedule A (Rev. January 2013) Investment

Form 50-296

Applicant Name: PAUL DURO WIND ENERGY, LLC
HSO Name: FERRIS, LLC

PROPERTY INVESTMENT AMOUNTS		Estimated Investment each year. Do not put cumulative totals.					Column A	Column B	Column C	Column D	Column E
		School Year	Tax Year	Personal Property	Building or permanent	Sum of A and B	Other investment per 100	Total Investment			
		YYYY-YYYY	YYYY-YYYY	The amount of new investment	nonexpendable component	during the qualifying	investment eligible economic	(A+B+D)			
				being placed in service of building	only	time period	investment and total value				
The year preceding the first complete tax year of the qualifying time period (assuming no deferral)	Investment made before filing complete application with district (former qualified property not eligible to become qualified investment)	2013-2014	2013	0	0	0	0	0			
	Investment made after filing complete application with district but before final board approval of application eligible to become qualified property.	2014-2015	2014	35,422,500	0	35,422,500	0	35,422,500			
	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)	2015-2016	2015	792,522,500	0	792,522,500	0	792,522,500			
		2016-2017	2016	0	0	0	0	0			
		2017-2018	2017	0	0	0	0	0			
Tax Credit Period (first 50% cap on credit)		2018-2019	2018	0	0	0	0	0			
		2019-2020	2019	0	0	0	0	0			
		2020-2021	2020	0	0	0	0	0			
		2021-2022	2021	0	0	0	0	0			
		2022-2023	2022	0	0	0	0	0			
Credit Set-Up Period		2023-2024	2023	0	0	0	0	0			
		2024-2025	2024	0	0	0	0	0			
		2025-2026	2025	0	0	0	0	0			
		2026-2027	2026	0	0	0	0	0			
		2027-2028	2027	0	0	0	0	0			
Post-Set-Up Period		2028-2029	2028	0	0	0	0	0			
		2029-2030	2029	0	0	0	0	0			

Qualifying Time Period: This period usually begins with the final board approval of the application and extends generally for the following five complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment, as defined in Tax Code §113 (2)(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative total.

Column B: (If for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.)

Column C: (If for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.)

Column D: (If for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.)

Column E: (If for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property.)

Notes: 1. For all scheduled clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, when additional time is needed for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property of buildings or infrastructure 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. This is not a significant example for many projects would be and. Other examples may be fees 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.

2. For all scheduled clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, when additional time is needed for the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property of buildings or infrastructure 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. This is not a significant example for many projects would be and. Other examples may be fees 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.

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, reduce original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

August 7, 2013
DATE

[Signature]
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule B (Rev. January 2013): Estimated Market And Taxable Value
PALO DURO WIND ENERGY, LLC

Form 50-296

Applicant Name
 ISD Name

PERRYTON ISD

	Year	School Year (YYYY-YYYY)	Tax Year (FBI 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 on the new building or "in or on the new improvement"		Final taxable value for M&O - after all reductions	Final taxable value for M&O - after all reductions
	pre-year 1	2013-2014	2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014-2015	\$ -	\$ -	\$ 7,713,750	\$ -	\$ 7,713,750	\$ 7,713,750
		2	2015-2016	\$ -	\$ 582,000	\$ 295,632,000	\$ -	\$ 296,214,000	\$ 296,214,000
		3	2016-2017	\$ -	\$ 567,500	\$ 271,981,000	\$ -	\$ 272,548,500	\$ 10,000,000
		4	2017-2018	\$ -	\$ 553,300	\$ 250,223,000	\$ -	\$ 250,776,300	\$ 10,000,000
		5	2018-2019	\$ -	\$ 539,500	\$ 230,205,000	\$ -	\$ 230,744,500	\$ 10,000,000
		6	2019-2020	\$ -	\$ 526,000	\$ 211,789,000	\$ -	\$ 212,315,000	\$ 10,000,000
		7	2020-2021	\$ -	\$ 512,900	\$ 194,846,000	\$ -	\$ 195,358,900	\$ 10,000,000
		8	2021-2022	\$ -	\$ 500,100	\$ 179,258,000	\$ -	\$ 179,758,100	\$ 10,000,000
		9	2022-2023	\$ -	\$ 487,600	\$ 164,917,000	\$ -	\$ 165,404,600	\$ 10,000,000
		10	2023-2024	\$ -	\$ 475,400	\$ 151,724,000	\$ -	\$ 152,199,400	\$ 10,000,000
		11	2024-2025	\$ -	\$ 463,500	\$ 139,586,000	\$ -	\$ 140,049,500	\$ 140,049,500
		12	2025-2026	\$ -	\$ 451,900	\$ 128,419,000	\$ -	\$ 128,870,900	\$ 128,870,900
		13	2026-2027	\$ -	\$ 440,600	\$ 118,145,000	\$ -	\$ 118,585,600	\$ 118,585,600
		14	2027-2028	\$ -	\$ 429,600	\$ 108,693,000	\$ -	\$ 109,122,600	\$ 109,122,600
		15	2028-2029	\$ -	\$ 418,900	\$ 99,998,000	\$ -	\$ 100,416,900	\$ 100,416,900
Credit Settle-Up Period	Continue to Maintain Viable Presence								
	Post- Settle-Up Period								
	Post- Settle-Up Period								

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

 July 19, 2013
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE DATE

Amendment No. 001 Attachment 19

Schedule C- Application: Employment Information

Applicant Name
ISD Name

PALO DURO WIND ENERGY LLC
PERRYTON, ISD

Form 50-296

			Construction		New Jobs		Qualifying Jobs			
	Year	School Year (YYYY-YYYY)	Tax Year (F-1 in actual tax year) YYYY	Column A: Number of Construction FTE's or multi- FTEs (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs	
Tax Credit Period (even 50% cap on credit)			pre year 1	5 FTEs	\$40,000.00	0	\$0.00	0	\$0.00	
	Complete tax years of qualifying time period	1	2014-2015	2014	100 FTEs	\$40,000.00	0	\$0.00	3	\$0.00
		2	2015-2016	2015			3	\$46,035.00	6	\$46,035.00
		3	2016-2017	2016			8	\$46,035.00	6	\$46,035.00
		4	2017-2018	2017			9	\$46,035.00	6	\$46,035.00
		5	2018-2019	2018			8	\$46,035.00	6	\$46,035.00
	Value Limitation Period	6	2019-2020	2019			8	\$46,035.00	6	\$46,035.00
		7	2020-2021	2020			8	\$46,035.00	6	\$46,035.00
		8	2021-2022	2021			0	\$46,035.00	6	\$46,035.00
		9	2022-2023	2022			9	\$46,035.00	6	\$46,035.00
		10	2023-2024	2023			8	\$46,035.00	6	\$46,035.00
	Credit Settle-Up Period	11	2024-2025	2024			8	\$46,035.00	6	\$46,035.00
		12	2025-2026	2025			8	\$46,035.00	6	\$46,035.00
		13	2026-2027	2026			8	\$46,035.00	6	\$46,035.00
		Post-Settle-Up Period	14	2027-2028	2027			8	\$46,035.00	5
15			2028-2029	2028			8	\$46,035.00	6	\$46,035.00

Notes: For job definitions see TAC §§ 105.1(14) and Tax Code §313.02(3)

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



SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

August 7, 2013

Amendment No. 003 Attachment 20

Schedule D: (Rev. January 2013): Other Tax Information

Applicant Name PALO DURO WIND ENERGY, LLC				Sales Tax Information		Franchise Tax		PERRYTON ISD Other Property Tax Abatements Sought				Form 50-296	
				Sales Taxable Expenditures		Franchise Tax							
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital	Other			
				Tax/ Calendar Year YYYY	School Year (YYYY-YYYY)	Year							
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)							1,928,438	13,499,063					
							36,640,313	256,482,188	0	n/a	n/a	n/a	n/a
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period	1	2014-2015	2014			0	0%	n/a	n/a	n/a	n/a	n/a
		2	2015-2016	2015			0	100% *	n/a	100%	n/a	n/a	n/a
		3	2016-2017	2016			0	100% *	n/a	100%	100%	n/a	n/a
		4	2017-2018	2017			0	100% *	n/a	100%	100%	n/a	n/a
		5	2018-2019	2018			0	100% *	n/a	100%	100%	n/a	n/a
		6	2019-2020	2019			80,000	100% *	n/a	100%	100%	n/a	n/a
		7	2020-2021	2020			80,000	100% *	n/a	100%	100%	n/a	n/a
		8	2021-2022	2021			80,000	100% *	n/a	100%	100%	n/a	n/a
		9	2022-2023	2022			80,000	100% *	n/a	100%	100%	n/a	n/a
		10	2023-2024	2023			80,000	100% *	n/a	100%	100%	n/a	n/a
		11	2024-2025	2024			80,000	100% *	n/a	100%	100%	n/a	n/a
		12	2025-2026	2025			80,000	0%	0%	0%	0%	-	-
		13	2026-2027	2026			80,000	0%	0%	0%	0%	-	-
		14	2027-2028	2027			80,000	0%	0%	0%	0%	-	-
		15	2028-2029	2028			80,000	0%	0%	0%	0%	-	-

*For planning, construction and operation of the facility

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Sept. 25, 2013

* NOTE - An anticipated contractual PILOT payment of approximately \$2,000 per MW installed will be made annually.

Attachment 2

October 18, 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 Palo Duro Wind Energy LLC project on the number and size of school facilities in Perryton Independent School District (PISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the PISD superintendent, Robert Hall, the TEA has found that the Palo Duro Wind Energy LLC project would not have a significant impact on the number or size of school facilities in PISD.

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,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

October 18, 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 Palo Duro Wind Energy LLC project for the Perryton Independent School District (PISD). 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 Palo Duro Wind Energy LLC project on PISD 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,



Al McKenzie, Manager
Foundation School Program Support

AM/rk

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Palo Duro Wind Energy, LLC**

**Prepared by
Randy McDowell, RTSBA
&
Neal Brown
School Finance Consultants**

**Summary of Perryton ISD Financial Impact
of the
Limited Appraised Value Application
from
Palo Duro Wind Energy, LLC**

Introduction

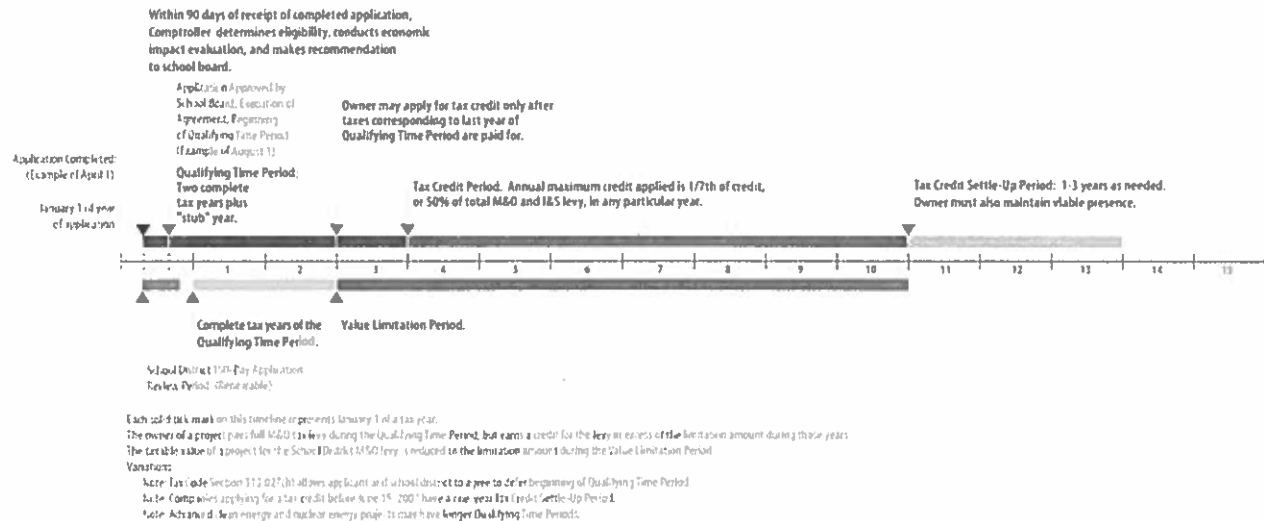
Palo Duro Wind Energy, LLC applied for a property value limitation from Perryton Independent School District under Chapter 313 of the Tax Code. The application was submitted on July 26, 2013 and subsequently approved for consideration by the Perryton ISD Board of Trustees. Palo Duro Wind Energy, LLC ("Palo Duro Wind"), 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.

