

**FINDINGS OF THE FORT STOCKTON
INDEPENDENT SCHOOL DISTRICT BOARD
OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
BARILLA SOLAR LLC**



December 16, 2013

**FINDINGS
OF THE
FORT STOCKTON INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
BARILLA SOLAR, LLC**

DECEMBER 16, 2013

Board Findings of the Fort Stockton Independent School District

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SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
BARILLA SOLAR, LLC

STATE OF TEXAS

§

COUNTY OF PECOS

§

On the 16th day of December, 2013, a public meeting of the Board of Trustees of the Fort Stockton Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Barilla Solar, LLC (Barilla Solar) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Fort Stockton Independent School District makes the following findings with respect to the application of Barilla Solar, and the economic impact of that application:

On August 26, 2013, the Texas Comptroller of Public Accounts received an Application from Barilla Solar for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the revised Application is attached as **Attachment A**.

The Applicant, Barilla Solar (Texas Taxpayer Id. 32051538604), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

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

Board Findings of the Fort Stockton Independent School District

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on November 19, 2013. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

The Board of Trustees also directed that a specific financial analysis be conducted of the impact of the proposed value limitation on the finances of the Fort Stockton Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

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

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

Board Findings of the Fort Stockton Independent School District

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

Board Finding Number 1.

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

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 Barilla Solar, 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.

The economic condition of Fort Stockton, Texas is in need of long-term improvement, based on the state's analysis of Pecos County data.

Based on information provided by the Comptroller's Office that focused on the county level, Pecos County is the 133rd largest county in the state in terms of population. Population growth in Pecos is up, based on these data. The population of Pecos increased by 0.7 percent between 2009 and 2010, whereas the state population increased 1.8 percent during the same period.

September 2011 employment for Pecos County was up 3.9 percent from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Pecos County was 5.5 percent in September 2011, lower than the state average of 8.5 percent.

Board Findings of the Fort Stockton Independent School District

Pecos County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Fort Stockton's \$24,941 in 2009 ranked 238th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

The local economy in Pecos County will benefit from economic activity like that associated with the Barilla Solar project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$50,186 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Barilla Solar indicates that total employment will be approximately one (1) new job, which will be a qualifying job.

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

After construction, the project will create one new job when fully operational. The one job 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 Permian Basin Regional Planning Commission Region, where Pecos County is located was \$45,624 in 2012. The annual average manufacturing wage for 2012 for Pecos County is \$36,452. That same year, the county annual average wage for all industries was \$48,724. In addition to a salary of \$50,186, each qualifying position will receive the following benefits: medical and prescription, dental, basic life insurance, accidental death & dismemberment (AD&D), supplemental life insurance and AD&D, dependent life insurance and AD&D, short-term disability, long-term disability, employee assistance program (EAP), flexible spending accounts (FSA), 401(k) retirement plan, stock purchase plan, tuition reimbursement, and paid holidays and paid time off.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$77.5 million on the basis of the goal of 1 new qualifying positions for the entire Barilla Solar project.

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

The project's total investment is \$77.5 million, resulting in a relative level of investment per qualifying job of \$77.5 million.

Board Finding Number 5.

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

Board Finding Number 6.

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

Table 1 depicts Barilla Solar, 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 Barilla Solar, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	200	190	390	\$7,506,800	\$13,493,200	\$21,000,000
2014	201	192	393	\$7,556,986	\$15,443,014	\$23,000,000
2015	1	11	12	\$50,186	\$3,949,814	\$4,000,000
2016	1	(6)	-5	\$50,186	\$1,949,814	\$2,000,000
2017	1	(12)	-11	\$50,186	\$949,814	\$1,000,000
2018	1	(15)	-14	\$50,186	-\$50,186	\$0
2019	1	(17)	-16	\$50,186	-\$50,186	\$0
2020	1	(17)	-16	\$50,186	-\$50,186	\$0
2021	1	(13)	-12	\$50,186	-\$1,050,186	-\$1,000,000
2022	1	(13)	-12	\$50,186	-\$1,050,186	-\$1,000,000
2023	1	(11)	-10	\$50,186	-\$1,050,186	-\$1,000,000
2024	1	(11)	-10	\$50,186	-\$50,186	\$0
2025	1	(3)	-2	\$50,186	-\$50,186	\$0
2026	1	(7)	-6	\$50,186	-\$50,186	\$0
2027	1	(5)	-4	\$50,186	-\$50,186	\$0
2028	1	(3)	-2	\$50,186	-\$50,186	\$0

Source: CPA, REMI, Barilla Solar, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Fort Stockton ISD's ad valorem tax base in 2012-2013 was \$1.198 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Fort Stockton ISD's estimated wealth per WADA was \$397,048. 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, Pecos County, Middle Pecos Ground Water Conservation District, and Midland College District, with all property tax incentives sought being granted using estimated market value from Barilla Solar, LLC's application. Barilla Solar, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, water conservation district, and college district. Table 3 illustrates the estimated tax impact of the Barilla Solar, LLC project on the region if all taxes are assessed.

Board Findings of the Fort Stockton Independent School District

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Fort Stockton ISD I&S Levy	Fort Stockton ISD M&O Levy	Fort Stockton ISD M&O and I&S Tax Levies (Before Credit Credited)	Fort Stockton ISD M&O and I&S Tax Levies (After Credit Credited)	Pecos County Tax Levy	Middle Pecos Ground Water Conservation District Tax Levy	Midland College District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1505	1.0400			0.6290	0.0250	0.0270	
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$75,000,000	\$75,000,000		\$112,875	\$780,000	\$892,875	\$892,875	\$94,350	\$3,750	\$4,050	\$995,025
2016	\$63,750,000	\$30,000,000		\$95,944	\$312,000	\$407,944	\$407,944	\$80,198	\$3,188	\$3,443	\$494,771
2017	\$54,187,500	\$30,000,000		\$81,552	\$312,000	\$393,552	\$326,695	\$68,168	\$2,709	\$2,926	\$400,498
2018	\$46,059,375	\$30,000,000		\$69,319	\$312,000	\$381,319	\$314,462	\$57,943	\$2,303	\$2,487	\$377,195
2019	\$39,150,469	\$30,000,000		\$58,921	\$312,000	\$370,921	\$304,064	\$49,251	\$1,958	\$2,114	\$357,387
2020	\$33,277,898	\$30,000,000		\$50,083	\$312,000	\$362,083	\$295,226	\$41,864	\$1,664	\$1,797	\$340,551
2021	\$28,286,214	\$28,286,214		\$42,571	\$294,177	\$336,747	\$269,890	\$35,584	\$1,414	\$1,527	\$308,416
2022	\$24,043,282	\$24,043,282		\$36,185	\$250,050	\$286,235	\$219,378	\$30,246	\$1,202	\$1,298	\$252,125
2023	\$20,436,789	\$20,436,789		\$30,757	\$212,543	\$243,300	\$176,443	\$25,709	\$1,022	\$1,104	\$204,278
2024	\$17,371,271	\$17,371,271		\$26,144	\$180,661	\$206,805	\$206,805	\$21,853	\$869	\$938	\$230,465
2025	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
2026	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
2027	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
2028	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
						Total	\$4,128,083	\$580,646	\$23,078	\$24,924	\$4,756,731

Assumes School Value Limitation and Tax Abatement with the County, Water Conservation District, and College District.

Source: CPA, Barilla Solar, LLC

¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Fort Stockton ISD I&S Levy	Fort Stockton ISD M&O Levy		Fort Stockton ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Middle Pecos Ground Water Conservation District Tax Levy	Midland College District Tax Levy	Estimated Total Property Taxes
Year			Tax Rate ¹	0.1505	1.0400			0.6290	0.0250	0.0270	
2014	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0	\$0
2015	\$75,000,000	\$75,000,000		\$112,875	\$780,000		\$892,875	\$471,750	\$18,750	\$20,250	\$1,403,625
2016	\$63,750,000	\$63,750,000		\$95,944	\$663,000		\$758,944	\$400,988	\$15,938	\$17,213	\$1,193,081
2017	\$54,187,500	\$54,187,500		\$81,552	\$563,550		\$645,102	\$340,839	\$13,547	\$14,631	\$1,014,119
2018	\$46,059,375	\$46,059,375		\$69,319	\$479,018		\$548,337	\$289,713	\$11,515	\$12,436	\$862,001
2019	\$39,150,469	\$39,150,469		\$58,921	\$407,165		\$466,086	\$246,256	\$9,788	\$10,571	\$732,701
2020	\$33,277,898	\$33,277,898		\$50,083	\$346,090		\$396,173	\$209,318	\$8,319	\$8,985	\$622,796
2021	\$28,286,214	\$28,286,214		\$42,571	\$294,177		\$336,747	\$177,920	\$7,072	\$7,637	\$529,376
2022	\$24,043,282	\$24,043,282		\$36,185	\$250,050		\$286,235	\$151,232	\$6,011	\$6,492	\$449,970
2023	\$20,436,789	\$20,436,789		\$30,757	\$212,543		\$243,300	\$128,547	\$5,109	\$5,518	\$382,475
2024	\$17,371,271	\$17,371,271		\$26,144	\$180,661		\$206,805	\$109,265	\$4,343	\$4,690	\$325,103
2025	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
2026	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
2027	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
2028	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
						Total	\$5,494,905	\$2,903,230	\$115,391	\$124,622	\$8,638,148

Source: CPA, Barilla Solar, LLC

¹Tax Rate per \$100 Valuation

Board Finding Number 7.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$75 million to the tax base for debt service purposes at the peak investment level for the 2015-16 school year. The Barilla Solar project remains fully taxable for debt services taxes, with Fort Stockton ISD levying a \$0.1505 per \$100 I&S rate. While the value of the Barilla Solar project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's I&S tax base.

Board Finding Number 8.

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

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

Board Finding Number 9.

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

In support of Finding 9, the economic impact evaluation states:

According to Barilla Solar, LLC's application, "Barilla Solar, LLC is a wholly owned subsidiary of First Solar, Inc. ("First Solar"). First Solar is a global solar developer with project opportunities all across the United States. The ability to enter into a limited appraisal valuation agreement with the Fort Stockton Independent School District is a motivating factor for constructing the project in Pecos County, Texas, as opposed

Board Findings of the Fort Stockton Independent School District

to building and investing in another state or region where First Solar could develop a project; e.g. California, New Mexico, or Arizona.”

Board Finding Number 10.

During the past two years, 10 projects in the Permian Basin Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 11.

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

Board Finding Number 12.

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

According to the Texas Comptroller of Public Accounts’ School and Appraisal Districts’ Property Value Study 2012 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2012 industrial value for Fort Stockton ISD is \$251.5 million. Fort Stockton ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Fort Stockton ISD is classified as a “rural” district due to its population characteristics. Given that the value of industrial property in Fort Stockton ISD is more than \$200 million, it is classified as a Category I district which can offer a minimum value limitation of \$30 million.

Board Finding Number 13.

The Applicant (Taxpayer Id. 32051538604) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 14.

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

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

Board Finding Number 15.

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

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

Board Findings of the Fort Stockton Independent School District

Dated the 16th day of December 2013.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

By: Ken E. Ripley
Ken Ripley, President, Board of Trustees

ATTEST:

By: Sandra Marquez
Sandra Marquez, Secretary, Board of Trustees

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
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KEVIN O'HANLON
CERTIFIED, CIVIL APPELLATE
CERTIFIED, CIVIL TRIAL

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

JUSTIN DEMERATH

December 16, 2013

President and Members
Of the Board of Trustees
Fort Stockton Independent School District
101 W. Division
Fort Stockton, Texas 79735

*Re: Recommendations and Findings of the Firm Concerning Application of Barilla
Solar LLC for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes, first qualifying year 2014*

Dear President Ripley and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Fort Stockton Independent School District, with respect to the pending Application of Barilla Solar LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2014. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Barilla Solar LLC Based upon our review we have drawn the following conclusions:

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", with a stylized flourish at the end.