Perryton 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. Perryton ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Perryton ISD

Perryton ISD Financial Impact of Chapter 313 Agreement

has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Perryton 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 Palo Duro Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Perryton ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Palo Duro Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	7,713,750	n/a	0	7,713,750
Jan. 1, 2015	296,214,000	n/a	0	296,214,000
Jan. 1, 2016	272,548,500	(10,000,000)	262,548,500	10,000,000
Jan. 1, 2017	250,776,300	(10,000,000)	240,776,300	10,000,000
Jan. 1, 2018	230,744,500	(10,000,000)	220,744,500	10,000,000
Jan. 1, 2019	212,315,000	(10,000,000)	202,315,000	10,000,000
Jan. 1, 2020	195,358,900	(10,000,000)	185,358,900	10,000,000
Jan. 1, 2021	179,758,100	(10,000,000)	169,758,100	10,000,000
Jan. 1, 2022	165,404,600	(10,000,000)	155,404,600	10,000,000
Jan. 1, 2023	152,199,400	(10,000,000)	142,199,400	10,000,000
Jan. 1, 2024	140,049,500	n/a	0	140,049,500
Jan. 1, 2025	128,870,900	n/a	0	128,870,900
Jan. 1, 2026	118,585,600	n/a	0	118,585,600

Perryton ISD Financial Impact of Chapter 313 Agreement

Palo Duro Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Palo Duro Wind is \$17.344 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. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Perryton ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.04 for the life of this agreement.
- The district currently has outstanding bonded indebtedness that are scheduled to payoff in 2036 and currently has a \$.06 I&S rate. The annual debt payment is approximately \$1,440,000. The additional value of the company will further reduce the I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.040	0.093	80,223	0	n/a	0	0
2015-2016	1.040	0.076	3,080,626	0	n/a	0	0
2016-2017	1.040	0.077	2,834,504	2,730,504	n/a	(2,054,699)	675,805
2017-2018	1.040	0.050	2,608,074	2,504,074	114,694	0	2,618,768
2018-2019	1.040	0.049	2,399,743	2,295,743	108,532	0	2,404,275
2019-2020	1.040	0.048	2,208,076	2,104,076	102,956	0	2,207,032
2020-2021	1.040	0.047	2,031,733	1,927,733	97,909	0	2,025,642
2021-2022	1.040	0.046	1,869,484	1,765,484	93,344	0	1,858,829
2022-2023	1.040	0.040	1,720,208	1,616,208	85,081	0	1,701,289
2023-2024	1.040	0.039	1,582,874	1,478,874	81,679	0	1,560,553
2024-2025	1.040	0.038	1,456,515	0	1,509,734	0	1,509,734
2025-2026	1.040	0.038	1,340,257	0	782,696	0	782,696
2026-2027	1.040	0.037	1,233,290	0	0	0	0
Totals			24,445,606	16,422,695	2,976,625	(2,054,699)	17,344,621

Perryton 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 Perryton 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 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 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 3.0% 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 increase slightly; therefore, the projected ADA and WADA for school year 2012-2013 was increased by .5% 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.

Perryton 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 Palo Duro Wind (Table III), the addition of Palo Duro Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Palo Duro Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Palo Duro Wind:

Fiscal Year					Revenue		
	Total Taxable Value	M&O Taxes		Recapture Amount	Tier I Total Revenue	Above Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2014-2015	1,543,295,849	15,432,958	1,261,155	0	16,694,113	781,346	17,475,459
2015-2016	1,589,594,724	15,895,947	889,293	0	16,785,240	785,181	17,570,421
2016-2017	1,637,282,566	16,372,826	873,520	106,009	17,140,337	789,037	17,929,374
2017-2018	1,686,401,043	16,864,010	883,651	515,860	17,231,802	792,914	18,024,716
2018-2019	1,736,993,074	17,369,931	898,523	940,039	17,328,415	796,812	18,125,226
2019-2020	1,789,102,866	17,891,029	913,508	1,378,988	17,425,549	800,731	18,226,280
2020-2021	1,842,775,952	18,427,760	901,466	1,833,158	17,496,067	804,671	18,300,738
2021-2022	1,898,059,231	18,980,592	941,970	2,303,018	17,619,545	808,632	18,428,177
2022-2023	1,955,001,008	19,550,010	956,213	2,789,048	17,717,175	812,615	18,529,790
2023-2024	2,013,651,038	20,136,510	969,847	3,291,743	17,814,614	816,619	18,631,233
2024-2025	2,074,060,569	20,740,606	983,631	3,811,615	17,912,621	823,251	18,735,873
2025-2026	2,136,282,386	21,362,824	996,820	4,349,188	18,010,456	847,891	18,858,347
2026-2027	2,200,370,858	22,003,709	1,009,475	4,905,005	18,108,179	873,270	18,981,449

Perryton ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues *with* Palo Duro Wind *without* Chapter 313 Agreement:

					Revenue		
		M&O Taxes			Tier I	Above	Total
Fiscal	Total Taxable	Compressed	State	Recapture	Total	Comp	District
Year	Value	Rate	Revenue	Amount	Revenue	Rate	Revenue
2014-2015	1,551,009,599	15,510,096	1,260,383	0	16,770,479	785,239	17,555,719
2015-2016	1,885,808,724	18,858,087	838,497	0	19,696,584	958,982	20,655,566
2016-2017	1,909,831,066	19,098,311	948,131	3,104,105	16,942,336	775,486	17,717,822
2017-2018	1,937,177,343	19,371,773	951,492	3,272,516	17,050,749	780,552	17,831,301
2018-2019	1,967,737,574	19,677,376	960,134	3,474,382	17,163,128	785,551	17,948,678
2019-2020	2,001,417,866	20,014,179	969,456	3,708,678	17,274,956	794,485	18,069,441
2020-2021	2,038,134,852	20,381,349	952,270	3,974,516	17,359,102	809,024	18,168,127
2021-2022	2,077,817,331	20,778,173	988,107	4,271,099	17,495,182	824,739	18,319,920
2022-2023	2,120,405,608	21,204,056	998,116	4,597,740	17,604,432	841,604	18,446,035
2023-2024	2,165,850,438	21,658,504	1,007,910	4,953,857	17,712,557	859,600	18,572,157
2024-2025	2,214,110,069	22,141,101	1,018,214	5,338,961	17,820,353	878,711	18,699,064
2025-2026	2,265,153,286	22,651,533	1,028,250	5,752,638	17,927,144	898,924	18,826,068
2026-2027	2,318,956,458	23,189,565	1,038,130	6,194,573	18,033,122	920,230	18,953,352

TABLE V – District Revenues *with* Palo Duro Wind *with* Chapter 313 Agreement:

Fiscal Year					Revenue			
	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Tier I	Above	Payment	Total District Revenue
					Total	Comp	for District	
					Revenue	Rate	Losses	
2014-2015	1,551,009,599	15,510,096	1,260,383	0	16,770,479	785,239	0	17,555,719
2015-2016	1,885,808,724	18,858,087	838,497	0	19,696,584	958,982	0	20,655,566
2016-2017	1,847,282,566	16,472,826	1,198,526	2,877,378	14,993,974	669,149	2,054,899	17,717,822
2017-2018	1,696,401,043	16,964,010	886,207	618,750	17,231,467	792,760	0	18,024,227
2018-2019	1,746,993,074	17,469,931	901,028	1,042,860	17,328,099	796,662	0	18,124,761
2019-2020	1,799,102,866	17,991,029	915,966	1,481,740	17,425,254	800,585	0	18,225,839
2020-2021	1,852,775,952	18,527,760	903,878	1,935,845	17,495,793	804,529	0	18,300,322
2021-2022	1,908,059,231	19,080,592	944,341	2,405,640	17,619,294	808,494	0	18,427,788
2022-2023	1,965,001,008	19,650,010	958,542	2,891,806	17,716,946	812,481	0	18,529,427
2023-2024	2,023,651,038	20,236,510	972,139	3,394,240	17,814,409	816,489	0	18,630,897
2024-2025	2,214,110,069	22,141,101	975,293	4,158,296	18,958,097	878,711	0	19,836,808
2025-2026	2,265,153,286	22,651,533	1,028,250	5,752,638	17,927,144	898,924	0	18,826,068
2026-2027	2,318,956,458	23,189,565	1,038,130	6,194,573	18,033,122	920,230	0	18,953,352

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.

Perryton ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Palo Duro Wind Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Perryton ISD by Palo Duro Wind, the projected amount of these payments over the life of the agreement is \$2,962,130 of the \$17.344 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	Perryton ISD Share \$100/ADA	Palo Duro Wind's Share
2014-2015	0	221,100	(221,100)
2015-2016	0	222,206	(222,206)
2016-2017	675,805	223,317	452,489
2017-2018	2,618,768	224,433	2,394,334
2018-2019	2,404,275	225,555	2,178,720
2019-2020	2,207,032	226,683	1,980,349
2020-2021	2,025,642	227,816	1,797,825
2021-2022	1,858,829	228,956	1,629,873
2022-2023	1,701,289	230,100	1,471,188
2023-2024	1,560,553	231,251	1,329,302
2024-2025	1,509,734	232,407	1,277,327
2025-2026	782,696	233,569	549,127
2026-2027	0	234,737	(234,737)
Totals	17,344,621	2,962,130	14,382,491

Perryton ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Perryton Kindergarten	EE-KG	17	340	323	17
James Wright Elem.	1-3	34	680	604	76
Edwin Williams Int	4-5	24	480	338	142
Perryton Jr High	6-8	33	594	538	56
Perryton High School	9-12	50	900	540	360
Total		158	2,994	2,343	651

The building capacities are based on 20 students per classroom for elementary and 18 students per classroom for secondary. Perryton ISD is a early education through 12th grade district.

Palo Duro Wind Energy, 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 eight full-time employees are expected. It is not known whether these would be new employees to the Perryton 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 eight positions equates to 4 new students.