Kevin O'Hanlon
For the Firm



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

December 16, 2013

President and Members
Board of Trustees
Fort Stockton Independent School District
101 W. Division
Fort Stockton, Texas 79735

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

Dear President Ripley and Members of the Board of Trustees:

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

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

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

Sincerely,

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878

400 W. 15th Street★Suite 1410★Austin, TX 78701-1648

Fax 512-485-7888

Attachment A

Application

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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KEVIN O'HANLON

CERTIFIED, CIVIL APPELLATE

CERTIFIED, CIVIL TRIAL

LESLIE MCCOLLOM

CERTIFIED, CIVIL APPELLATE

CERTIFIED, LABOR AND EMPLOYMENT

TEXAS BOARD OF LEGAL SPECIALIZATION

JUSTIN DEMERATH

July 31, 2013

Local Government Assistance & Economic Analysis
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78711-3528

RE: Application to the Fort Stockton Independent School District from Barilla Solar, LLC

FIRST QUALIFYING YEAR 2014

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Fort Stockton Independent School District is notifying the Applicant Barilla Solar, LLC of its intent to consider Barilla Solar, LLC's application for appraised value limitation on qualified property. The Applicant submitted the application to the school district on July 22, 2013. The Board voted at a properly posted Board meeting to accept the application on July 22, 2013. The application was determined complete by the school district on July 31, 2013. Please prepare the economic impact report.

The Applicant has included confidential materials with the application. The materials have been provided both in electronic and hard copy format. We have not attached the confidential materials to this email to avoid the unintended disclosure of these materials.

Barilla Solar, LLC has also requested that Page 8 of the Application and Schedules A-D attached be kept "Confidential", as well. Your office has already determined that information regarding investment levels and employment cannot be kept confidential. Even though the Applicant has written Confidential across the top of the Schedules, such information must be published on the website.

Letter to Local Government Assistance & Economic Analysis Division
July 31, 2013
Page 2 of 2

No construction has begun at the project site as of the date of the filing of the application and the District's determination that the application is complete. The Applicant is aware that the determination of a completed application by the Comptroller determines what property may be eligible for a value limitation agreement.

The applicant has requested that the District create the reinvestment zone for this project. The legal description and a final executed copy of the reinvestment zone order are attached.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application. The wage the Applicant has committed to paying on this project is above the required statutory minimums.

A paper copy of the application will be hand delivered to your office today. In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Pecos County Appraisal District.

Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", with a stylized flourish at the end.

Kevin O'Hanlon
School District Consultant

Cc: Chief Appraiser
Pecos County Appraisal District

Barilla Solar, LLC

Ralph Traynham, Fort Stockton 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 22, 2013

First Name

Ralph

Last Name

Traynham

Title

Superintendent

School District Name

Fort Stockton Independent School District

Street Address

101 West Division

Mailing Address

101 West Division

City

Fort Stockton

Phone Number

432-336-4000

Mobile Number (optional)

State

Texas

ZIP

79735

Fax Number

432-336-4008

E-mail Address

ralph.traynham@fsisd.net

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

Will consultant be primary contact? ☒ Yes ☐ No



Form 50-296

Application for Appraised Value Limitation on Qualified Property

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name

Daniel

Last Name

Casey

Title

Partner

Firm Name

Moak, Casey & Associates

Street Address

400 W. 15th Street, Suite 1410

Mailing Address

400 W. 15th Street, Suite 1410

City

Austin

State

Texas

ZIP

78701

Phone Number

512-485-7878

Fax Number

512-485-7888

Mobile Number (Optional)

E-mail Address

dcasey@moakcasey.com

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

Signature (Authorized School District Representative)

Ralph Frankham

Date

7-30-2013

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

If yes, date determined complete. 7/31/13

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

will supplement

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 supplement



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name

Kathryn

Last Name

Arbeit

Title

Director, Project Development

Organization

First Solar, Inc.

Street Address

135 Main Street, 6th Floor

Mailing Address

135 Main Street, 6th Floor

City

San Francisco

State

California

ZIP

94105

Phone Number

415-935-2487

Fax Number

415-894-6207

Mobile Number (optional)

Business e-mail Address

karbeit@firstsolar.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

NA

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



Form 50-296

Application for Appraised Value Limitation on Qualified Property

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name

John

Last Name

Lichtenberger

Title

President

Firm Name

Pelagic Business Consulting LLC

Street Address

Mailing Address

PO Box 27173

City

Austin

State

Texas

ZIP

78755

Phone Number

512-924-8119

Fax Number

512-372-8502

Business email Address

john@pelagicbusinessconsulting.com

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

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

Signature (Authorized Business Representative (Applicant))

Date

7/26/13

GIVEN under my hand and seal of office this 26 day of July, 2013

State of California County of

SAN FRANCISCO

Subscribed and sworn to (or affirmed)

before me on this 26 day of July, 2013, by

KATHRYN ARBEIT

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

Signature

(Notary Seal)

(Seal)

Notary Public, State of

CALIFORNIA

My commission expires

03/31/15

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

Barilla Solar, LLC

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

32051538604

NAICS code

221114 (2012 Version), 221119 (1997 Version)

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.

NA

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.)

Page 6

CONFIDENTIAL

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source

Amount

NA

NA

Total

NA

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.)

Barilla Solar, LLC will apply for property tax abatements with the following taxing entities: Pecos County, Middle Pecos Groundwater District and Midland College

THE PROPERTYIdentify county or counties in which the proposed project will be located Pecos County, TexasCentral Appraisal District (CAD) that will be responsible for appraising the property Pecos County Appraisal DistrictWill 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: Pecos - 100%

(Name and percent of project)

City: NA

(Name and percent of project)

Hospital District: NA

(Name and percent of project)

Water District: Middle Pecos Groundwater District - 100%

(Name and percent of project)

Other (describe): Midland College - 100%

(Name and percent of project)

Other (describe):

(Name and percent of project)

Is the project located entirely within this ISD? ☒ Yes ☐ No

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

**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? \$30,000,000

What is the amount of appraised value limitation for which you are applying? \$30,000,000

What is your total estimated qualified investment? \$75,000,000

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

What is the anticipated date of application approval? December 2013

What is the anticipated date of the beginning of the qualifying time period? December 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? \$77,500,000

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

Attach the following items to this application:

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

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period?

☒ Yes ☐ No

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

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

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

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

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

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? ..

☒ Yes ☐ No

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

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

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303?

☒ Yes ☐ No

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

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

Will the project be on leased land? ☒ Yes ☐ No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

List current market value of existing property at site as of most recent tax year. \$0.00 2012
(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.

Total number of new jobs that will have been created when fully operational 1

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? 1

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 \$957.83

110% of the county average weekly wage for manufacturing jobs in the county is \$719.95

110% of the county average weekly wage for manufacturing jobs in the region is \$964.92

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? \$50,175.84

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? \$50,186.40

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? NA

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.)

The standard First Solar employee benefits would be offered to qualifying jobholders. See Attachment 15.

ECONOMIC IMPACT

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

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

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

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

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

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

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

CONFIDENTIALITY NOTICE

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

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

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

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

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

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

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

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

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

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

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

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



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

Checklist	Page X of 16	Check Completed
1 Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2 Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3 For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	N/A
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	N/A
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	N/A
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	N/A

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

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

CONFIDENTIAL

ATTACHMENT 4 Detailed Description of Project

About First Solar

First Solar is the leading global provider of comprehensive photovoltaic (PV) solar energy solutions. With vertically integrated capabilities improving every aspect of the solar value chain, First Solar delivers power plant solutions that maximize value and mitigate risk for customers worldwide.

Leadership Achieving Cost and Scale

First Solar was formed in 1999 and has become the world's leading thin film module manufacturer. First Solar is the:

- 1st solar company to produce 1 gigawatt (GW) in a single year
- 1st solar company to break the \$1/watt manufacturing cost barrier
- 1st solar company to implement a global PV module recycling program
- World-record-holder for CdTe thin film solar module (14.4%) and cell (18.7%) efficiency

Leadership across the Entire Value Chain

First Solar has gained industry-leading capabilities across the entire solar value chain to become the world's leading provider of PV energy solutions. First Solar has:

- Developed the largest solar project pipeline in the world (currently nearly 3GW contracted worldwide)
- Sold PV power plants to top power producers and energy investors in the industry
- Facilitated the financing for nearly ~2GW (AC) (representing approximately ~\$9 billion) of First Solar power plants
- Designed and constructed over 1.5GW of PV power plants, including the world's largest and most advanced operational PV plant: Agua Caliente in Arizona, USA
- Developed the most advanced grid integration and plant control capability in the solar industry
- Made significant improvements throughout the balance of system to optimize the entire PV power plant and reduce lifecycle costs
- Developed the industry's most advanced O&M program and world-class Operations Center
- Achieved system availabilities of over 99% for fleet of utility-scale PV plants under operation (over 650MW growing to 2.2 GW)

ATTACHMENT 4
Detailed Description of Project

Leadership Integrating into the Global Energy Mix

First Solar's mission is to create enduring value by enabling a world powered by clean, affordable solar electricity. By providing an economically attractive alternative to fossil fuel electricity generation today, First Solar is integrating solar power into the global energy mix.

First Solar delivers advanced PV energy solutions to contemporary problems such as fuel cost volatility and energy supply reliability. First Solar energy solutions include utility-scale generation, industrial power, and fuel replacement solutions. With our proprietary technologies, industry expertise, and proven track record of success, First Solar PV power plants integrate and operate more like traditional generation plants and are the smartest source for reliable and dependable solar energy.

For more information about First Solar's experience and qualifications, please see the attached document:

FSLR_ExperienceandQualifications_Combined_06032013_V2.pdf.



FIRST SOLAR EXPERIENCE AND QUALIFICATIONS

First Solar Advantage

First Solar is a leading global provider of comprehensive photovoltaic (PV) solar energy solutions. With vertically integrated capabilities improving every aspect of the solar value chain, First Solar delivers power plant solutions that maximize value and mitigate risk for customers worldwide. With over 7 GW of First Solar modules installed worldwide, we are the partner of choice for reliable, dependable, and cost-effective solar energy.

Formed in 1999, First Solar introduced and commercialized proprietary and disruptive technology with significant performance benefits in utility-scale applications. First Solar has since become the world's leading thin film module manufacturer. Among other things, First Solar has achieved the following milestones:

- First to manufacture 1 GW of modules in a single year
- First to break the \$1/watt manufacturing cost barrier
- First to implement a global PV module recycling program
- 14.4% module and 18.7% cell efficiency (both world records for CdTe technology)

First Solar has gained capabilities and demonstrated leadership across the entire solar value chain to become the world's leading provider of PV energy solutions. First Solar has:

- Developed the largest solar project pipeline in the world (with over 3 GW currently contracted worldwide)
- Sold PV power plants to top power producers and energy investors in the industry
- Facilitated the financing for ~2GW_{ac} (representing approximately ~\$9 billion) of First Solar power plants
- Designed and constructed over 1.5 GW of PV power plants, including Agua Caliente, the world's largest operational PV plant, located in Yuma County, Arizona.
- Developed the most advanced grid integration and plant control capability in the solar industry
- Made significant improvements throughout the balance of system to optimize the entire PV power plant and reduce lifecycle costs
- Developed the industry's most advanced O&M program and a world-class Operations Center

Project Development and Finance

First Solar offers the most bankable solar energy solutions in the world. We believe that bankability and low cost of capital is critical to integrating solar power into the global energy mix. With a proven track record, the strongest balance sheet in the industry, and unparalleled use of our technology in debt-financed projects, we power confidence with financial institutions worldwide.