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

Perryton ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Palo Duro Wind Energy, 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, Palo Duro Wind is projected to benefit from a 84% tax savings over the first twelve year period of this agreement. Palo Duro Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

Attachment 3

Ochiltree County

Population

- Total county population in 2010 for Ochiltree County: 9,758 , down 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Ochiltree County was the state's 168rd largest county in population in 2010 and the 213rd fastest growing county from 2009 to 2010.
- Ochiltree County's population in 2009 was 50.3 percent Anglo (above the state average of 46.7 percent), 0.3 percent African-American (below the state average of 11.3 percent) and 47.1 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Ochiltree County:

Perryton: 8,450

Economy and Income

Employment

- September 2011 total employment in Ochiltree County: 5,516 , up 1.4 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 Ochiltree County unemployment rate: 4.4 percent, down from 4.6 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

- Ochiltree County's ranking in per capita personal income in 2009: 49th with an average per capita income of \$38,118, down 11.6 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 Ochiltree County averaged \$241.15 million annually from 2007 to 2010. County total agricultural values in 2010 were up 90.1 percent from 2009. Major agriculture related commodities in Ochiltree County during 2010 included:
 - Sorghum
 - Corn
 - Wheat
 - Fed Beef
 - Hogs
- 2011 oil and gas production in Ochiltree County: 1.6 million barrels of oil and 17.3 million Mcf of gas. In September 2011, there were 584 producing oil wells and 855 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 Ochiltree County during the fourth quarter 2010: \$45.83 million, up 30.7 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Perryton: \$38.08 million, up 29.9 percent from the same quarter in 2009.

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

- Taxable sales in Ochiltree County through the fourth quarter of 2010: \$159.65 million, up 11.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Perryton: \$130.79 million, up 9.8 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Ochiltree County during 2010: \$159.65 million, up 11.1 percent from 2009.
- Ochiltree County sent an estimated \$9.98 million (or 0.06 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Perryton: \$130.79 million, up 9.8 percent from 2009.

Sales Tax – Local Sales Tax Allocations

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

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Ochiltree County based on the sales activity month of August 2011: \$314,060.19, up 22.3 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 Perryton: \$314,060.19, up 22.3 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 Ochiltree County based on sales activity months from September 2010 through August 2011: \$4.04 million, up 39.3 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 Perryton: \$4.04 million, up 39.3 percent from fiscal 2010.

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

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Ochiltree County based on sales activity months through August 2011: \$2.77 million, up 42.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 Perryton: \$2.77 million, up 42.4 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 Ochiltree County based on sales activity in the 12 months ending in August 2011: \$4.04 million, up 39.3 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 Perryton: \$4.04 million, up 39.3 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
 Perryton: \$3.46 million, up 44.2 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 Ochiltree County based on sales activity months in 2010: \$3.22 million, up 11.2 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 Perryton: \$3.22 million, up 11.2 percent from 2009.

Property Tax

- As of January 2009, property values in Ochiltree County: \$1.25 billion, up 5.2 percent from January 2008 values. The property tax base per person in Ochiltree County is \$128,138, above the statewide average of \$85,809. About 43.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Ochiltree County's ranking in state expenditures by county in fiscal year 2010: 190th. State expenditures in the county for FY2010: \$23.82 million, up 0.2 percent from FY2009.
- In Ochiltree County, 6 state agencies provide a total of 23 jobs and \$196,391.00 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
 - Parks & Wildlife Department
 - Health & Human Services Commission

- AgriLife Extension Service

Higher Education

- Community colleges in Ochiltree County fall 2010 enrollment:

- None.

- Ochiltree County is in the service area of the following:

- Frank Phillips College with a fall 2010 enrollment of 1,208 . Counties in the service area include:

Dallam County
Hansford County
Hartley County
Hemphill County
Hutchinson County
Lipscomb County
Ochiltree County
Roberts County
Sherman County

- Institutions of higher education in Ochiltree County fall 2010 enrollment:

- None.

School Districts

- Ochiltree County had 1 school districts with 6 schools and 2,255 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.)

- Perryton ISD had 2,255 students in the 2009-10 school year. The average teacher salary was \$41,969. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Palo Duro Wind Energy, LLC**

Prepared by
Randy McDowell, RTSBA
&
Neal Brown
School Finance Consultants

**Summary of Perryton ISD Financial Impact
of the
Limited Appraised Value Application
from
Palo Duro Wind Energy, LLC**

Introduction

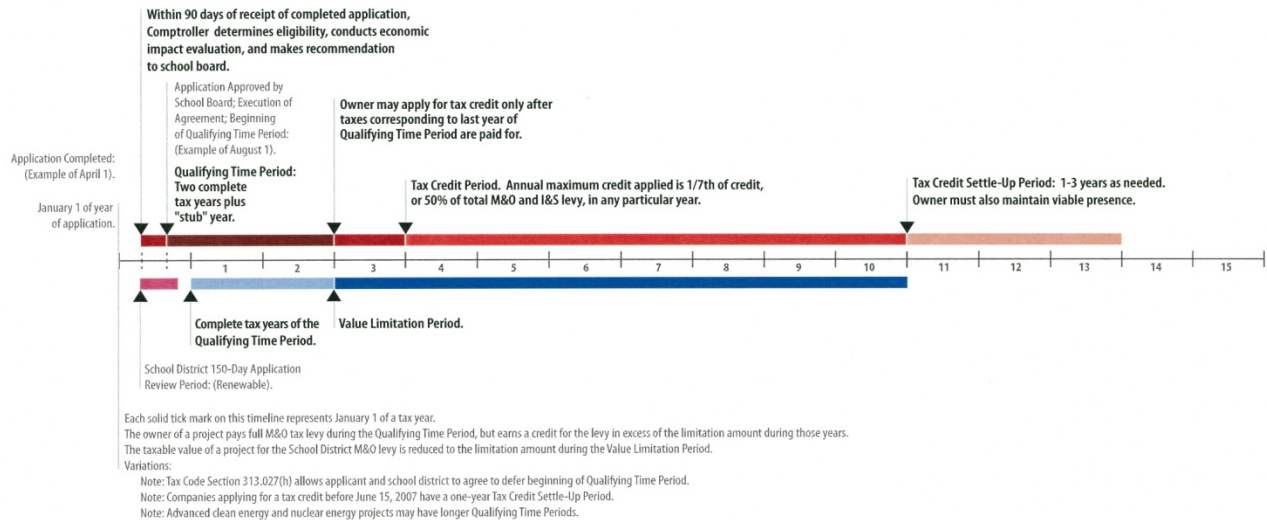
Palo Duro Wind Energy, LLC applied for a property value limitation from Perryton Independent School District under Chapter 313 of the Tax Code. The application was submitted on July 26, 2013 and subsequently approved for consideration by the Perryton ISD Board of Trustees. Palo Duro Wind Energy, LLC (“Palo Duro Wind”), 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.

Perryton 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. Perryton ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million but less than \$90 million, thus Perryton ISD

Perryton ISD Financial Impact of Chapter 313 Agreement

has a minimum qualified investment amount of \$10 million. A qualifying entity's taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Perryton 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 Palo Duro Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Perryton ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Palo Duro Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2014	7,713,750	n/a	0	7,713,750
Jan. 1, 2015	296,214,000	n/a	0	296,214,000
Jan. 1, 2016	272,548,500	(10,000,000)	262,548,500	10,000,000
Jan. 1, 2017	250,776,300	(10,000,000)	240,776,300	10,000,000
Jan. 1, 2018	230,744,500	(10,000,000)	220,744,500	10,000,000
Jan. 1, 2019	212,315,000	(10,000,000)	202,315,000	10,000,000
Jan. 1, 2020	195,358,900	(10,000,000)	185,358,900	10,000,000
Jan. 1, 2021	179,758,100	(10,000,000)	169,758,100	10,000,000
Jan. 1, 2022	165,404,600	(10,000,000)	155,404,600	10,000,000
Jan. 1, 2023	152,199,400	(10,000,000)	142,199,400	10,000,000
Jan. 1, 2024	140,049,500	n/a	0	140,049,500
Jan. 1, 2025	128,870,900	n/a	0	128,870,900
Jan. 1, 2026	118,585,600	n/a	0	118,585,600

Perryton ISD Financial Impact of Chapter 313 Agreement

Palo Duro Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Palo Duro Wind is \$17.344 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. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Perryton ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$1.04 for the life of this agreement.
- The district currently has outstanding bonded indebtedness that are scheduled to payoff in 2036 and currently has a \$.06 I&S rate. The annual debt payment is approximately \$1,440,000. The additional value of the company will further reduce the I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2014-2015	1.040	0.093	80,223	0	n/a	0	0
2015-2016	1.040	0.076	3,080,626	0	n/a	0	0
2016-2017	1.040	0.077	2,834,504	2,730,504	n/a	(2,054,699)	675,805
2017-2018	1.040	0.050	2,608,074	2,504,074	114,694	0	2,618,768
2018-2019	1.040	0.049	2,399,743	2,295,743	108,532	0	2,404,275
2019-2020	1.040	0.048	2,208,076	2,104,076	102,956	0	2,207,032
2020-2021	1.040	0.047	2,031,733	1,927,733	97,909	0	2,025,642
2021-2022	1.040	0.046	1,869,484	1,765,484	93,344	0	1,858,829
2022-2023	1.040	0.040	1,720,208	1,616,208	85,081	0	1,701,289
2023-2024	1.040	0.039	1,582,874	1,478,874	81,679	0	1,560,553
2024-2025	1.040	0.038	1,456,515	0	1,509,734	0	1,509,734
2025-2026	1.040	0.038	1,340,257	0	782,696	0	782,696
2026-2027	1.040	0.037	1,233,290	0	0	0	0
Totals			24,445,606	16,422,695	2,976,625	(2,054,699)	17,344,621

Perryton 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 Perryton 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 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 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 3.0% 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 increase slightly; therefore, the projected ADA and WADA for school year 2012-2013 was increased by .5% 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.

Perryton 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 Palo Duro Wind (Table III), the addition of Palo Duro Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Palo Duro Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Palo Duro Wind:

Fiscal Year	M&O Taxes				Revenue		
	Total Taxable	Compressed	State	Recapture	Tier I	Above	Total
	Value	Rate	Revenue	Amount	Total Revenue	Comp Rate	District Revenue
2014-2015	1,543,295,849	15,432,958	1,261,155	0	16,694,113	781,346	17,475,459
2015-2016	1,589,594,724	15,895,947	889,293	0	16,785,240	785,181	17,570,421
2016-2017	1,637,282,566	16,372,826	873,520	106,009	17,140,337	789,037	17,929,374
2017-2018	1,686,401,043	16,864,010	883,651	515,860	17,231,802	792,914	18,024,716
2018-2019	1,736,993,074	17,369,931	898,523	940,039	17,328,415	796,812	18,125,226
2019-2020	1,789,102,866	17,891,029	913,508	1,378,988	17,425,549	800,731	18,226,280
2020-2021	1,842,775,952	18,427,760	901,466	1,833,158	17,496,067	804,671	18,300,738
2021-2022	1,898,059,231	18,980,592	941,970	2,303,018	17,619,545	808,632	18,428,177
2022-2023	1,955,001,008	19,550,010	956,213	2,789,048	17,717,175	812,615	18,529,790
2023-2024	2,013,651,038	20,136,510	969,847	3,291,743	17,814,614	816,619	18,631,233
2024-2025	2,074,060,569	20,740,606	983,631	3,811,615	17,912,621	823,251	18,735,873
2025-2026	2,136,282,386	21,362,824	996,820	4,349,188	18,010,456	847,891	18,858,347
2026-2027	2,200,370,858	22,003,709	1,009,475	4,905,005	18,108,179	873,270	18,981,449