First Solar has engineered, constructed, and operated many of the world's largest and most advanced photovoltaic (PV) power plants and is currently executing on one of the largest contracted solar project pipelines in the world. We have sold our plants to top independent power producers and financial investors in the energy industry. In addition, we have facilitated the financing for nearly 2GW (AC) (representing approximately \$9 billion) of First Solar power plants in debt and equity financing, including public and private bond markets, the Federal Financing Bank, and financial institutions worldwide, which have a long history supporting First Solar's bankable technology. Notable projects in our portfolio and contracted project pipeline include:

- **Desert Sunlight Solar Farm, California, USA – 550MW (AC)**, one of the world's largest PV power plants, First Solar designed, is currently constructing, and will operate and maintain for owners NextEra Energy Resources, GE Energy Financial Services, and Sumitomo Corporation of America. When completed in 2015, Desert Sunlight will power about 160,000 homes annually.
- **Topaz Solar Farm, California, USA – 550MW (AC)**, which will also be one the world's largest PV power plant when completed in 2015, has roughly the nameplate capacity of a coal-fired power plant. First Solar designed, is currently constructing, and will operate and maintain the facility for owner MidAmerican Solar, a Berkshire Hathaway company.
- **Agua Caliente, Arizona, USA – 290MW (AC)** is the world's largest operational PV power plant with 250MW currently connected to the grid. First Solar designed, is currently constructing, and will operate and maintain the facility for owners NRG Energy and MidAmerican Solar. Employing First Solar's advanced grid integration and plant control system, the plant is one of the first projects of its size to connect to a 500kV transmission line.
- **Sarnia, Ontario, Canada – 80MW (AC)**, the largest operating PV power plant in Canada, First Solar designed, constructed, and is operating and maintaining the facility for owner Enbridge Capital.
- **Copper Mountain, Nevada, USA – 58MW (AC)**, First Solar designed and constructed the plant for owner Semptra Generation. Copper Mountain has been expanded multiple times and is co-located with a natural gas-fired power plant.
- **Lieberose, Germany – 53MW (AC)**, located on a former military training ground, spurred the cleanup of land mines, grenades and other munitions on the site. Lieberose was co-financed by First Solar and developer juwi solar, Inc.
- **Dhursar Solar Power Plant, Rajasthan, India – 40MW (AC)**, developed by Reliance Power Limited and constructed by Larsen & Toubro, the plant relies on First Solar's PV energy solutions and demonstrates the enormous potential of solar PV in helping India meet its soaring energy needs.
- **Avra Valley Solar Project, Arizona, USA – 26MW (AC)**, designed and constructed by First Solar for owner NRG Energy, the Avra Valley Solar Project maximizes energy output using First Solar's advanced thin film modules and single-axis tracker system.
- **Greenough River Solar Farm, Geraldton, Australia – 10MW (AC)**, is Australia's first utility-scale PV plant connected to the grid. First Solar engineered and constructed the plant and will operate and maintain the facility for owners Verve Energy and GE Energy Financial Services.



Grid Integration and Plant Control System

For solar power to become a mainstream source of energy, reliable and predictable solar energy needs to be easily integrated into the electricity grid without negatively impacting grid reliability and stability. First Solar offers a proprietary and revolutionary power plant control system. First Solar's plant control system is designed to regulate real and reactive power output from the PV plant, resulting in electricity generation that behaves as a single large generator. While PV plants are composed of individual small generators—or inverters, which convert DC power generated by solar panels to AC electricity used on the grid—First Solar's plant control system coordinates all power output in order to provide typical large power plant features.

Thin Film PV Modules

First Solar's world-record setting cadmium telluride (CdTe) thin film solar modules are the foundation to the world's most successful PV power plants. First Solar modules offer a reliable and proven technology that has been validated by numerous independent engineers and backed by financial institutions worldwide. Having secured billions of dollars of project financing due to robust performance and environmental attributes, First Solar modules have a proven energy yield advantage over typical crystalline silicon solar modules. The leading contributor to this performance advantage is due to the superior temperature coefficient of CdTe which delivers higher energy yields at elevated temperatures compared to conventional solar module technologies. The unique cell architecture of First Solar modules is more resilient to partial shading from cloud cover and other physical obstructions, allowing for continued power production even when direct sunlight can only reach a portion of the module surface. In addition, First Solar's thin-film technology is also characterized by higher energy performance in low-light conditions where the absorption properties of CdTe, which are highly matched to the solar spectrum, deliver strong conversion efficiencies in low-light environments such as dawn and dusk.

With these combined benefits, First Solar estimates the performance characteristics of our modules result in an additional 1-1.5% increase in conversion efficiency factor when compared to conventional solar modules in real world conditions. Over the course of a plant's operational life, the advantages of First Solar's low-cost module technology will translate to significant gains in power output and higher financial returns for system owners and project investors, while providing the lowest carbon footprint of any PV technology.

Balance of Systems

First Solar has made significant improvements to balance of system components to optimize the entire PV power plant and reduce lifecycle costs. Our proprietary data acquisition, plant control, and mounting systems are just a few examples of plant optimizing technologies that enable us to provide reliable and predictable solar energy, increased energy yields and system availabilities, faster construction velocities, and a lower Levelized Cost of Electricity (LCOE).



Engineering, Procurement, and Construction

First Solar has engineered, constructed, and operated many of the world's largest and most advanced PV power plants and is currently executing on one of the largest contracted solar project pipelines in the world. With a proven track record of success and an award-winning safety record, First Solar is a trusted partner for many of the world's leading utilities and energy investors. First Solar executes to plan and delivers advanced PV power plants and solutions on budget and on time.

An essential component of First Solar's end-to-end value proposition, First Solar's EPC organization:

- Has designed and built over 1.5 GW of generating capacity and is constructing or will construct an additional 3 GW contracted pipeline of solar power plants over the next several years
- Optimizes each plant for project specific-economics, taking site specific factors into account for design, layout, technology selection and system configuration
- Provides a range of services tailored to the needs and capabilities of each customer, including design and engineering, engineering consultation, construction, and construction management
- Takes full value chain responsibility for plants constructed by First Solar, providing customers a single point of contact throughout the plant lifecycle
- Has made significant improvements in cost reduction and construction velocities, reducing the levelized cost of electricity (LCOE) and providing earlier revenue recognition for our customers
- Maintains an industry-leading safety record and award-winning safety management team

Operations and Maintenance

First Solar has established the most advanced operations and maintenance program in the PV industry today. First Solar O&M combines power prediction and analytical capabilities with advanced diagnostics and plant controls in order to maximize power output, minimize maintenance costs and provide seamless grid integration for customers. First Solar currently operates 19 utility-scale PV power plants with over 1.3 GWh of total energy generated to date and a fleet availability of over 99%.

First Solar's industry-leading global Operations Center located in Mesa, AZ centrally monitors and controls more utility-scale PV power plants than any other company in the world. With automated data analysis and processes, First Solar can quickly detect problems and dispatch maintenance crews to resolve them. First Solar has developed proprietary algorithms to predict potential issues and schedule preventive maintenance before trouble occurs. First Solar's state-of-the-art O&M technology maximizes power output and minimizes maintenance costs, combining to increase customer revenue and to lower the LCOE for utility-scale PV power plants.

Financing Experience

First Solar's business model is such that it does not typically own projects in the long-term. It is anticipated that on the financial closing date, the equity will be sold to an owner that has experience owning generating facilities and has substantial financial wherewithal. First Solar, Inc. has an unparalleled track record among solar developers of placing equity with top-tier energy companies. The



process will commence approximately six to eight months prior to the financial closing date. First Solar will initially compile a list of potential equity investors, and then conduct Project overview meetings with qualified investors who have signed confidentiality agreements. It will then provide data room access to these companies, which will conduct due diligence and submit proposals to purchase the equity. First Solar will then assess the bids based on a number of factors, including price, experience of the owner and certainty of closing. A bidder will then be selected to conduct full due diligence and to negotiate a Purchase and Sale Agreement, an EPC contract and an O&M agreement. If the sale is contingent on financing, then the sale will close contemporaneously with the financing. Otherwise, the sale will close when due diligence, contract negotiations and development are complete.

We have developed one of the largest solar project pipelines in the world (over 3GW currently contracted) and have sold our plants to top independent power producers and financial investors in the energy industry. In addition, we have facilitated the financing for nearly 2GW (AC) (representing approximately \$9 billion) of First Solar power plants in debt and equity financing, including public and private bond markets, the Federal Financing Bank, and financial institutions worldwide, which have a long history supporting First Solar's bankable technology.

Some of the past financings include such notable projects as the 550 MW_{AC} Desert Sunlight Solar Farm, the 550 MW_{AC} Topaz Solar Farm, and the 230 MW_{AC} AV Solar Ranch One in California; the 290 MW_{AC} Agua Caliente Solar Project in Arizona; the 50 MW_{AC} Silver State North project in Nevada; and the 53 MW_{DC} Lieberose project in Germany. First Solar's projects have been financed by a wide group of global institutions, including Deutsche Bank, Societe Generale, Rabobank, Banco Santander, Dexia Bank, Union Bank, Credit Agricole, NordLB, DZ Bank, Landesbank Hessen-Thueringer and KfW IPEX. Additionally, the U.S. Department of Energy provided loan guarantees for Desert Sunlight, Agua Caliente, and AV Solar Ranch One.

First Solar is an S&P 500 company. For FY 2012, the company had total assets of \$6.35 billion. The company typically selects large experienced partners as equity owners for projects it develops. Examples of solar projects that were financed in this manner include Desert Sunlight (NextEra and GE Energy Financial Services), Topaz (MidAmerican Solar), Agua Caliente (NRG Energy and Mid American Solar), AV Solar Ranch One (Exelon), Silver State North (Enbridge), Blythe (NRG Energy), Cimarron (Southern Company) and Sarnia (Enbridge).

* * *



Awards

Utility Variable Generation Integration Group	Achievement Award —Pioneering developments in the construction and interconnection of the largest solar PV plants in the world	2013
ENR Southwest	Owner of the Year	2013
SEIA and SEPA	PV Projects of Distinction Awards —Mount St. Mary's Project	2013
Project Finance	North American Solar Deal of the Year 2012 —Topaz	2012
Imperial Valley Economic Development Corp	Project of the Year —Tenaska Imperial Solar Energy Center South	2012
Solar Power World	Top 100 Solar Contractors	2012
Project Finance	Project Finance Deal of the Year —Desert Sunlight	2012
Power Intelligence	Best Renewables Deal —Desert Sunlight	2012
Solar Power Generation USA	PV Project of the Year —Agua Caliente	2012
CLP Resources	Safety Partner of the Year	2012
Renewable Energy World.com	Solar Project of the Year —Agua Caliente	2012
Malaysia Greentech Awards	Gold Award —Manufacturing	2012
Power Magazine	Top Renewable Plant —Sarnia	2011
Power Magazine	Top Renewable Plant —Copper Mountain Solar 1	2011
MIT Technology Review	TR50 —One of 50 Most Innovative Companies in the World	2011
MIT Technology Review	TR50 —One of 50 Most Innovative Companies in the World	2010
Renewable Energy World.com	Solar Project of the Year —Copper Mountain	2010
CanSIA	Solar PV Project of the Year —Sarnia	2010
Renewable Energy World.com	Solar PV Project of the Year —Sarnia	2010



Staff Composition

With more than 5,600 associates worldwide, First Solar's fully integrated solar power systems business includes project development, engineering, procurement and construction (EPC) services, operating and maintenance (O&M) services, and project finance expertise, as described in more detail below.

- Our **Project Development** group obtains land and land rights for the development of solar power plants incorporating our modules, negotiates long-term power purchase agreements (PPA) with potential purchasers of the electricity to be generated by those plants, manages the interconnection and transmission process, negotiates agreements to interconnect the plant to the electric grid and obtains the permits which are required prior to the construction of the plant, including applicable environmental and land use permits. We sell developed projects or projects under development to system operators who wish to own generating facilities, such as utilities or independent power producers, or to investors who are looking for long-term investment vehicles that are expected to generate consistent returns.
- We provide **Engineering, Procurement, and Construction (EPC)** services for projects developed by our project development business, projects developed by independent solar power project developers, and directly to system owners such as utilities. The procurement component of our EPC services includes deployment of our modules as well as balance of system components that we procure from third parties.
- For solar power plants which we have developed and built, we may provide ongoing **Operations and Maintenance (O&M)** services to the system owner under long-term service agreements. These O&M services may include overseeing the day-to-day operation of the system, safety and security, maximizing energy production, and management of reliability, site services, power purchase agreement and other contractual compliance, environmental and permit compliance, regulatory requirements, recordkeeping, forecasting, warranty, preventative and scheduled maintenance, and spare parts inventory and may also include certain additional guarantees relating to the project.
- Our **Project Finance** group is primarily responsible for negotiating and executing the sale of utility-scale power plant systems incorporating our modules, allowing us to optimize the value of our project development portfolio. This group is experienced in structuring non-recourse project debt financing in the bank loan market and institutional debt capital markets and raising project equity capital from tax oriented and strategic industry equity investors.



Executive Staff and Key Managers

The following is a list of executive staff followed by key managers in each of the departments listed above:

1. Executive Officers

James A. Hughes
Chief Executive Officer

James A. Hughes joined First Solar in March 2012 as Chief Commercial Officer and was appointed Chief Executive Officer in May 2012. Prior to joining First Solar, Mr. Hughes served, from October 2007 until April 2011, as Chief Executive Officer and Director of AEI Services LLC, which owned and operated power distribution, power generation (both thermal and renewable), natural gas transportation and services, and natural gas distribution businesses in emerging markets worldwide. From 2004 to 2007, he engaged in principal investing with a privately held company based in Houston, Texas that focused on micro-cap investments in North American distressed manufacturing assets. Previously, he served, from 2002 until March 2004, as President and Chief Operating Officer of Prisma Energy International, which was formed out of former Enron interests in international electric and natural gas utilities. Prior to that role, Mr. Hughes spent almost a decade with Enron Corporation in positions that included President and Chief Operating Officer of Enron Global Assets, President and Chief Operating Officer of Enron Asia, Pacific Africa and China and as Assistant General Counsel of Enron International. Mr. Hughes is a Non-Executive Director of APR Energy plc, a London Stock Exchange-listed energy company participating in the global market for gas and diesel fired temporary power plants.

Mr. Hughes holds a juris doctor degree from the University of Texas at Austin School of Law, a Certificate of Completion in international business law from Queen Mary's College, University of London, and a bachelor's degree in business administration from Southern Methodist University.

Mark Widmar
Chief Financial Officer and Chief Accounting Officer

Mark Widmar joined First Solar in April 2011 as the company's Chief Financial Officer. In this role he oversees all financial operations, including Financial Planning & Analysis, Treasury, Internal Audit, Investor Relations, Accounting, and Tax. Prior to joining First Solar, Mr. Widmar was the Chief Financial Officer for Graftech International, and was also President of Graftech's Engineering Solutions business.

From 2005 to 2006 Mr. Widmar served as Corporate Controller for NCR Inc. Prior to his appointment to Controller, he was a Business Unit Chief Financial Officer for NCR, with responsibility for setting the financial vision and strategy for a \$2 billion global enterprise. In this position Mr. Widmar was instrumental in the establishment of strategic plans, annual operating plans, and pricing strategy.



Mr. Widmar has also held various financial and managerial positions with Dell, Inc., Lucent Technologies, Inc., AlliedSignal, Inc., and Bristol Myers/Squibb, Inc. He began his career in 1987 as an accountant with Ernst & Young.

He holds a Bachelor of Science and a Masters of Business Administration from Indiana University.

Georges Antoun
Chief Operating Officer

Georges Antoun joined First Solar in July 2012 as the company's Chief Operating Officer. Mr. Antoun has over 20 years of operational and technical experience, including leadership positions at several global technology companies. Mr. Antoun most recently served as Venture Partner at Technology Crossover Ventures (TCV), a private equity and venture firm that he joined in July 2011. Prior to joining TCV, Mr. Antoun was the Head of Product Area IP & Broadband Networks for Ericsson, based in San Jose, California. Mr. Antoun joined Ericsson in 2007, when Ericsson acquired Redback Networks, a telecommunications equipment company, where Mr. Antoun served as the Senior Vice President of World Wide Sales & Operations. After the acquisition, Mr. Antoun was promoted to Chief Executive Officer of the Redback Networks subsidiary. Prior to Redback Networks, Mr. Antoun spent five years at Cisco Systems, where he served as Vice President of Worldwide Systems Engineering and Field Marketing, Vice President of Worldwide Optical Operations, and Vice President of Carrier Sales. He has also held senior management positions at Newbridge Networks, a data and voice networking company, and Nynex (now Verizon Communications), where he was part of its Science and Technology Division.

Mr. Antoun earned a Bachelor of Science degree in Engineering from the University of Louisiana at Lafayette and a Master's degree in Information Systems Engineering from Polytechnic Institute of New York University.

Carol Campbell
Executive Vice President, Human Resources

Carol Campbell joined First Solar in March 2006 as Director of Human Resources and was named Vice President of Human Resources in March 2007. She became the Company's Executive Vice President of Human Resources in November 2009. Prior to joining First Solar, she was the Regional Director of Human Resources for North America at the Dana Corporation, where she was responsible for all Dana plants in the US, Canada, and Mexico. Ms. Campbell was with Dana for 20 years, progressing through levels of greater responsibility in the Legal and Human Resource Departments. She has her Professional Human Resources certification through the Society of Human Resources Management and has extensive experience successfully developing and running highly effective HR organizations in complex and rapidly changing environments. She graduated Magna Cum Laude from Heidelberg College with a B.S. degree in Business.



Mary Beth Gustafsson
Executive Vice President, General Counsel and Secretary

Mary Beth Gustafsson joined First Solar in October 2008 as Vice President, General Counsel. She was named Executive Vice President, General Counsel and Corporate Secretary in November 2009. Ms. Gustafsson was previously Senior Vice President, General Counsel and Secretary of Trane (formerly American Standard Companies, Inc.). Prior to that, she held roles as Chief Counsel of Trane's commercial and residential air conditioning systems business worldwide and Chief Corporate Counsel for corporate legal activities, including acquisitions, joint ventures and alliances, financing transactions, corporate governance and public company regulation. Mary Beth has a bachelor's degree in English Literature from Boston University, and a Juris Doctor degree from The University of Michigan Law School.

Maja Wessels
Vice President, Global Public Affairs

Maja Wessels leads First Solar's government affairs, sustainable development and community relations activities globally. Ms. Wessels joined First Solar as Vice President of Government Affairs for the Europe, Middle East and Africa region in May 2008 after serving 4 years as senior vice president, Government Affairs at Honeywell for the EMEA region and three as President, United Technologies International Operations for Europe. Ms. Wessels chaired the American Electronics Industry Association Europe from 2006 to 2007 and prior to that she was president of the American Chamber of Commerce to the EU from 2003 to 2007. From 1997 to 2000 she was employed by Daimler Chrysler as vice president of Government Affairs in Europe. Ms. Wessels is a graduate of Dartmouth College. She also holds a master's degree in international economics and European studies from the School of Advanced International Studies of Johns Hopkins University.

Raffi Garabedian
Chief Technology Officer

Raffi Garabedian joined First Solar in 2008 as Director of Disruptive Technologies, and was promoted to Vice President of Advanced Technologies in 2010, overseeing the Company's advanced research and development operations in Santa Clara, California, and was promoted to Chief Technology Officer in May 2012. Prior to joining First Solar, he was founder and CEO of Touchdown Technologies, a semiconductor test equipment company. Prior to that, Mr. Garabedian worked in the semiconductor and microelectromechanical systems industries for over 15 years, developing new products ranging from automotive sensors to telecommunications switching systems, and holds more than 20 issued patents in these fields. Mr. Garabedian earned a BSEE degree from Rensselaer Polytechnic University and an MSEE degree from the University of California at Davis.



Brian Kunz
Vice President, Project Development

Brian Kunz is First Solar's Vice President for Project Development in the United States. He is responsible for the development and growth of First Solar's pipeline of utility-scale solar energy projects, currently amounting to 2,000 MW in the U.S. Mr. Kunz joined First Solar in July, 2010 through the Company's purchase of NextLight Renewable Power, the largest independent U.S. solar power plant developer. Mr. Kunz is a founding member of NextLight Renewable Power and served as its Vice President of Development.

Prior to joining NextLight, Mr. Kunz was Vice President and Regional Executive of Competitive Power Ventures (CPV) where he led the regional business and project development activities in California for new fossil and wind facilities. Mr. Kunz also was Senior Business Developer at PPM Energy, where he led the development and acquisition of wind power projects in California and Nevada from early site identification through late stage development. At PPM Energy, Mr. Kunz created a 700 MW wind project pipeline in CA including 350 MWs of late stage development projects.

Prior to PPM Energy, Mr. Kunz held Director-level roles at PG&E National Energy Group and PG&E Enterprises. He was responsible for business and project development for fossil power generation at NEG where he developed the 1,100 MW Harquahala Generation Project. At PG&E Enterprises he served as the country manager for project development and utility acquisitions in Australia. Mr. Kunz holds a Bachelor of Science in Mechanical Engineering from the University of Wisconsin – Madison and is a registered Professional Engineer in the State of California.



2. Financial Advisor

First Solar's Finance activities supporting project development are led by Mr. Alexander Bradley.

Mr. Alexander Bradley

Vice President, Project Finance
620 Eighth Ave. 44th Floor, Suite B
New York, NY 10018

Mr. Bradley joined First Solar in 2008 as Director of Project Finance, in charge of project equity relationships, and since April 2012 has run the global Project Finance group. He has led the sale and financing of several First Solar development assets, including 380MW of utility scale projects, and has been involved in structuring First Solar's entry into emerging markets. Prior to joining First Solar, Mr Bradley worked at HSBC in investment banking and leveraged finance, in London and the USA, covering the energy and utilities sector. He was educated at the University of Edinburgh, Scotland.

3. Environmental Consultant

First Solar's environmental activities supporting project development are led by Mr. Roy Skinner.

Mr. Roy Skinner

Director, Siting and Permitting
135 Main St., 6th Floor
San Francisco, CA 94105
(415) 935-2514
Roy.Skinner@FirstSolar.com

Roy Skinner is Director of Siting and Permitting for First Solar. He was previously an independent energy consultant, providing client support for permitting, compliance, and real estate for power projects, and due diligence support for mergers and acquisitions. Mr. Skinner served as Project Development Manager and Permitting Manager for PG&E National Energy Group where he was responsible for development of gas and coal-fired power projects and managed environmental permitting and compliance for a variety of large, utility scale power plants, including gas, wind, and solar. Prior to PG&E National Energy Group, Mr. Skinner was Environmental Manager for Harding Lawson Associates where he managed the environmental staff of the Sacramento office. He was also Environmental Manager for GEO Operator Corporation where he was responsible for geothermal project permitting and compliance for west coast operations. Mr. Skinner has over 30 years of experience in energy development, including project development, environmental management, project permitting and compliance, resource development and technical investigations.