Perryton ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues *with* Palo Duro Wind *without* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes			Revenue		
		Compressed Rate	State Revenue	Recapture Amount	Tier I Total Revenue	Above	Total
						Comp Rate	District Revenue
2014-2015	1,551,009,599	15,510,096	1,260,383	0	16,770,479	785,239	17,555,719
2015-2016	1,885,808,724	18,858,087	838,497	0	19,696,584	958,982	20,655,566
2016-2017	1,909,831,066	19,098,311	948,131	3,104,105	16,942,336	775,486	17,717,822
2017-2018	1,937,177,343	19,371,773	951,492	3,272,516	17,050,749	780,552	17,831,301
2018-2019	1,967,737,574	19,677,376	960,134	3,474,382	17,163,128	785,551	17,948,678
2019-2020	2,001,417,866	20,014,179	969,456	3,708,678	17,274,956	794,485	18,069,441
2020-2021	2,038,134,852	20,381,349	952,270	3,974,516	17,359,102	809,024	18,168,127
2021-2022	2,077,817,331	20,778,173	988,107	4,271,099	17,495,182	824,739	18,319,920
2022-2023	2,120,405,608	21,204,056	998,116	4,597,740	17,604,432	841,604	18,446,035
2023-2024	2,165,850,438	21,658,504	1,007,910	4,953,857	17,712,557	859,600	18,572,157
2024-2025	2,214,110,069	22,141,101	1,018,214	5,338,961	17,820,353	878,711	18,699,064
2025-2026	2,265,153,286	22,651,533	1,028,250	5,752,638	17,927,144	898,924	18,826,068
2026-2027	2,318,956,458	23,189,565	1,038,130	6,194,573	18,033,122	920,230	18,953,352

TABLE V – District Revenues *with* Palo Duro Wind *with* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes			Revenue			
		Comp Rate	State Revenue	Recapture Amount	Tier I Total Revenue	Above	Payment	Total District Revenue
						Comp Rate	for District Losses	
2014-2015	1,551,009,599	15,510,096	1,260,383	0	16,770,479	785,239	0	17,555,719
2015-2016	1,885,808,724	18,858,087	838,497	0	19,696,584	958,982	0	20,655,566
2016-2017	1,647,282,566	16,472,826	1,198,526	2,677,378	14,993,974	669,149	2,054,699	17,717,822
2017-2018	1,696,401,043	16,964,010	886,207	618,750	17,231,467	792,760	0	18,024,227
2018-2019	1,746,993,074	17,469,931	901,028	1,042,860	17,328,099	796,662	0	18,124,761
2019-2020	1,799,102,866	17,991,029	915,966	1,481,740	17,425,254	800,585	0	18,225,839
2020-2021	1,852,775,952	18,527,760	903,878	1,935,845	17,495,793	804,529	0	18,300,322
2021-2022	1,908,059,231	19,080,592	944,341	2,405,640	17,619,294	808,494	0	18,427,788
2022-2023	1,965,001,008	19,650,010	958,542	2,891,606	17,716,946	812,481	0	18,529,427
2023-2024	2,023,651,038	20,236,510	972,139	3,394,240	17,814,409	816,489	0	18,630,897
2024-2025	2,214,110,069	22,141,101	975,293	4,158,296	18,958,097	878,711	0	19,836,808
2025-2026	2,265,153,286	22,651,533	1,028,250	5,752,638	17,927,144	898,924	0	18,826,068
2026-2027	2,318,956,458	23,189,565	1,038,130	6,194,573	18,033,122	920,230	0	18,953,352

Perryton 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.

Perryton ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Palo Duro Wind Energy, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Perryton ISD by Palo Duro Wind, the projected amount of these payments over the life of the agreement is \$2,962,130 of the \$17.344 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	Perryton ISD Share \$100/ADA	Palo Duro Wind's Share
2014-2015	0	221,100	(221,100)
2015-2016	0	222,206	(222,206)
2016-2017	675,805	223,317	452,489
2017-2018	2,618,768	224,433	2,394,334
2018-2019	2,404,275	225,555	2,178,720
2019-2020	2,207,032	226,683	1,980,349
2020-2021	2,025,642	227,816	1,797,825
2021-2022	1,858,829	228,956	1,629,873
2022-2023	1,701,289	230,100	1,471,188
2023-2024	1,560,553	231,251	1,329,302
2024-2025	1,509,734	232,407	1,277,327
2025-2026	782,696	233,569	549,127
2026-2027	0	234,737	(234,737)
Totals	17,344,621	2,962,130	14,382,491

Perryton ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Perryton Kindergarten	EE-KG	17	340	323	17
James Wright Elem.	1-3	34	680	604	76
Edwin Williams Int	4-5	24	480	338	142
Perryton Jr High	6-8	33	594	538	56
Perryton High School	9-12	50	900	540	360
Total		158	2,994	2,343	651

The building capacities are based on 20 students per classroom for elementary and 18 students per classroom for secondary. Perryton ISD is a early education through 12th grade district.

Palo Duro Wind Energy, 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 eight full-time employees are expected. It is not known whether these would be new employees to the Perryton 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 eight positions equates to 4 new students.

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

Perryton ISD Financial Impact of Chapter 313 Agreement

Conclusion

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

Palo Duro Wind Energy, 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, Palo Duro Wind is projected to benefit from a 84% tax savings over the first twelve year period of this agreement. Palo Duro Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

179/Ochiltree

179-901/Perryton ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	215,549,853	.9571	225,211,423	215,549,853
B. Multi-Family Residences	6,875,448	N/A	6,875,448	6,875,448
C. Vacant Lots	4,791,377	N/A	4,791,377	4,791,377
D. Rural Real(Taxable)	139,567,599	.8678	160,825,221	139,567,599
F1. Commercial Real	56,390,845	N/A	56,390,845	56,390,845
F2. Industrial Real	33,990,950	N/A	33,990,950	33,990,950
G. Oil, Gas, Minerals	746,165,527	1.0087	739,729,877	746,165,527
J. Utilities	53,206,582	N/A	53,206,582	53,206,582
L1. Commercial Personal	144,640,425	.9978	144,959,336	144,640,425
L2. Industrial Personal	36,068,969	N/A	36,068,969	36,068,969
M. Other Personal	4,225,716	N/A	4,225,716	4,225,716
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

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
Subtotal	1,441,473,291		1,466,275,744	1,441,473,291
Less Total Deductions	62,391,273		64,839,279	62,391,273
Total Taxable Value	1,379,082,018		1,401,436,465	1,379,082,018 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	50,554,885	N/A	50,554,885
Prod Value Qualified Acres	89,012,714	.8072	110,270,336
Taxable Value	139,567,599		160,825,221

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
1,400,051,166	1,379,082,018	1,400,051,166	1,379,082,018	1,379,082,018	1,379,082,018

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
20,969,148	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
1,400,051,166	1,379,082,018	1,400,051,166	1,379,082,018	1,379,082,018	1,379,082,018

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

**LIMITATION ON APPRAISED
VALUE AGREEMENT**

PERRYTON INDEPENDENT SCHOOL DISTRICT

and

PALO DURO WIND ENERGY, LLC

Comptroller Application Number 321

December 16, 2013

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, (“Agreement”) is executed and delivered by and between Perryton Independent School District (the “District”), with its central administrative office located in Ochiltree 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 Palo Duro Wind Energy, 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 a completed Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053 (“Application”) on or about July 26, 2013 (the “Completed 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 Completed Application Date thus establishing the effective filing date of such Application as of July 26, 2013; and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts (“Comptroller”) on or about July 29, 2013, for its review pursuant to §313.025(a-1) and (b) of the Code. The Comptroller deemed the Application complete and thereafter began its analysis of the Application on August 23, 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 October 24, 2013 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.*, and that the Application be approved (the “Recommendation”); and,

WHEREAS, the Board of Trustees conducted a public hearing on the Application, at which time it solicited input from all interested parties, carefully considered the school finance information, together with the Recommendation and information provided by the Comptroller, including the economic impact evaluation; and,

WHEREAS, pursuant to §313.025(f-1) of the Code, the Board of Trustees at its Board meeting held on December 16, 2013 waived the Qualifying Job creation requirements set forth in Section 313.051(b) of the Code based on a factual finding that if the number of jobs required by law was applied in this project, given its size and scope as described in the Application and Schedule 2.3, the number of jobs will exceed the industry standard of the number of employees reasonably necessary for the operation of the project; and,

WHEREAS, pursuant to §313.025(e) of the Code, the Board of Trustees at its Board meeting held on December 16, 2013 made written factual findings as required by §313.025(f) and based on the criteria set out in §313.026 of the Code has delivered a copy of such findings to the Applicant; and,

WHEREAS, pursuant to §313.025(f) of the Code, the Board of Trustees at its Board meeting held on December 16, 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 (e) the relevant job creation requirement set forth in Chapter 313 of the Code should be waived; and,

WHEREAS, on December 5, 2013, the District received written notice of the Comptroller's review and approval of the form of this Agreement, pursuant to 34 TAC § 9.1055 (e)(2)(A); and,

WHEREAS, the Board of Trustees, at its Board meeting on December 16, 2013, approved the form of this Agreement for a Limitation on Appraised Value of Property and authorized the execution and delivery of such Agreement to the Applicant by the District's authorized representative whose signature appears below.

NOW, THEREFORE, for and in consideration of the promises, including the foregoing recitals, and the mutual covenants and agreements contained herein, 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 December 16, 2013, the date this Agreement was approved by the District's Board of Trustees and executed by the District's authorized representative, 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 on 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. Except as expressly stated in Section 4.4.2 of this Agreement, each Party shall have the right to enforce the payment of any amount that became owing before the termination of this Agreement.

1.2.2 The Parties acknowledge that the limitation on the local ad valorem property values shall not commence until January 1 following the end of the second 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 the tenth (10th) full calendar year 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 is entirely within that certain Reinvestment Zone, as set out in Schedule 2.1, and so designated by the Ochiltree County Commissioner’s Court under Chapter 312 of the Code. The description of the Reinvestment 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

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

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 contemplated hereby.

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 as allowed by law, which at the time of execution of this Agreement includes: (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 Ten Million Dollars (\$10,000,000.00) 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 Review Start Date. The Parties understand and agree that the Taxable Value of real estate improvements and/or business personal property which existed prior to the Application Review Start Date 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 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 all information and data necessary to assess the value and identity of all Qualified Property including, but not limited to, 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 all information and data necessary to assess the value and identity of all Qualified Property including, but not limited to, 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 \$10,000,000.00 or more during the Qualifying Time Period, and unless this Agreement is terminated as herein provided, the Appraised Value of the Applicant's Qualified 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 \$10,000,000.00 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. Nothing in this Agreement will limit or restrict the right of the Applicant to challenge the Appraised Value assigned to the Qualifying Property by the applicable taxing authority."

ARTICLE 3– PROTECTION OF DISTRICT REVENUES

Section 3.1 INTENT OF THE PARTIES

The Parties understand and agree that, to the extent required by law pursuant to Section 313.027(f) 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 or Article 5 of this Agreement. APPLICANT UNDERSTANDS AND AGREES THAT IT SHALL BEAR ANY NEGATIVE FINANCIAL CONSEQUENCE SUFFERED BY THE DISTRICT AS A DIRECT RESULT OF THE DISTRICT ENTERING INTO THIS AGREEMENT. THE PURPOSE OF THIS SECTION 3.1 IS TO ENSURE THAT THE RISK OF ANY SUCH NEGATIVE FINANCIAL CONSEQUENCE TO THE DISTRICT IS BORNE BY THE APPLICANT AND NOT BY THE DISTRICT.