4. Owner's Engineer

First Solar's owner's engineer activities supporting project development are led by Mr. Logan Granger, AIA, LEED AP.

Mr. Logan Granger, AIA, LEED AP

Manager, Project Development Engineering
135 Main St., 6th Floor
San Francisco, CA 94105
(415) 935-2581
Logan.Granger@firstsolar.com

Logan Granger is First Solar's Manager of Global Project Development Engineering. He leads a team of project development engineers supporting First Solar's development efforts in the Americas, EMEA, APAC, China, and India. Mr. Granger joined First Solar in March 2012, and he has focused on utility-scale PV power plant project development, engineering, procurement, and construction since 2004. During that time, he has managed the design of over 600MW of installed PV capacity across more than 100 completed projects in North America, Europe, Middle East, and Asia.

Prior to joining First Solar, Mr. Granger spent eight years developing and delivering renewable energy projects with SunPower Corporation. At SunPower he was responsible for Global Project Engineering—providing technical support for late-stage development, detailed design engineering, permitting, and EPC delivery of utility-scale solar power plants.

Mr. Granger is a Licensed Architect in California and holds a Master's degree in Architecture from Harvard University.



5. Construction Contractor

First Solar's construction contractor activities supporting project development are led by Mr. Lou Moore.

Mr. Lou Moore

Senior VP, EPC
350 West Washington Street
Tempe, AZ 85281
(602) 414-9341
Lmoore@firstsolar.com

As Senior Vice President of EPC at First Solar, Lou Moore directs all construction activities for First Solar's Engineering, Procurement, and Construction (EPC) division in North America. In this role, Mr. Moore oversees a team of construction managers and site supervisors and has responsibility for all on-site activities.

Mr. Moore comes to First Solar with more than 35 years of engineering and construction management experience, including significant experience in the construction of power plants. Prior to joining First Solar, Mr. Moore served as Director of The Shaw Group, a leading engineering firm. At Shaw, he led a Site Project Management Organization comprised of more than 240 employees managing the construction of a two unit Westinghouse AP1000 Nuclear Power Station in Haiyang, China.

Before Shaw, Mr. Moore served in a number of roles, including Construction Manager, Operations Manager, and Project Manager, for Bechtel International Systems. While at Bechtel, he oversaw projects including airport, railway and infrastructure projects in North America and the construction of several gas-fired plants in Iraq.

Previously, he worked in a variety of roles, including Project Manager and Construction Manager, for Stone & Webster. In his time there he served as Project Manager overseeing all EPC responsibility for the 1,040 MW Harquahala gas turbine combined cycle power project in Arizona, and also performed engineering and construction work on power projects in several states as well as Taiwan.

Mr. Moore holds a Bachelor of Science in Mechanical Engineering from the United States Merchant Marine Academy.



6. Transmission Consultant

First Solar's Transmission and Interconnection activities supporting project development are led by Mr. Jim Filippi.

Mr. Jim Filippi

Director, Transmission and Interconnection

135 Main St., 6th Floor

San Francisco, CA 94105

(415) 935-2498

James.filippi@firstsolar.com

Mr. James Filippi is Director of Transmission and Interconnection at First Solar and has over 38 years of power generation and transmission experience. Mr. Filippi joined First Solar in 2010 with its acquisition of NextLight Renewable Resources, where he was the Director of Transmission. Prior to joining NextLight, he was Principal Planning Engineer for Pacific Gas & Electric and represented PG&E on electric transmission planning issues in inter-utility contract negotiations and litigation, state regulatory proceedings, industry associations (e.g., WECC) and joint utility transmission expansion projects. Prior to that, Mr. Filippi was Manager, Transmission Services for PG&E National Energy Group (NEG) responsible for the transmission-related activities to plan, site, permit and interconnect NEG's new generation projects in the Western Interconnection, including the La Paloma, Harquahala and Otay Mesa projects. Before that, Mr. Filippi was a Director of Transmission Planning at Pacific Gas & Electric. Mr. Filippi has served as Chair of the Planning Coordination Committee of the Western Electricity Coordinating Council (WECC), as well as Chair of the Joint Guidance Committee, and continues to serve as the Co-Chair of the Transmission Expansion Planning Technical Advisory Subcommittee.

ATTACHMENT 5

NOT APPLICABLE

ATTACHMENT 6

CONFIDENTIAL

ATTACHMENT 7

CONFIDENTIAL

REINVESTMENT
ZONE

ATTACHMENT 8

See ATTACHMENT NO.'s 6 & 7

ATTACHMENT 9

See ATTACHMENT NO.'s 6 & 7

ATTACHMENT 10

See ATTACHMENT NO.'s 6 & 7

ATTACHMENT 11

See ATTACHMENT NO.'s 6 & 7

ATTACHMENT 12

See ATTACHMENT NO.'s 6 & 7



ATTACHMENT 13

July 26, 2013

Mr. Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division
Fort Stockton, Texas 79735

Re: Chapter 313 Job Waiver Request for Barilla Solar Project

Dear Mr. Traynham:

This letter is to request a waiver of the requirement to create 10 full-time, permanent jobs as part of the Appraised Value Limitation application for Barilla Solar, LLC ("Barilla Solar")'s solar energy project west of Fort Stockton. Barilla Solar is a wholly owned subsidiary of First Solar, Inc. ("First Solar"). Section 313.025 (f-1) allows a school district to waive the new jobs creation requirement if it finds that the 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."

With more than 7 gigawatts (GW) installed worldwide, First Solar is the world leader in photovoltaic (PV) solar energy solutions. First Solar's fully integrated solar power systems business includes project development, engineering, procurement and construction (EPC) services, operating and maintenance (O&M) services, and project finance expertise. First Solar has completed construction on 1 GW of projects and has a contracted project pipeline under development or construction of 3 GW. In addition, First Solar has developed the industry's most advanced O&M group, currently operating 19 utility-scale PV plants with 1.3 GWh of total energy generated from plants under operation to date. First Solar's Network Operations Center ("NOC"), located in Mesa AZ, oversees and monitors these plants as well as other assets on a 24x7 hourly basis utilizing the latest technology.

First Solar requests that the Fort Stockton Independent School District waive the new job creation requirement for 10 full-time, permanent jobs. Taking into account industry standards, the size and scope of the Barilla Solar Project and First Solar's extensive experience operating solar plants, First Solar expects to permanently employ one maintenance technician for this facility.

Very truly yours,

A handwritten signature in blue ink that reads "Kathryn Arbeit".

Kathryn Arbeit
Director, Project Development

ATTACHMENT 14
Calculation for Wage Requirements with TWC Documentation

Weekly Wage Calculations

Pecos County All Industries

	Raw Data	110%
Q1	\$917	\$1,009
Q2	\$806	\$887
Q3	\$846	\$931
Q4	\$837	\$921
Average		\$937

**Pecos County
Manufacturing**

	Raw Data	110%
Q1	\$623	\$685
Q2	\$611	\$672
Q3	\$706	\$777
Q4	\$609	\$670
Average		\$701

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

ATTACHMENT 14
Calculation for Regional Wage Requirements with Documentation

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

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

Hourly	\$21.93	x110%	\$24.12	x140%	\$964.92
Annual	\$45,624	x110%	\$50,186.40		

ATTACHMENT 15
Description of Benefits

Qualified jobholders will be offered First Solar's standard employee benefits package. First Solar currently offers the following benefits to its full-time employees:

- Medical and Prescription,
- Dental,
- Basic Life Insurance,
- Accidental Death & Dismemberment (AD&D),
- Supplemental Life Insurance and AD&D,
- Dependent Life Insurance and AD&D,
- Short-term Disability,
- Long-term Disability,
- Employee Assistance Program (EAP),
- Flexible Spending Accounts (FSA),
- 401(k) Retirement Plan,
- Stock Purchase Plan,
- Tuition Reimbursement, and
- Paid Holidays and Paid Time Off

ATTACHMENT 16
Economic Impact

No Economic Impact study will be submitted by Applicant.

ATTACHMENT #17

Schedule A (Rev. May 2010): Investment

Applicant Name

Bartle Solar, LLC
Fort Stockton, ISD

CONFIDENTIAL

Form 50-295

PROPERTY INVESTMENT AMOUNTS

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

The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	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)	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)
Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)	2013-14	2013	\$0.00	\$0.00	\$0.00	\$0.00
Complete tax years of qualifying time period	Value Limitation Period	Continue to Maintain Valuable Presence	1	2014-2015	2014	\$75,000.00	\$0.00	\$75,000.00
			2	2015-2016	2015	\$0.00	\$0.00	\$0.00
			3	2016-2017	2016	\$0.00	\$0.00	\$0.00
			4	2017-2018	2017	\$0.00	\$0.00	\$0.00
			5	2018-2019	2018	\$0.00	\$0.00	\$0.00
			6	2019-2020	2019	\$0.00	\$0.00	\$0.00
			7	2020-2021	2020	\$0.00	\$0.00	\$0.00
			8	2021-2022	2021	\$0.00	\$0.00	\$0.00
			9	2022-2023	2022	\$0.00	\$0.00	\$0.00
			10	2023-2024	2023	\$0.00	\$0.00	\$0.00
			11	2024-2025	2024	\$0.00	\$0.00	\$0.00
			12	2025-2026	2025	\$0.00	\$0.00	\$0.00
			13	2026-2027	2026	\$0.00	\$0.00	\$0.00
			14	2027-2028	2027	\$0.00	\$0.00	\$0.00
			15	2028-2029	2028	\$0.00	\$0.00	\$0.00

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

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

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

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





CONFIDENTIAL

Applicant Name Barilla Solar, LLC
 Fort Stockton ISD

Form 50-296

				Qualified Property		Reductions from Market Value	Estimated Taxable Value	
				Estimated Total Market Value of Land	Estimated Total Market Value of new buildings or other new improvements		Final taxable value for ISD - after all reductions	Final taxable value for M&O--after all reductions
Complete tax years of qualifying time period	pre-year 1	2013-2014	2013	NA		\$0.00		
	1	2014-2015	2014	NA	\$0	\$0.00	\$0	\$0
	2	2015-2016	2015	NA	\$75,000,000	\$0.00	\$75,000,000	\$75,000,000
	3	2016-2017	2016	NA	\$63,750,000	\$0.00	\$63,750,000	\$30,000,000
	4	2017-2018	2017	NA	\$54,187,500	\$0.00	\$54,187,500	\$30,000,000
	5	2018-2019	2018	NA	\$46,059,375	\$0.00	\$46,059,375	\$30,000,000
Value Limitation Period	6	2019-2020	2019	NA	\$39,150,469	\$0.00	\$39,150,469	\$30,000,000
	7	2020-2021	2020	NA	\$33,277,898	\$0.00	\$33,277,898	\$30,000,000
	8	2021-2022	2021	NA	\$28,286,214	\$0.00	\$28,286,214	\$28,286,214
	9	2022-2023	2022	NA	\$24,043,282	\$0.00	\$24,043,282	\$24,043,282
	10	2023-2024	2023	NA	\$20,436,789	\$0.00	\$20,436,789	\$20,436,789
	11	2024-2025	2024	NA	\$17,371,271	\$0.00	\$17,371,271	\$17,371,271
Credit Settle-Up Period	Continue to Maintain Viable Presence							
	12	2025-2026	2025	NA	\$15,000,000	\$0.00	\$15,000,000	\$15,000,000
Post- Settle-Up Period	13	2026-2027	2026	NA	\$15,000,000	\$0.00	\$15,000,000	\$15,000,000
	14	2027-2028	2027	NA	\$15,000,000	\$0.00	\$15,000,000	\$15,000,000
Post- Settle-Up Period	15	2028-2029	2028	NA	\$15,000,000	\$0.00	\$15,000,000	\$15,000,000