Section 3.2 CALCULATING LOSS OF DISTRICT REVENUES

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

Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES

To the extent not included in the amounts calculated pursuant to Schedule 3.2, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled pursuant to Chapter 313 of the Code for which the District does not receive reimbursement from the State, whether pursuant to TEC §42.2515 or otherwise; (b) all non-reimbursed costs incurred by the District for Extraordinary Education-Related Expenses related to the project, which do not exceed any limitations set forth in Article 4 of this Agreement, and not otherwise 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, enforcement or interpretation 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 and with Applicant's consent, which consent shall not be unreasonably withheld, delayed or conditioned. Applicant will be solely responsible for the payment of Consultant's 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 Ochiltree 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 all amounts determined to be due and owing to the District (subject to final settle up), all amounts billed by the Consultant pursuant to Section 3.4, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement 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 Section 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 within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant 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 what 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 and 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 the maximum amount of payments in lieu of taxation as allowed by law, which is currently One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year in accordance with Texas Tax Code § 313.027(i).

4.2.2 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 as allowed by law; provided however, the total payments in lieu of taxation for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or \$100 per student in ADA, as determined for that school year. This Section shall only apply if Texas Tax Code § 313.027(i) is amended so that the District is permitted to receive payments in lieu of taxation greater than as described in Section 4.2.1 above; otherwise, Section 4.2.1 shall apply.

4.2.3 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. Entitlements to supplemental 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 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 related to this project, the District will notify Applicant and provide a detailed explanation for such expenses prior to reimbursement by Applicant. The applicant may contest any such cost certified by the District's external auditor under the provisions of Section 3.8.

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

Section 4.4 PAYMENT IN LIEU OF TAXATION (PILOT) AND LIMITATION BASED ON NET TAX SAVINGS

4.4.1 During years one (1) and two (2) of this Agreement, the Applicant shall be required to pay taxes on the full value of the Qualified Property, and the amount of the District's PILOT to which it is entitled under Section 4.2.1 above shall exceed Applicant's Net Tax Savings. Accordingly, the parties agree that Applicant shall make a partial PILOT in years one (1) and (2) as follows:

- (a) Year one (1) = twenty (25%) of the PILOT to which the District is entitled under Section 4.2.1.
- (b) Year two (2) = fifty (50%) of the PILOT to which the District is entitled under Section 4.2.1.

The difference between the amount of District's PILOT for which it is entitled under Section 4.2.1 for years one (1) and (2) and the amount of the partial PILOT actually paid as set out herein shall be carried forward from year-to-year (the "Deferred PILOT"). Beginning in year three (3) of the Agreement, and in addition to the PILOT for that year, all Deferred PILOT owed to the District shall be paid by Applicant to the extent all payments from Applicant to the District for that year do not exceed Applicant's Net Tax Savings. Any amount of Deferred PILOT that remains unpaid shall be carried forward from year to year until paid in full.

4.4.2 Should Applicant fail to make the minimum Qualified Investment during the Qualifying Time Period causing this Agreement to become null and void as set out in

Section 2.3.4 herein, Applicant's obligation to make any Deferred PILOT that was carried over by operation of Section 4.4.1 shall be cancelled. Applicant's obligation to make a partial PILOT to the District for years one (1) and two (2) shall survive termination of the Agreement and remain until satisfied, as set out in Section 5.2.4.

ARTICLE 5- LIMITATION OF PAYMENTS BY APPLICANT

Section 5.1 LIMITATION AFTER FIRST THREE YEARS

5.1.1 For each of the years of this Agreement, 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. In no event shall the cumulative payments to the District as determined for that particular school year, exceed the greater of: (a) forty percent (40%) of the Net Tax Savings, or (b) One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA).

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, and Applicant's ad valorem tax shall be assessed based on the actual Appraised Value of the Qualified Property.

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 Savings 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 Except as expressly stated in Section 4.4.2 of this Agreement, 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, subject to any limitation or reduction required by law.

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 §42.2515 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, Appraisal District, or other governmental agency with all information required for such agency to complete any reports, appraisal or analysis pursuant to the Texas Tax 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 in the District as defined in this Agreement 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 Ten Million Dollars (\$10,000,000.00) during the Qualifying Time Period shall result in this Agreement being null and void as of January 1, 2016. This Article 8 shall control in all other instances of Applicant's failure to perform according to the terms of this Agreement.

Section 8.1 DISTRICT'S DETERMINATION OF BREACH

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

8.1.2 Notwithstanding Section 8.1.1, in the event the District determines that the Applicant has failed to Maintain a Viable Presence and provides written notice of termination, Applicant shall pay to District liquidated damages equal to the total of the District ad valorem taxes that would have been due from Applicant without the benefit of this Agreement for all of the 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 sixty (60) 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 provided in District Policy GF (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 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 in a material respect 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 provided however, that no penalties shall accrue until sixty (60) days after Applicant has received written notice from the District stating the amount due to the District. 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 as set out under Section 8.1.5, the Applicant shall have sixty (60) 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 a 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 mediation 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 sixty (60) days, the District shall have the remedies for the collection of the amounts determined under Section 8.2 and as set forth in Chapter 33, Subchapters B and C of the Code. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to §§6.30 and 33.07 of the Code, 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: Perryton Independent School District
Attn: Robert Hall, Superintendent
(or the successor superintendent)
Address: 821 SW 17th Ave.
City/Zip: Perryton, Texas 79070
Phone #: (806) 435-5478
Fax #: (806) 435-4689
Email: rhall@perrytonisd.net

With a copy to:

Underwood Law Firm, P.C.
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: Noah Hyte, Project Manager
Address: Palo Duro Wind Energy, LLC
700 Universe Blvd, FEW/JB
City/Zip: Juno Beach, FL 33408
Fax #: (561) 691-7307
Email: Noah.Hyte@NEE.com

Section 9.2 AMENDMENT

This Agreement may not be modified, amended, or terminated except by written mutual agreement of the District and the Applicant. No amendment to this Agreement shall be effective until the same is approved, accepted, and signed by the Parties.

Section 9.3 ASSIGNMENT

The Applicant may assign this Agreement, or a part of this Agreement, to an Affiliate, or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment or collaterally assign the Agreement to any party providing financing to the Applicant or its Affiliate provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment Applicant shall remain liable to the District for all outstanding taxes and other obligations accrued under this Agreement prior to the

date of such assignment and the Applicant's assignor shall be liable to the District for all outstanding taxes and other obligations accruing after the date of the assignment.

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(s) of the Appraisal District(s) 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 state district court in the judicial district where the District's central administrative office is located.

Section 9.7 AUTHORITY TO EXECUTE AGREEMENT

By signing below, each of the Parties 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 and in Schedule 2.3, which was provided to the District subsequent to the Application. Applicant warrants that all information, facts, and representations contained in the Application are true and correct, to the best of Applicant's knowledge, except to the extent of changes to development plans made subsequent to filing of such Application to which District has agreed. The Parties agree that the Application and all related schedules and attachments are included by reference in this Agreement as if fully set forth herein. It is expressly understood and agreed that this Agreement shall be void and of no further effect if any material misrepresentations were made in the Application; provided that changes to development plans made subsequent to filing of such Application to which District has agreed shall not be governed by this provision.

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. Only information that is confidential under §313.028 of the Code may be excepted from publication.

Section 9.13 MORTGAGEE PROTECTION

District agrees that Applicant may mortgage, pledge, or otherwise encumber its interest in this Agreement or Applicant's Qualified Property to any financing party of 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.

[the remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed by the District and the Applicant in duplicate originals on this 16th day of December, 2013.

PALO DURO WIND ENERGY, LLC
Texas Taxpayer ID No. 32051279290

By: _____

Date: _____

Printed Name: _____

PERRYTON INDEPENDENT SCHOOL DISTRICT

By _____
Signature

Date: _____

Printed Name and Title

Attest:

By _____
Signature

Printed Name and Title

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	\$10 million appraisal limitation.
4	January 1, 2017	2017-18	2017	\$10 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2018	2018-19	2018	\$10 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2019	2019-20	2019	\$10 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2020	2020-21	2020	\$10 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2021	2021-22	2021	\$10 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2022	2022-23	2022	\$10 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2023	2023-24	2023	\$10 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” means any person or entity which, directly or indirectly, through one or more entities, controls or is controlled by or is under direct or indirect common control of any such 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%) or more of the voting securities of such person or entity or (ii) the right to direct the management or operations of such person or entity, directly or indirectly, whether through the ownership (directly or indirectly) of securities, by contract or otherwise.

“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.

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

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, Property Tax Code) which filing with the District by Applicant was completed on the Application Date (unless otherwise specified in the Recitals) by the tender of its Application fee. The term includes all Amendments and Supplements thereto submitted by Applicant and provided to the Comptroller.

“Appraisal District” means the Ochiltree County Appraisal District.

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

“Completed Application Date” means the date as set forth in the Recitals.

“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 Perryton 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. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 4.2.2 shall mean 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 such year if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement for such year; 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 such year, plus (B) any and all payments due to the District under Article 3 of this Agreement for such year.

“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 Ten Million Dollars (\$10,000,000.00), for the purposes of this Agreement and §313.027 of the Code.

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

SCHEDULE 2.1

DESCRIPTION AND MAP OF REINVESTMENT ZONE and/or ENTERPRISE ZONE

OCHILTREE COUNTY

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
W. C. RR Co	2	1	All of the Southeast Quarter (SE/4) of Section 1, Block 2, WC RR Co. Survey, Patent No. 168, Volume 1, dated June 5, 1875, in Ochiltree County, Texas containing approximately 160 acres, more or less.
W. C. RR Co	2	5	A square tract of land measuring one-quarter mile long by one-quarter mile wide, and located in the extreme Southeast corner of Section 5, Block 2, Washington County RR. Company Survey, Ochiltree County, Texas, containing approximately 40 acres, more or less.
W. C. RR Co	2	5	Section No. 5, in Block Two (2), Washington County R.R. Company Survey, EXCEPT A square tract of land measuring one-quarter mile long by one-quarter mile wide, and located in the extreme Southeast corner of Section 5, Block 2, Washington County RR. Company Survey, Ochiltree County, Texas; all of which is located in Hansford and Ochiltree Counties, Texas, containing approximately 598 acres, more or less.
W. C. RR Co	2	8	All
G. H. & H. RR Co	4	1	All
G. H. & H. RR Co	4	2	All
G. H. & H. RR Co	4	3	Section Three (3), Block Four (4), GH&H Ry. Co. Survey, Certificate No. 33/542, Abstract No. 76, Patent dated March 11, 1875, No. 623, Vol. 1, located in Ochiltree County, Texas.
G. H. & H. RR Co.	4	4	North Half (N/2) of Section Four (4), Block 4, GH&H RR. Co. Survey, Certificate No. 33/542, Abstract No. 1366, Patent dated February 18, 1926, No. 414, Volume 28A, located in Ochiltree County, Texas,
G. H. & H. RR Co	4	5	The Southwest Quarter (SW/4)
G. H. & H. RR Co	4	10	E/2
G. H. & H. RR Co	4	10	SW/4
G. H. & H. RR Co	4	10	The North Half (N/2) of the West Half (W/2)
G. H. & H. RR Co.	4	11	The South Half (S/2)

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
G. H. & H. RR Co	4	12	All of Section 12, Block 4, GH&H Ry. Co. Survey, Ochiltree County, Texas, save and except 14 acres and more particularly described as a 10.00 acre tract out of a 14.00 acre tract in the Southwest Quarter of Section 12; Block 4, GH&H RR. Co. Survey, and recorded in Volume 632, Page 263 Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a 60d nail set in South line of Section 12, for the Southwest corner of this tract, from which the Southwest corner of Section 12 bears South 89°14'45" West 377.0' to a 60d nail set; Thence North 0°40'30" West with East line of a 4.00 acre tract recorded in Volume 634, Page 842 at 30.0' pass fence corner post in North line of County Road H, continuing a total distance of 462.0' along or near fence line to a 5/8" iron rod reset, for the Northeast corner of said 4.00 acre tract, and for the Northwest corner of this tract; Thence North 89°14'45" East 943.0' along or near fence line to a 1" galvanized iron pipe found, for the Northeast corner of a 14.00 acre tract recorded in Vol. 509, Page 717, for the Northeast corner of this tract; Thence South 0°40'30" East with East line of said 14.00 acre tract and fence line at 432.6' pass fence corner post in North line of said county road, continuing a total distance of 462.0' to a 60d nail set, for the Southeast corner of this tract; Thence South 89°14'45" West 943.0' with South line of Section 12 and center of county road to the place of beginning, and containing 10.00 acres, more or less AND a 4.0 acre tract out of the Southwest Quarter (SW/4) of Section 12, Block 4, GH&H Ry. Co. Survey, Ochiltree County, Texas, and more particularly described as follows: Beginning at a railroad spike set in the center of county road for the Southwest corner of Section 12; Thence North 0 degrees 09' East at 30.0' pass 1" iron pipe set in North line of said road, continuing a total distance of 462.0' with West line of Section 12 to a 1" iron pipe set, for the Northeast corner of this tract; Thence East 377.0' along or near the fence line to a point for the Northeast corner of this tract; Thence South 0 degrees 09' West along or near fence line at 612.6' pass fence corner post in North line of county road, continuing a total distance of 462.0' to a point in the center of county road, for the Southeast corner of this tract; Thence West 377.0' with South line of Section 12 and center of county road to the place of beginning, and containing 4.0 acres, more or less; all of which is located in Ochiltree County, Texas, containing approximately 626 acres, more or less.
G. H. & H. RR Co	4	13	One hundred (100) acres in the form of a square situated in the Northwest (NW) corner of Section Number Thirteen (13), Block Four (4), GH&H Ry. Co. Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING at the Northwest (NW) corner of Section Number Thirteen (13); THENCE South along the West boundary line of Section Number Thirteen (13), a distance of 2,086 feet to a point; THENCE East, a distance of 2,086 feet to a point; THENCE North, a distance of 2,086 feet to a point in the North boundary line of Section Number Thirteen (13); THENCE West along the North boundary line of Section Number Thirteen (13), a distance of 2,086 feet to the point of BEGINNING; all of which is located in Ochiltree County, Texas, containing approximately 100 acres, more or less.
G. H. & H. RR Co	4	13	All of Section Thirteen (13), Block Four (4), GH&H RR Co. Survey, Ochiltree County, Texas; LESS and EXCEPT the following two Parcels: PARCEL ONE: A 100 acre tract of land more specifically described by metes and bounds as follows: BEGINNING at the Northwest (NW) corner of Section Number Thirteen (13); THENCE South along the West boundary line of Section Number Thirteen (13), a distance of 2,086 feet to a point; THENCE East, a distance of 2,086 feet to a point; THENCE North, a distance of 2,086 feet to a point in the North boundary line of Section Number Thirteen (13); THENCE West along the North boundary line of Section Number Thirteen (13), a distance of 2,086 feet to the point of BEGINNING, containing 100 acres, more or less. PARCEL TWO: A five acre tract of land more specifically described by metes and bounds as follows: BEGINNING at the Southeast (SE) corner of Section Number Thirteen (13); THENCE North along the East boundary line of Section Number Thirteen (13), a distance of 465 feet to a point; THENCE West, a distance of 465 feet to a point; THENCE South, a distance of 465 feet to a point in the South boundary line of Section Number Thirteen (13); THENCE East along the South boundary line of Section Number Thirteen (13), a distance of 465 feet to the point of BEGINNING containing five acres, more or less; all of which is located in Ochiltree County, Texas containing approximately 535 acres, more or less.
G. H. & H. RR Co	4	14	All
G. H. & H. RR Co	4	15	The Northwest 1/4

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
G. H. & H. RR Co	4	15	The East One-half (E/2)
G. H. & H. RR Co	4	15	Southwest quarter section fifteen, (15), Block four (4), GH&H Ry. Co. Survey, Certificate No. 33/584, Abstract No. 82, Patent Date March 18, 1875, No. 6. Volume 25, located in Ochiltree County, Texas.
G. H. & H. RR Co	4	16	The North Half (N/2)
G. H. & H. RR Co	4	17	East Half (E/2)
G. H. & H. RR Co	4	17	The West half (W/2) of Section 17, Block 4, GH&H Survey Co., Ochiltree County, Texas LESS AND EXCEPT a tract of land out of the West One-Half (W/2) of Section 17, Block 4, GH&H RR. Co. Survey, Ochiltree County, Texas, described in Volume 546, Page 841, De
G. H. & H. RR Co	4	19	The Northeast Quarter (NE/4)
G. H. & H. RR Co	4	19	The Northwest Quarter (NW/4)
G. H. & H. RR Co	4	27	Northwest Quarter (NW/4) and the Northeast Quarter (NE/4) of Section 27, Block 4, G.H. & H. RR Co. Survey, in Ochiltree County, Texas containing approximately 320 acres, more or less.
G. H. & H. RR Co	4	28	The Southwest Quarter (SW/4)
G. H. & H. RR Co	4	29	The Southeast Quarter (SE/4)
G. H. & H. RR Co	4	29	The Southwest Quarter (SW/4)
G. H. & H. RR Co.	4	42	A 111.492 acre tract of land in Survey No. Forty-two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, Texas more specifically described by metes and bounds as follows: Beginning at the Southwest Corner of Survey No. Forty-Two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, State of Texas; Thence with a State Plane Coordinate Bearing of N89°07'34"E along the South line of said Survey No. Forty-Two (42) a distance of 1979.43 feet to #5 rebar; Thence N 01°45'34"W a distance of 2552.80 feet to a #5 rebar; Thence N 89°19'41"W a distance of 1868.30 feet to a #5 rebar on the West line of said Survey No. Forty-Two (42), Block Four (4) Galveston Houston & Henderson Railway Company Survey; Thence S 01°45'34"E a distance of 2552.80 feet to the point of beginning and containing 111.492 acres, more or less; all of which is located in Ochiltree County, Texas, containing approximately 111.492 acres, more or less.
G. H. & H. RR Co.	4	42	531.964 acres out of Section Forty-two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Patent No. 180, Volume 48A, dated October 24, 1930, Ochiltree County, Texas, and more particularly described as follows: BEGINNING at the common corner of Surveys No. Forty-one (41), Forty-two (42), Forty-three (43) and Forty-four (44), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, State of Texas, said corner being a #4 rebar in place; THENCE with a State Plane Coordinate Bearing of S 89°07'34" W along the South line of said Survey No. Forty-two (42) a distance of 3399.33 feet & set a #5 rebar; THENCE N 01°45'34" W a distance of 2552.80 feet & set a #5 rebar; THENCE N 89°19'41" W a distance of 1868.30 feet & set a #5 rebar, said rebar being on the West line of said Survey No. Forty-two (42), Block Four (4), Galveston Houston & Henderson Railway Company Survey; THENCE N 01°00'27" W along the West line of said Survey No. Forty-two (42) a distance of 2677.90 feet & set a 3/4" I.D. pipe, said pipe being the Northwest (NW) corner of said survey No. Forty-two (42); THENCE N 89°07'34" E along the North line of said Survey No. Forty-two (42) a distance of 5315.09 feet & set a #5 rebar, said rebar being the Northeast (NE) corner of said Survey No. Forty-two (42), from whence the centerline of a North & South paved county road bears 20.8 feet East; THENCE S 00°50'50" E along the East line of said Survey No. Forty-two (42) a distance of 5280.80 feet to the point of BEGINNING and containing 531.964 acres, more or less; all of which is located in Ochiltree County, Texas, containing approximately 531.964 acres, more or less.

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
G. H. & H. RR Co.	4	43	Being a 34.876 acre tract out of Section 43, Block 4, G.H.&H. RR. Co. Survey, and recorded as Tract #1 in Volume 540, Page 856, Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a mag nail set in asphalt for the Southeast corner of Section 43, and for the Southeast corner of this tract; Thence South 89°22'20" West 1685.3' with South line of Section 43 and County Road M to a ½" iron rod set, for the Southerly Southeast corner of a 80.206 acre tract recorded in Volume 566, Page 738, for the Southwest corner of this tract; The following calls with Southerly line of said 80.206 acre tract and fence line: Thence North 0°55'10" East at 33.0' pass fence corner post, continuing a total distance of 468.1' to ½" iron rod set; Thence North 45°50'10" East 758.8' to a 5/8" iron rod found; Thence North 89°07'10" East at 1084.6' pass fence corner post, continuing a total distance of 1123.1' to a mag nail set, for the Northeast corner of this tract; Thence South 0°36' East 995.5' with East line of Section 43 and County Road 2 to the place of beginning and containing 34.876 acres; all of which is located in Ochiltree County, Texas, containing approximately 34.876 acres, more or less.
G. H. & H. RR Co.	4	43	Being a 25.505 acre tract out of Section 43, Block 4, G.H.&H. RR. Co. Survey, and recorded as Tract #2 in Volume 540, Page 856, Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a ½" iron rod set at fence corner, for the Southwest corner of this tract, from which the southwest corner of Section 43 bears South 44°04'40" West 1515.2' and South 89°22'20" West 1568.8' to a ½" iron rod found; Thence North 0°39'40" West 838.2' with East line of a 239.623 acre tract recorded in Volume 540, Page 856 to a ½" iron rod set, for the Northwest corner of this tract; Thence North 89°22'50" East 1661.3' with South line of a 197.659 acre tract recorded in Volume 690, Page 418, Official Public Records to a ½" iron rod found, for the Southerly Southeast corner of said 197.659 acre tract, and for the Northeast corner of this tract; Thence South 0°52'10" East 444.6' with fence lien to a ½" iron rod set at fence corner, for interior corner of a 80.206 acre tract recorded in Volume 566, Page 738, Official Public Records, for the Southeast corner of this tract; The following calls with Northerly line of said 80.206 acre tract and fence line: Thence South 89°14' West 491.8' to a ½" iron rod set; Thence South 47°50'50" West 617.7' to ½" iron rod set; Thence North 89°12'30" West 695.2' to the place of beginning, and containing 25.505 acres; all of which is located in Ochiltree County, Texas, containing approximately 25.505 acres, more or less.
G. H. & H. RR Co.	4	43	Being a 239.630 acre tract in the West Half of Section 43, Block 4, G.H.&H. RR. Co. Survey, and recorded as Tract #3 in Volume 540, Page 856, Official Public Records of Ochiltree County, Texas, and more particularly described as follows: Beginning at a ½" iron rod found for the Southwest corner of Section 43, and for the Southwest corner of this tract; Thence North 0°36' West 4205.5' with West line of Section 43 to a ½" iron rod set, for the Northwest corner of this tract, from which the Northwest corner of Section 43 bears North 0°36' West 1072.7' to a ½" iron rod found; Thence North 89°22'30" East 2611.4' to a ½" iron rod w/ cap, found for the Northeast corner of this tract; Thence South 0°20'40" East 2292.4' to a ½" iron rod w/ cap, found for the Southwest corner of a 197.659 acre tract recorded in Volume 690, Page 418, Official Public Records; Thence North 89°22'50" East 30.0' to a ½" iron rod set, for the Northwest corner of a 25.502 acre tract recorded in Volume 540, Page 856, Official Public Records; Thence South 0°39'40" East 838.2' to a ½" iron rod set at fence corner, for the Southwest corner of said 25.502 acre tract; Thence South 44°04'40" West with fence line at 1469.9' pass fence corner post, continuing a total distance of 1512.2' to a ½" iron rod found, for the Southwest corner of a 80.206 acre tract recorded in Volume 566, Page 755, Official Public Records, for the Southeast corner of this tract; Thence South 89°22'20" West 1568.8' with South line of Section 43 and center of County Road M to the place of beginning, and containing 239.623 acres; all of which is located in Ochiltree County, Texas, containing approximately 239.623 acres, more or less.