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

[Signature]

7/26/13

ATTACHMENT #19

Schedule C- Application: Employment Information

Applicant Name
ISD NameBarilla Solar, LLC
Fort Stockton ISD

Form 50-296

				Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man- hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant 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
	Complete tax years of qualifying time period	pre-year 1	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	200 FTE FTE peak	\$37,534	0	0	
	1	2014-2015	2013	2014	0		1	1	\$50,186
	2	2015-2016	2015	2015	0		1	1	\$50,186
	3	2016-2017	2016	2016	0		1	1	\$50,186
	4	2017-2018	2017	2017	0		1	1	\$50,186
	5	2018-2019	2018	2018	0		1	1	\$50,186
	6	2019-2020	2019	2019	0		1	1	\$50,186
	7	2020-2021	2020	2020	0		1	1	\$50,186
	8	2021-2022	2021	2021	0		1	1	\$50,186
	9	2022-2023	2022	2022	0		1	1	\$50,186
	10	2023-2024	2023	2023	0		1	1	\$50,186
	11	2024-2025	2024	2024	0		1	1	\$50,186
	12	2025-2026	2025	2025	0		1	1	\$50,186
	13	2026-2027	2026	2026	0		1	1	\$50,186
	14	2027-2028	2027	2027	0		1	1	\$50,186
	15	2028-2029	2028	2028	0		1	1	\$50,186

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

ATTACHMENT #20

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

Applicant Name

Barilla Solar, LLC

Fort Stockton ISD

Form 50-296

CONFIDENTIAL

Sales Tax Information				Franchise Tax		Other Property Tax Abatements Sought		
Sales Taxable Expenditures				Franchise Tax	County	City	Groundwater District	Midland College
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)				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
Year	School Year (yyyy-yyyy)	Tax/Calendar Year yyyy	2013	\$0.00	\$0.00	\$0.00	80%	80%
Complete tax years of qualifying time period	1	2014-2015	2014	\$0.00	\$75,000.000	\$ 16,631.91	80%	80%
	2	2015-2016	2015	\$0.00	\$0.00	\$ 25,326.32	80%	80%
	3	2016-2017	2016	\$0.00	\$0.00	\$ 25,954.07	80%	80%
	4	2017-2018	2017	\$0.00	\$0.00	\$ 25,770.21	80%	80%
	5	2018-2019	2018	\$0.00	\$0.00	\$ 26,430.12	80%	80%
	6	2019-2020	2019	\$0.00	\$0.00	\$ 26,798.22	80%	80%
	7	2020-2021	2020	\$0.00	\$0.00	\$ 27,436.25	80%	80%
	8	2021-2022	2021	\$0.00	\$0.00	\$ 28,335.73	80%	80%
	9	2022-2023	2022	\$0.00	\$0.00	\$ 36,883.15	80%	80%
	10	2023-2024	2023	\$0.00	\$0.00	\$ 36,610.50	80%	80%
Tax Credit Period (with 50% cap on credit)	Value Limitation Period							
	11	2024-2025	2024	\$0.00	\$0.00	\$ 36,337.86	80%	80%
	12	2025-2026	2025	\$0.00	\$0.00	\$ 36,065.22	80%	80%
Credit Settle-Up Period	Continue to Maintain Viable Presence							
	13	2026-2027	2026	\$0.00	\$0.00	\$ 35,792.58	80%	80%
Post-Settle-Up Period	14	2027-2028	2027	\$0.00	\$0.00	\$ 35,519.94	80%	80%
	15	2028-2029	2028	\$0.00	\$0.00	\$ 35,247.30	80%	80%

*For planning, construction and operation of the facility.

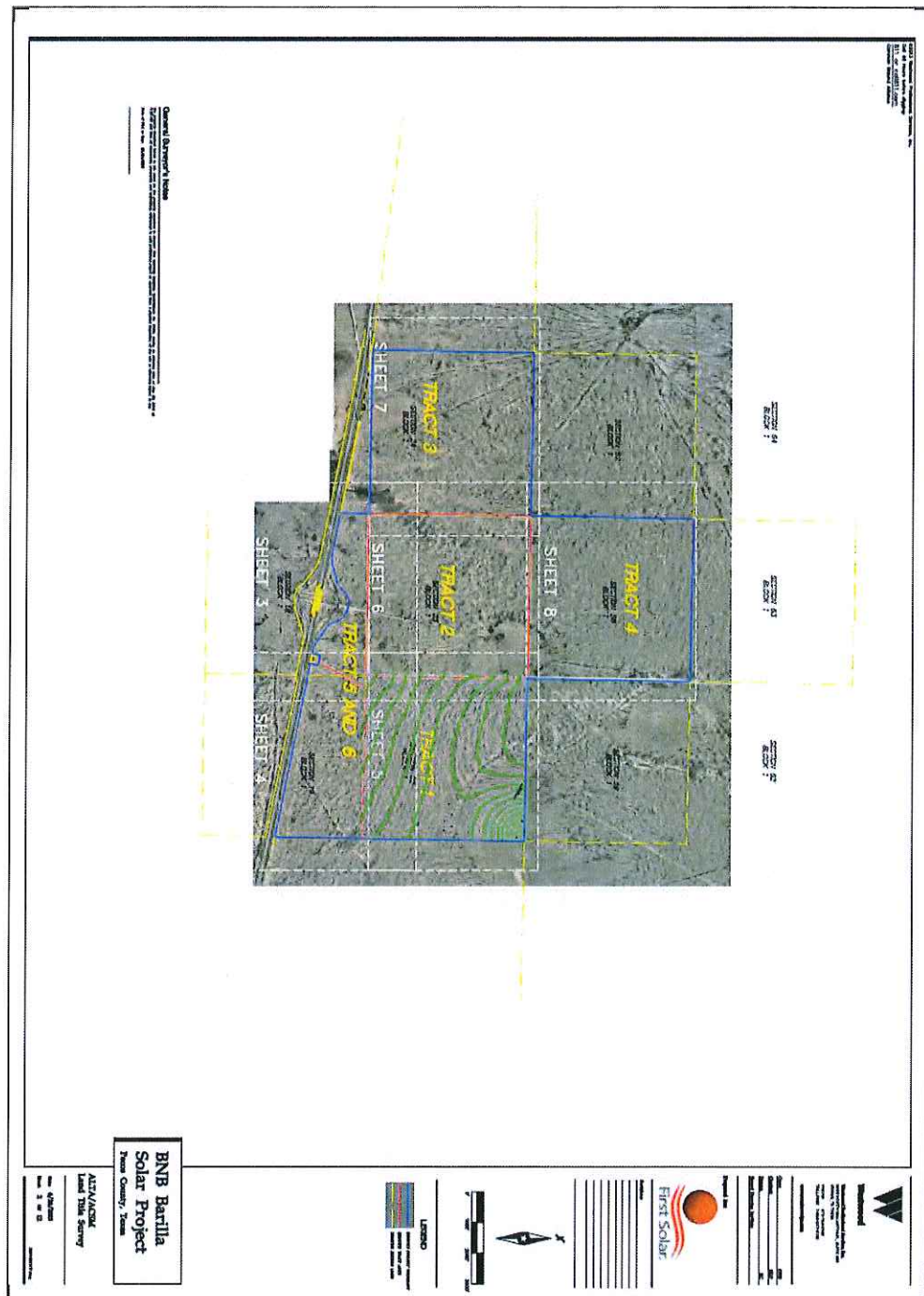
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

*Michael David**7/26/13*

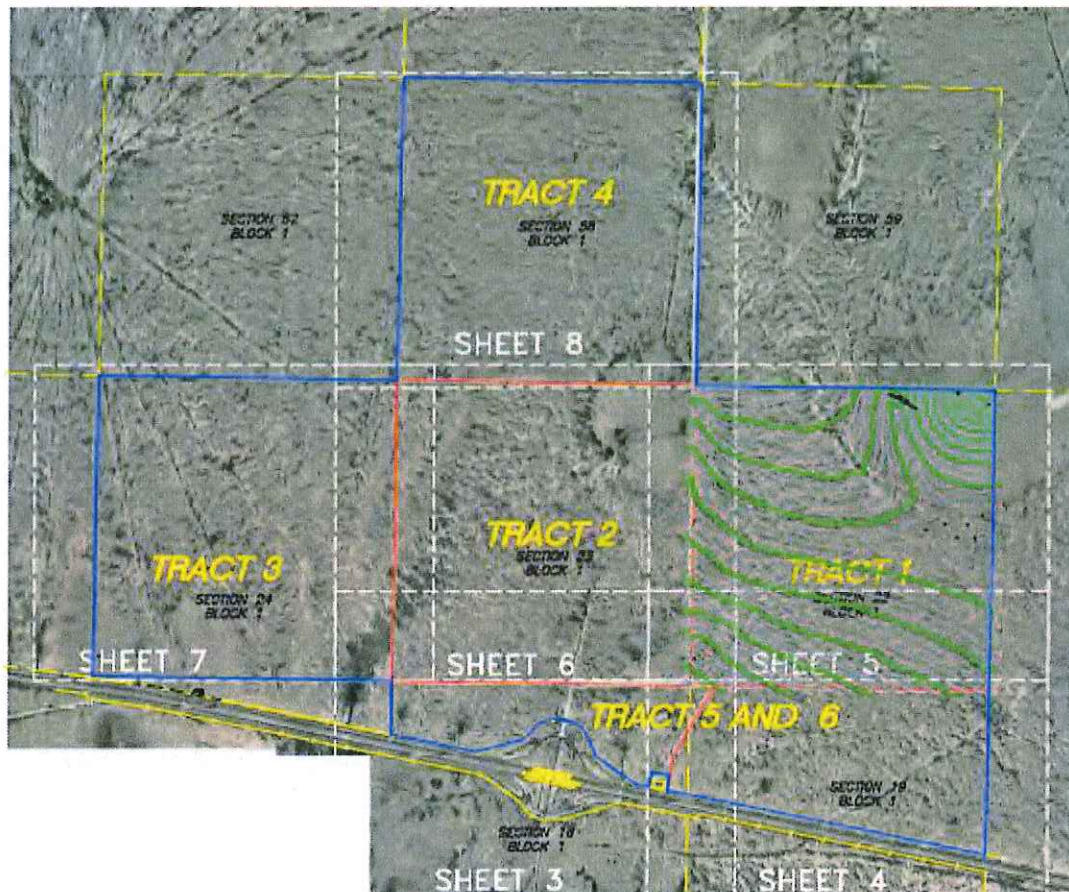
ATTACHMENT 21 Map of Reinvestment Zone

The Reinvestment Zone consists of tracts 1-6 outlined by the blue border below. The tracts include all of sections 22, 23, 24 and 58 and part of sections 18 and 19. The Reinvestment Zone is located along the north side of IH 10 at Hovey Road.

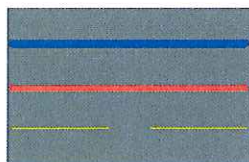


ATTACHMENT 21
Map of Reinvestment Zone

See below for an enlarged image of the Reinvestment Zone.