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
G. H. & H. RR Co.	4	43	197.659 acres out of the East One-half (E/2) of Section Forty-three (43), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Patent No. 20, Volume 25, dated March 18, 1875, Ochiltree County, Texas, and more particularly described as follows: BEGINNING at the common corner of Surveys No. Forty-one (41), Forty-two (42), Forty-three (43) and Forty-four (44), Block Four (4), Galveston Houston & Henderson Railway Company Survey, Ochiltree County, State of Texas, said corner being a #4 rebar in place; THENCE with a State Plane Coordinate Bearing of S 89°07'34" W along the North line of said Survey No. Forty-three (43) a distance of 2684.16 feet & set a #5 rebar; THENCE S 00°35'26" E a distance of 1072.81 feet & set a #5 rebar, said rebar being the Northeast (NE) corner of an existing 239.623 acre tract recorded in Volume 540, Page 856, Office of the County Clerk, Ochiltree County, State of Texas; THENCE continue S 00°35'26" E along the East line of said existing 239.623 acre tract a distance of 2292.38 feet & set a #5 rebar; THENCE N 89°08'11" E a distance of 30.00 feet & set a #5 rebar, said rebar being the Northwest (NW) corner of an existing 25.502 acre tract recorded in Volume 540, Page 856, Office of the County Clerk, Ochiltree County, State of Texas; THENCE continue N 89°08'11" E along the North line of said existing 25.502 acre tract a distance of 1661.31 feet to a #4 rebar in place, said rebar being the Northeast (NE) corner of said existing 25.502 acre tract; THENCE N 00°09'23" W along the most Northerly West line of an existing 80.206 acre tract recorded in Volume 566, Page 738, Office of the County Clerk, Ochiltree County, State of Texas, a distance of 446.22 feet & set a #5 rebar, said rebar being the most Northerly Northwest (NW) corner of said existing 80.206 acre tract; THENCE N 89°07'34" E along the North line of said existing 80.206 acre tract a distance of 1002.55 feet to an existing #4 rebar, said rebar being the Northeast (NE) corner of said existing 80.206 acre tract, said rebar being on the East line of said Survey No. Forty-three (43), Block Four (4), Galveston Houston & Henderson Railway Company Survey; THENCE N 00°50'50" W along the East line of said Survey No. Forty-three (43) a distance of 2919.27 feet to the point of BEGINNING and containing 197.659 acres, more or less; all of which is located in Ochiltree County, Texas, containing approximately 197.659 acres, more or less.
G. H. & H. RR Co	4	28	The North one-half, and all of the Southeast Quarter (SE/4) of Section Twenty-Eight (28), Block Four (4), GH&H RR Co. Original Grantee, Abstract Number 1207, Patent dated 01-24-1923, recorded in Volume 16-A, Page 493, situated in Ochiltree County, Texas
G. H. & H. RR Co	4	29	The Northwest Quarter (NW/4)
G. H. & H. RR Co	4	29	The Northeast Quarter (NE/4)
Thomas J. Sparks			All of the Thomas J. Sparks Survey, Certificate No. 31/158, Abstract No. 325, Patent dated May 26, 1876, No. 47, Volume 8, located in Ochiltree County, Texas
J.S. Hungate	Z	10	Section Ten (10), Block Z, J. S. Hungate Survey, Certificate No. SF 2774, Abstract No. 1233, Patent dated February 10, 1920, No. 507, Vol. 5A, located in Ochiltree County, Texas.
Warren J. Mitchell Survey			Being the South Half of the 320 acres of land, more or less, out of the Warren J. Mitchell 1920 acre Survey, Certificate No. 29/277, Patented December 16, 1874, by Patent No. 38, Volume 15, Abstract No. 322, which 320 acre tract is described by metes and bounds as follows: BEGINNING at the Northwest corner of the Survey No. 4, in Block No. 4; THENCE East 1576.1 varas to corner; THENCE North along West line of a tract conveyed by A.L. Woodbury to L. Newcomb et al. 1140.6 varas to corner; THENCE West 1576.1 varas to the West line of said Mitchell Survey for corner; THENCE South with West line of said Mitchell Survey 1140.6 varas to the PLACE OF BEGINNING; And being the same land conveyed by Ecton Lawrence, substitute Trustee for A.C. Williams agent and attorney in fact for the Federal Land Bank of Houston, by deed dated November 16, 1936, and recorded in Volume 63, Page 263, Deed Records of Ochiltree County, Texas; all of which is located in Ochiltree County, Texas, containing 160 acres, more or less.

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
W. J. Mitchell			A tract or parcel of land described as follows, to-wit: BEING the West one-half of the East 640 acres of the Warren J. Mitchell Survey, Patent No. 38, Volume 15, dated December 16, 1874, and described by metes and bounds as follows: BEGINNING at the Northwest corner of the tract of land conveyed to W. G. Yeary by C. Randolph Dethlefs. Said point being approximately 675 vrs West of the Northeast corner of the W.J. Mitchell Survey; THENCE 675 vrs West for a corner; THENCE South 2674 vrs for a corner; THENCE East 675 vrs for a corner, being the Southwest corner of the W.G. Yeary tract; THENCE North 2676 vrs to the place of Beginning; all of which is located in Ochiltree County, Texas, containing approximately 320 acres, more or less.
W. J. Mitchell			All of the East 320 acres of the W. J. Mitchell Survey, Ochiltree County, Texas, also described as 320 acres of land, more or less, located about eight and one-half (8-1/2) miles Northwest of the town of Farnsworth, out of the Warren J. Mitchell Survey, P
Warren J. Mitchell Survey			The North Four Hundred Twenty-six (N/426) acres of the West Seven Hundred Forty-Six (W/746) acres of the Warren J. Mitchell Survey, Ochiltree County, Texas, containing approximately 426 acres, more or less.
Anthony McGee Headright			321.7 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by Metes and bounds as follows. Beginning at a 1" iron pipe set in the intersection of three roads as called for by Rupert C. Allen County
Anthony McGee Headright			114.2 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
Anthony McGee Headright			285.4 acres of the South 1320.8 acres in the Anthony McGee Headright Survey, Ochiltree County, Texas and described by metes and bounds as follows: Beginning at a large spike set in the S line of the Anthony McGee Headright the SE corner of this tract same
Anthony McGee Headright			A 1,402.03 acre tract of land being a portion of Subdivision 6, 7, and 8 of Johnson and Hoghland Subdivision of the Anthony McGee Headright, in Ochiltree County, Texas, being further described by metes and bounds as follows; BEGINNING at a 1" iron pipe found in the centerline of County Road "6A", being the Southeast corner of said Subdivision 7, the Southeast corner of this tract of land; THENCE N 89°30'00" W (Base Bearing), a distance of 14,011.45 feet to a 1" angle iron found on the West side of a wood post; THENCE N 0°55'00" E with a fence, a distance of 1,847.02 feet to a 1 foot dia. wood fence post; THENCE S 85°45'59" E. with a fence, a distance of 1,164.07 feet to a 3/8" rebar with a cap marked "RPLS 4664", set at a fence corner post; THENCE N 17°11'33" E. with a fence, a distance of 2,821 feet to a 3/8" (rebar with a cap marked) "RPLS 4664", set at a fence corner post; THENCE N 9°05'19" E. with a fence, a distance of 215.71 feet to a 3/8" rebar with a cap marked "RPLS 4664", set; THENCE S 89°30'00" E, a distance of 12,022.44 feet to a 3/8" rebar with a cap marked 'RPLS 4664", set in the East line of said Subdivision 7, being in the centerline of said County, Road "6A"; THENCE S 0°50'59" W, a distance of 4,686.97 feet to the POINT OF BEGINNING. Said tract contains a computed area of 1,402.03 acres of land. Basis of bearing (S 89°30' E), was used based on the South line of the Johnson and Hoghland Subdivision per map in Volume 56, page 430-A, Official Public Records of Ochiltree County, Texas; all of which is located in Ochiltree County, Texas, containing 1,402.03 acres, more or less.

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
Anthony McGee Headright			A 1,521.90 acre tract of land being all of Subdivision 5 and 4, and a portion of Subdivision 6, 7 and 8, of Johnson and Hoghland Subdivision of the Anthony McGee Headright, in Ochiltree County, Texas, being further described by metes and bounds as follows: BEGINNING at the Northeast corner of said Subdivision 4, being in the Intersection of County Road "B" and County Road "6A", the Northeast corner of this tract of land; THENCE S 0°50'59" W, a distance of 38.96 feet pass a ½" rebar with a cap marked "Bezner/Webb 2057", found, continuing for a total distance of 5,268.58 feet to a (16C) rebar with a cap marked "RPLS 4664", set, the Southeast corner of this tract of land; THENCE N 89°30'00" W (Base Bearing), a distance of 12,022.44 feet to a "rebar with a cap marked "RPLS 4664", set; THENCE N 9°05'19" E, with a fence, a distance of 1,904.44 feet to a fence corner post; THENCE N 62°45'48" W, with a fence, a distance of 45.77 feet to a "rebar with a cap marked "RPLS 4664", set; THENCE S 88°24'33" W, with a fence a distance of 1,427.54 feet to a "rebar with a cap marked "RPLS 4664", set; THENCE N 1°12'35" E, a distance of 3,295.41 feet to a "rebar with a cap marked "RPLS 4664", set in the North line of said Subdivision 8, the Northwest corner of this tract of land; THENCE N 89°58'17" E a distance of 13,197.39 feet to the POINT OF BEGINNING. Said tract contains a computed area of 1,521.90 acres of land. Basis of bearing (S 89°30' E), was used based on the South line of the Johnson and Hoghland Subdivision per map in Volume 56, Page 430-A, Official Public Records of Ochiltree County, Texas; all of which is located in Ochiltree County, Texas, containing 1,521.90 acres, more or less.
McGee Survey			200 acres out of the North 642.55 acres of the South 1285.1 acres of the Anthony McGee Survey, Ochiltree County, Texas; BEGINNING at pipe set in the West boundary line of said Anthony McGee headright survey the southwest corner of subdivision No. 8, made for Tom Hoghland and W. D. Johnson on Feb. 25, 1931, as shown upon plat made by Rupert C. Allen, licensed land surveyor appearing of record in Vol. 4, at page 194, of County Surveyors record of Ochiltree County, Texas, said pipe being the Northwest corner, and the BEGINNING corner of this tract; from which the Northwest corner of said Anthony McGee Headright, a two inch pipe set, bears N. 0. deg. 55' 3540 varas; THENCE S. 89 deg. 30' E. 1596 varas to S. E. corner of said sub-division No. 8; Southwest corner of subdivision No. 6 of said McGee Survey and the Northeast corner of this tract, a pipe set in North-South graded public road; THENCE S. 0. deg. 55' W. along said graded road 707.5 varas to stake set the SE corner of this tract; Thence N. 89 deg. 30' W. 1596 varas to stake set in West Boundary line of said McGee headright the SW corner of this tract; Thence N. 0. Deg. 55' E. 707.5 varas along said West boundary line to the place of beginning of this tract; all of which is located in Ochiltree County, Texas, containing 200 acres, more or less.
William Willmuth Headright			200 acres of land on Ochiltree County, Texas, and being the South 1/2 of the West 1/2, and the South 40 acres of the East 1/2 of the W. M. Willmuth 640 acre survey, Abstract 466, conveyed by J.W. Rogers to John O. Tillerson and Edith Tillerson, on November 28, 1947, by deed recorded in Vol. 85, Pages 368-369, deed records of Ochiltree County, Texas; which they own, use, and occupy at the time as their homestead, all of which is located in Ochiltree County, Texas, containing approximately 200 acres, more or less.
William Willmuth Headright			440 acres, more or less, out of the William Willmuth Headright Survey, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, described as follows: BEGINNING 2877 varas South of the Northeast corner of said Headright and along the East line of said Headright South along said Headright property of 2222 varas to the Southeast corner of said Headright and the Southeast corner of this tract; THENCE West along said property line 1621.53 varas; THENCE North horizontal with the East property line a distance of 2222 varas; THENCE East 1621.53 varas to the point of Beginning, containing 640 acres, more or less: LESS 200 acres described herein as homestead of John O. Tillerson and wife, and LEAVING 440 acres more or less, all of which is located in Ochiltree County, Texas, containing approximately 440 acres, more or less.

TOWNSHIP	RANGE	SECTION	LEGAL DESCRIPTION
William Wilmuth Headright			Out of the William Wilmuth Headright Survey, Certificate 629, Abstract 466, Patent 49, Vol. 22, dated October 2, 1876, and described as follows: BEGINNING at the Southwest corner of a 640 acre tract out of the Southeast part of the William Wilmuth Headright at a stake set in the South line of said Headright, the Southeast corner of this tract, from which the Southeast corner of said William Wilmuth Headright bears East 1621.53 varas; THENCE West along South boundary line of said William Wilmuth Headright 1621.53 varas to a stake, the Southwest corner of this tract; THENCE North parallel with the East line of said William Wilmuth Headright and the West line of a 640 acre tract heretofore conveyed to John O. Tillerson and wife, Edith Tillerson, dated November 28, 1947, recorded in Vol. 85, Page 368, Deed Records of Ochiltree County, Texas, to which instrument and the record thereof reference is here made, and made a part hereof, a distance of 2222 vrs. THENCE East at 1054.06 vrs. past the Southwest corner of a tract of land heretofore conveyed to Harold M. Hawk, a 5/8" pipe and a 1" x 1" rod set, continuing East along South line of said Hawk tract to the Northwest corner of said John O. Tillerson tract, a total distance of 1621.53 varas, the Northeast corner of this tract; THENCE south parallel with the East line of said William Wilmuth Headright 2222 vrs. to the place of Beginning, containing 640 acres of land, more or less, all of which is located in Ochiltree County, Texas, containing approximately 640 acres, more or less.
Thomas Edwards Headright Survey			All of Subdivisions One (1), Two (2), Three (3) and Four (4) of the Thomas Edwards Survey, Ochiltree County, Texas, said land being also described as all of the Thomas Edwards Headright Survey, Certificate No. 20/33, Abstract No. 73; all of which is located in Ochiltree County, Texas, containing approximately 2,320 acres, more or less.
O.J. Bertrand Survey	Z	5	217.3 acres of land in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described as follows: Tract 1: 110 acres in Survey 5, Block Z, O. J. Bertrand Survey, Ochiltree County, Texas, described by metes and bounds as follows: BEGINNING at 1" angle iron post set in the N line of Survey No. 5, Block Z, same being at a fence corner from which Twichell's 7/23 mile stone bears N89°57'30"W 105.5 varas; THENCE S3°54'W 1043.05 varas along N-S fence same being the dividing line between cultivated and grass land to 1"angle iron post the SW corner of this tract, from which a stone same being the original SW corner of Survey No. 5 in Block Z bears S89°14'W 1935.5 varas, from which a 1" iron pipe set by Rupert C. Allen same being set in the N line of the T. Edwards Survey and being the NW corner of a 579.9 acre tract in T. Edwards Survey bears S89°14'W 574.8 varas; THENCE N89°14'E 634.62 varas along the S line of Survey 5 and along the N line of the T. Edwards Survey to 1" angle iron the SE corner of this tract, from which a 1" angle iron same being the NE corner of the T. Edwards Survey and a "ell" corner of Survey 5 bears N89°14'E 502.48 varas; THENCE North 1032.4 varas to 1" angle iron post set in the North line of Survey 5, the NE corner of this tract, from which the NE corner of Survey 5 a 1" angle iron post bears S89°57'30"E 562.9 varas; THENCE N89°57'30"W 563.8 varas along the North line of Survey 5 to the place of BEGINNING.

SCHEDULE 2.3

DESCRIPTION OF QUALIFIED INVESTMENT AND/OR QUALIFIED PROPERTY

The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following:

Palo Duro Wind Energy, LLC plans to construct a 250 MW wind farm in Ochiltree and Hansford Counties. Approximately one hundred twenty one (121) wind turbines will be located in Ochiltree County, all of which will be located in Perryton ISD. Turbine selection is ongoing at this time and has not been finalized. For purposes of this application, the project anticipates using 1.7 MW turbines manufactured by GE, although final turbine selection may change. Palo Duro Wind is also constructing approximately 12 miles of generation transmission tie line in Ochiltree County and Perryton ISD.

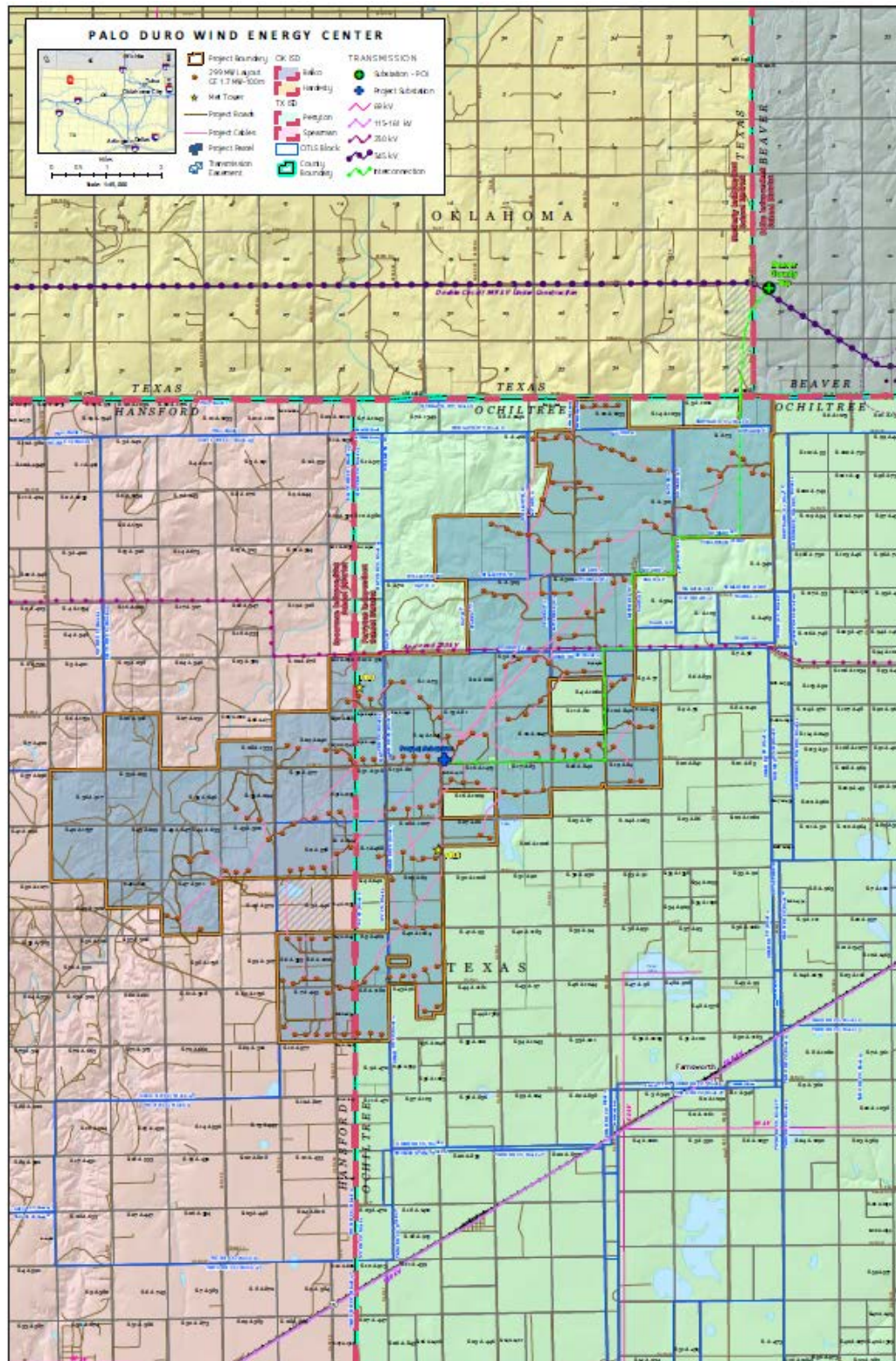
This application covers all qualified property within Perryton ISD necessary for the commercial operations of the wind farm. Qualified Investment and qualified property includes, but is not limited to, turbines, turbine transformers (pad-mounts), towers, foundations, underground collection systems, electrical substation(s), generation transmission tie lines, electrical interconnections, met towers, roads, operations & maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

All of the improvements that make up the Qualified Investment and/or Qualified Property under this Agreement will be made within the project area, which is 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 or a valid assignee pursuant to this Agreement.

MAP OF QUALIFIED PROPERTY/PROJECT AREA



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



December 5, 2013

Robert Hall
Superintendent
Perryton Independent School District
821 SW 17th Ave.
Perryton, Texas 79070

Re: Agreement for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Perryton Independent School District
Palo Duro Wind Energy, LLC

Dear Superintendent Hall:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Perryton Independent School District and Palo Duro Wind Energy, 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,

Robert B. Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.
Samuel Enfield, Palo Duro Wind Energy, LLC
Wes Jackson, Cummings Westlake LLC

CUMMINGS WESTLAKE LLC

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

July 23, 2013

Mr. Robert Hall, Superintendent
Perryton Independent School District
821 SW 17th Avenue
Perryton, TX 79070

Re: Chapter 313 Job Waiver Request

Dear Mr. Hall,

Palo Duro Wind Energy, LLC requests that the Perryton Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation 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.

Palo Duro Wind Energy, LLC requests that the Perryton Independent School District makes such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Palo Duro Wind Energy, LLC has committed to create ten total jobs for the project, of which eight will be in Perryton ISD. Wind projects create a large number of full and part-time, but temporary, jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 turbines. This number may vary depending on the operations and maintenance requirements of the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. 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. In addition to the onsite employees, there may be managers or technicians who support the project from offsite locations.

Sincerely,

A handwritten signature in black ink, reading "J. Weston Jackson", with a long horizontal flourish extending to the right.

J. Weston Jackson
Partner