LEGEND



DENOTES REINVESTMENT
ZONE BOUNDARY

DENOTES TRACT LINES

DENOTES SECTION LINES

ATTACHMENT 22
Resolution Establishing Reinvestment Zone

**RESOLUTION OF THE
FORT STOCKTON INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES**

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR TEXAS TAX CODE CHAPTER 313 APPRAISED VALUE LIMITATION IN THE FORT STOCKTON INDEPENDENT SCHOOL DISTRICT, IN PORTIONS OF PECOS COUNTY, TEXAS, TO BE KNOWN AS THE "BARILLA" REINVESTMENT ZONE; ESTABLISHING THE BOUNDARIES THEREOF; AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Board of Trustees of the Fort Stockton Independent School District desires to promote the development or redevelopment of a certain contiguous geographic area within its jurisdiction by the creation of a reinvestment zone as authorized by the Property Redevelopment and Tax Abatement Act, as amended (V.T.C.A. Texas Tax Code § 312.0025), for the purpose of authorizing an Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, as authorized by Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Fort Stockton Independent School District (the "District") desires to encourage the development of primary employment and to attract major investment in the District that would be a benefit to property in a reinvestment zone created by the District and to the school district and contribute to the economic development of the region in which the school district is located; and,

WHEREAS, on January 22, 2013, a hearing before the Board of Trustees of the District was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing, and the delivery of written notice to the respective presiding officers of each taxing entity which includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

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

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

WHEREAS, the District wishes to create a reinvestment zone within the boundaries of the District in Pecos County, Texas as shown on the attached **Exhibit A and Exhibit B**.

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE FORT STOCKTON INDEPENDENT SCHOOL DISTRICT:

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

SECTION 2. That the Board of Trustees of the Fort Stockton Independent School District, after conducting such hearing and having heard such evidence and testimony, has made the following findings and determinations based on the evidence and testimony presented to it:

- (a) That the public hearing on the adoption of the "Barilla" Reinvestment Zone has been properly called, held and conducted, and that notices of such hearing have been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and,
- (b) That the boundaries of the "Barilla" Reinvestment Zone be and, by the adoption of this Resolution, are declared and certified to be, the area as described in the description attached hereto as "EXHIBIT A"; and,
- (c) That the map attached hereto as "EXHIBIT B" is declared to be and (by the adoption of this Resolution) is certified to depict and to show accurately the boundaries of the "Barilla" Reinvestment Zone, which is normatively described in "EXHIBIT A", and further certifies that the property described in "EXHIBIT A" is inside the boundaries shown on "EXHIBIT B"; and,
- (d) That creation of the "Barilla" Reinvestment Zone with boundaries as described in "EXHIBIT A" and "EXHIBIT B" will result in benefits to the Fort Stockton Independent School District and to land included in the zone, and that the improvements sought are feasible and practical; and,
- (e) That the "Barilla" Reinvestment Zone described in "EXHIBIT A" and "EXHIBIT B" meets the criteria set forth in Texas Tax Code §312.0025 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, in that it is reasonably likely that the designation will contribute to the retention or expansion of primary employment, and/or will attract investment in the zone that will be a benefit to the property, and would contribute to economic development within the Fort Stockton Independent School District.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, the Fort Stockton Independent School District, hereby creates a reinvestment zone under the provisions of Texas Tax Code § 312.0025, encompassing the area described by the descriptions in "EXHIBIT A" and "EXHIBIT B", and such reinvestment zone is hereby designated and shall hereafter be referred to as the *Barilla Reinvestment Zone*.

SECTION 4. That the *Barilla Reinvestment Zone* shall take effect upon adoption by the Board of Trustees and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of such designation.

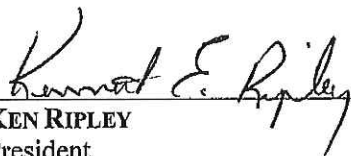
SECTION 5. That if any section, paragraph, clause, or provision of this resolution shall for any reason be held to be invalid or unenforceable, the invalidity or unenforceability of such section, paragraph, clause, or provision shall not affect any of the remaining provisions of this resolution.

SECTION 6. That it is hereby found, determined, and declared that a sufficient notice of the date, hour, place, and subject of the meeting of the Fort Stockton Independent School District Board of Trustees, at which this resolution was adopted, was posted at a place convenient and readily accessible at all times, as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended; and that a public hearing was held prior to the designation of such reinvestment zone, and that proper notice of the hearing was published in newspapers of general circulation in Pecos County of the State of Texas; and that, furthermore, such notice was in fact delivered to the presiding officer of any effected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

PASSED, APPROVED, AND ADOPTED on this 22nd day of July, 2013.

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

By:


KEN RIPLEY
President
Board of Trustees

ATTEST:

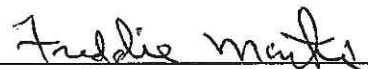

~~SANDRA MARQUEZ~~ ~~Freddie Martinez~~
~~Secretary~~ ~~Assistant Secretary~~
Board of Trustees

EXHIBIT A
LEGAL DISCRIPTION OF REINVESTMENT ZONE

THE SURFACE ESTATE ONLY OF:

TRACT ONE:

ALL OF SECTION TWENTY-TWO (22), BLOCK ONE (1), H&TC CO. RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN VOLUME 618, PAGE 540 , DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT TWO:

ALL OF SECTION TWENTY-THREE (23), BLOCK ONE (1), H&TC CO RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN VOLUME 618, PAGE 540 , DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT THREE:

ALL OF SECTION TWENTY-FOUR (24), BLOCK ONE (1), H&TC CO RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN VOLUME 618, PAGE 540, DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT FOUR:

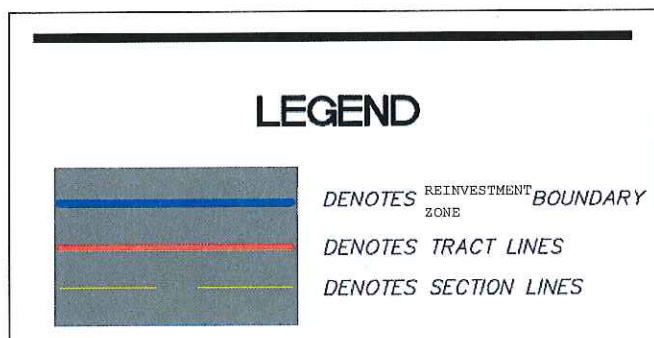
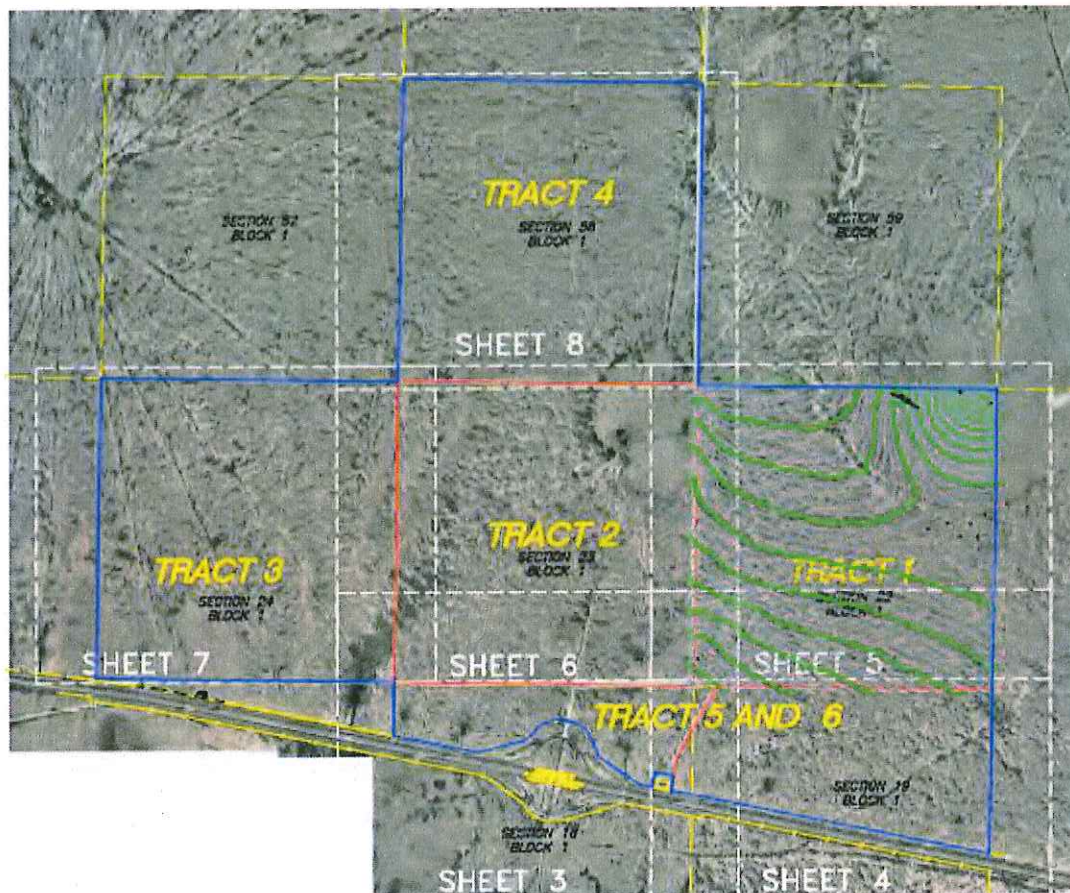
ALL OF SECTION FIFTY-EIGHT (58), BLOCK ONE (1), H&TC CO RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN VOLUME 618, PAGE 540 , DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT FIVE AND SIX:

A 141.09 ACRE TRACT OF LAND, MORE OR LESS, IN THE H&TC RR CO SURVEY, BLOCK ONE (1), SURVEY EIGHTEEN AND NINETEEN (18-19), IN PECOS COUNTY, TEXAS BEING OUT OF A CALLED 642.83 ACRE TRACT DESCRIBED BY METES AND BOUNDS DESCRIPTION ON EXHIBIT "A" ATTACHED HERETO FOR ALL INTENTS AND PURPOSES.

EXHIBIT B
MAP OF REINVESTMENT ZONE

See below for an enlarged image of the Reinvestment Zone.



ATTACHMENT 23
Legal Description of Reinvestment Zone

THE SURFACE ESTATE ONLY OF:

TRACT ONE:

ALL OF SECTION TWENTY-TWO (22), BLOCK ONE (1), H&TC CO. RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN [VOLUME 618, PAGE 540](#), DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT TWO:

ALL OF SECTION TWENTY-THREE (23), BLOCK ONE (1), H&TC CO RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN [VOLUME 618, PAGE 540](#), DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT THREE:

ALL OF SECTION TWENTY-FOUR (24), BLOCK ONE (1), H&TC CO RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN [VOLUME 618, PAGE 540](#), DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT FOUR:

ALL OF SECTION FIFTY-EIGHT (58), BLOCK ONE (1), H&TC CO RR., PECOS COUNTY, TEXAS, ACCORDING TO THE PROPERTY DESCRIBED IN DEED FROM L.R. FRENCH, JR AND MARCIA FULLER FRENCH TO MCCOY LAND & CATTLE COMPANY DATED JANUARY 16, 1991, RECORDED IN [VOLUME 618, PAGE 540](#), DEED RECORDS OF PECOS COUNTY, TEXAS.

TRACT FIVE AND SIX:

A 141.09 ACRE TRACT OF LAND, MORE OR LESS, IN THE H&TC RR CO SURVEY, BLOCK ONE (1), SURVEY EIGHTEEN AND NINETEEN (18-19), IN PECOS COUNTY, TEXAS BEING OUT OF A CALLED 642.83 ACRE TRACT DESCRIBED BY METES AND BOUNDS DESCRIPTION ON ATTACHMENT "21" ATTACHED HERETO FOR ALL INTENTS AND PURPOSES.

ATTACHMENT 24

NOT APPLICABLE

Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 12/03/2013 03:30:59 PM

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

BARILLA SOLAR, LLC	
Texas Taxpayer Number	32051538604
Mailing Address	350 W WASHINGTON ST STE 600 TEMPE, AZ 85281-1496
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	07/22/2013
Texas SOS File Number	0801820667
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	350 NORTH ST. PAUL ST., STE. 2900 DALLAS, TX 75201

Attachment C

State Comptroller's Recommendation

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



November 19, 2013

Ralph Traynham
Superintendent
Fort Stockton Independent School District
101 West Division
Fort Stockton, Texas 79735

Dear Superintendent Traynham:

On August 26, 2013, the Comptroller received the completed application (Application # 326) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in July 2013 to the Fort Stockton Independent School District (the school district) by Barilla Solar, 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 1 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$75 million) is consistent with the proposed appraised value limitation sought (\$30 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

The applicant is an active franchise taxpayer in good standing, as required by Section 313.024(a), and is proposing the construction of a solar power electric generation facility in Pecos County, an eligible property use under Section 313.024(b). The Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

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

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements; the school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to only approve an application if the school district finds that the information in the application is true and

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date August 26, 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

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Barilla Solar, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	Fort Stockton ISD
2011-12 Enrollment in School District	2,331
County	Pecos
Total Investment in District	\$77,500,000
Qualified Investment	\$75,000,000
Limitation Amount	\$30,000,000
Number of total jobs committed to by applicant	1*
Number of qualifying jobs committed to by applicant	1
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$965
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$965
Minimum Annual Wage committed to by applicant for qualified jobs	\$50,186
Investment per Qualifying Job	\$77,500,000
Estimated 15 year M&O levy without any limit or credit:	\$4,800,253
Estimated gross 15 year M&O tax benefit	\$1,366,823
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):	\$1,065,285
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$468,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,734,968
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	22.2%
Percentage of tax benefit due to the limitation	65.8%
Percentage of tax benefit due to the credit	34.2%
* 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 Barilla Solar, LLC (the project) applying to Fort Stockton 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 one new job when fully operational. The one job 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 Permian Basin Regional Planning Commission Region, where Pecos County is located was \$45,624 in 2012. The annual average manufacturing wage for 2012 for Pecos County is \$36,452. That same year, the county annual average wage for all industries was \$48,724. In addition to a salary of \$50,186, each qualifying position will receive the following benefits: medical and prescription, dental, basic life insurance, accidental death & dismemberment (AD&D), supplemental life insurance and AD&D, dependent life insurance and AD&D, short-term disability, long-term disability, employee assistance program (eap), flexible spending accounts (FSA), 401(k) retirement plan, stock purchase plan, tuition reimbursement, and paid holidays and paid time off. The project's total investment is \$77.5 million, resulting in a relative level of investment per qualifying job of \$77.5 million.

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

According to Barilla Solar, LLC's application, "Barilla Solar, LLC is a wholly owned subsidiary of First Solar, Inc. ("First Solar"). First Solar is a global solar developer with project opportunities all across the United States. The ability to enter into a limited appraisal valuation agreement with the Fort Stockton Independent School District is a motivating factor for constructing the project in Pecos County, Texas, as opposed to building and investing in another state or region where First Solar could develop a project; e.g. California, New Mexico, or Arizona."

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

During the past two years, 10 projects in the Permian Basin Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

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

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2013	200	190	390	\$7,506,800	\$13,493,200	\$21,000,000
2014	201	192	393	\$7,556,986	\$15,443,014	\$23,000,000
2015	1	11	12	\$50,186	\$3,949,814	\$4,000,000
2016	1	(6)	-5	\$50,186	\$1,949,814	\$2,000,000
2017	1	(12)	-11	\$50,186	\$949,814	\$1,000,000
2018	1	(15)	-14	\$50,186	-\$50,186	\$0
2019	1	(17)	-16	\$50,186	-\$50,186	\$0
2020	1	(17)	-16	\$50,186	-\$50,186	\$0
2021	1	(13)	-12	\$50,186	-\$1,050,186	-\$1,000,000
2022	1	(13)	-12	\$50,186	-\$1,050,186	-\$1,000,000
2023	1	(11)	-10	\$50,186	-\$1,050,186	-\$1,000,000
2024	1	(11)	-10	\$50,186	-\$50,186	\$0
2025	1	(3)	-2	\$50,186	-\$50,186	\$0
2026	1	(7)	-6	\$50,186	-\$50,186	\$0
2027	1	(5)	-4	\$50,186	-\$50,186	\$0
2028	1	(3)	-2	\$50,186	-\$50,186	\$0

Source: CPA, REMI, Barilla Solar, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Fort Stockton ISD's ad valorem tax base in 2012-2013 was \$1.198 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Fort Stockton ISD's estimated wealth per WADA was \$397,048. 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, Pecos County, Middle Pecos Ground Water Conservation District, and Midland College District, with all property tax incentives sought being granted using estimated market value from Barilla Solar, LLC's application. Barilla Solar, LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county, water conservation district, and college district. Table 3 illustrates the estimated tax impact of the Barilla Solar, 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		Fort Stockton ISD I&S Levy	Fort Stockton ISD M&O Levy	Fort Stockton ISD M&O and I&S Tax Levies (Before Credit Credited)	Fort Stockton ISD M&O and I&S Tax Levies (After Credit Credited)	Pecos County Tax Levy	Middle Pecos Ground Water Conservation District Tax Levy	Midland College District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1505	1.0400			0.6290	0.0250	0.0270	
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$75,000,000	\$75,000,000		\$112,875	\$780,000	\$892,875	\$892,875	\$94,350	\$3,750	\$4,050	\$995,025
2016	\$63,750,000	\$30,000,000		\$95,944	\$312,000	\$407,944	\$407,944	\$80,198	\$3,188	\$3,443	\$494,771
2017	\$54,187,500	\$30,000,000		\$81,552	\$312,000	\$393,552	\$326,695	\$68,168	\$2,709	\$2,926	\$400,498
2018	\$46,059,375	\$30,000,000		\$69,319	\$312,000	\$381,319	\$314,462	\$57,943	\$2,303	\$2,487	\$377,195
2019	\$39,150,469	\$30,000,000		\$58,921	\$312,000	\$370,921	\$304,064	\$49,251	\$1,958	\$2,114	\$357,387
2020	\$33,277,898	\$30,000,000		\$50,083	\$312,000	\$362,083	\$295,226	\$41,864	\$1,664	\$1,797	\$340,551
2021	\$28,286,214	\$28,286,214		\$42,571	\$294,177	\$336,747	\$269,890	\$35,584	\$1,414	\$1,527	\$308,416
2022	\$24,043,282	\$24,043,282		\$36,185	\$250,050	\$286,235	\$219,378	\$30,246	\$1,202	\$1,298	\$252,125
2023	\$20,436,789	\$20,436,789		\$30,757	\$212,543	\$243,300	\$176,443	\$25,709	\$1,022	\$1,104	\$204,278
2024	\$17,371,271	\$17,371,271		\$26,144	\$180,661	\$206,805	\$206,805	\$21,853	\$869	\$938	\$230,465
2025	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
2026	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
2027	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
2028	\$15,000,000	\$15,000,000		\$22,575	\$156,000	\$178,575	\$178,575	\$18,870	\$750	\$810	\$199,005
						Total	\$4,128,083	\$580,646	\$23,078	\$24,924	\$4,756,731

Assumes School Value Limitation and Tax Abatement with the County, Water Conservation District, and College District.

Source: CPA, Barilla Solar, 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		Fort Stockton ISD I&S Levy	Fort Stockton ISD M&O Levy		Fort Stockton ISD M&O and I&S Tax Levies	Pecos County Tax Levy	Middle Pecos Ground Water Conservation District Tax Levy	Midland College District Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.1505	1.0400			0.6290	0.0250	0.0270	
2014	\$0	\$0		\$0	\$0		\$0	\$0	\$0	\$0	\$0
2015	\$75,000,000	\$75,000,000		\$112,875	\$780,000		\$892,875	\$471,750	\$18,750	\$20,250	\$1,403,625
2016	\$63,750,000	\$63,750,000		\$95,944	\$663,000		\$758,944	\$400,988	\$15,938	\$17,213	\$1,193,081
2017	\$54,187,500	\$54,187,500		\$81,552	\$563,550		\$645,102	\$340,839	\$13,547	\$14,631	\$1,014,119
2018	\$46,059,375	\$46,059,375		\$69,319	\$479,018		\$548,337	\$289,713	\$11,515	\$12,436	\$862,001
2019	\$39,150,469	\$39,150,469		\$58,921	\$407,165		\$466,086	\$246,256	\$9,788	\$10,571	\$732,701
2020	\$33,277,898	\$33,277,898		\$50,083	\$346,090		\$396,173	\$209,318	\$8,319	\$8,985	\$622,796
2021	\$28,286,214	\$28,286,214		\$42,571	\$294,177		\$336,747	\$177,920	\$7,072	\$7,637	\$529,376
2022	\$24,043,282	\$24,043,282		\$36,185	\$250,050		\$286,235	\$151,232	\$6,011	\$6,492	\$449,970
2023	\$20,436,789	\$20,436,789		\$30,757	\$212,543		\$243,300	\$128,547	\$5,109	\$5,518	\$382,475
2024	\$17,371,271	\$17,371,271		\$26,144	\$180,661		\$206,805	\$109,265	\$4,343	\$4,690	\$325,103
2025	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
2026	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
2027	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
2028	\$15,000,000	\$15,000,000		\$22,575	\$156,000		\$178,575	\$94,350	\$3,750	\$4,050	\$280,725
						Total	\$5,494,905	\$2,903,230	\$115,391	\$124,622	\$8,638,148

Source: CPA, Barilla Solar, LLC

¹Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$4,800,253. The estimated gross 13 year M&O tax benefit, or levy loss, is \$1,366,823.

Attachment 3 is an economic overview of Pecos County.

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



TEXAS EDUCATION AGENCY

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

Michael Williams
Commissioner

November 14, 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 Barilla Solar LLC project on the number and size of school facilities in Fort Stockton Independent School District (FSISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the FSISD superintendent, Ralph Traynham, the TEA has found that the Barilla Solar LLC project would not have a significant impact on the number or size of school facilities in FSISD.

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



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

Michael Williams
Commissioner

November 14, 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 Barilla Solar LLC project for the Fort Stockton Independent School District (FSISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Barilla Solar LLC project on FSISD are correct.

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

Sincerely,

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

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Pecos County

Population

- Total county population in 2010 for Pecos County: 16,358 , up 0.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Pecos County was the state's 133rd largest county in population in 2010 and the 122nd fastest growing county from 2009 to 2010.
- Pecos County's population in 2009 was 28.6 percent Anglo (below the state average of 46.7 percent), 4.2 percent African-American (below the state average of 11.3 percent) and 65.7 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Pecos County:

Fort Stockton:	7,662	Iraan:	1,253
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Economy and Income

Employment

- September 2011 total employment in Pecos County: 8,984 , up 3.9 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 Pecos County unemployment rate: 5.5 percent, down from 6.5 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

- Pecos County's ranking in per capita personal income in 2009: 238th with an average per capita income of \$24,941, down 12.9 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 Pecos County averaged \$61.18 million annually from 2007 to 2010. County total agricultural values in 2010 were down 3.9 percent from 2009. Major agriculture related commodities in Pecos County during 2010 included:

• Alfalfa	• Hunting	• Vegetables	• Pecans	• Other Beef
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- 2011 oil and gas production in Pecos County: 6.5 million barrels of oil and 180.5 million Mcf of gas. In September 2011, there were 2899 producing oil wells and 1439 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 Pecos County during the fourth quarter 2010: \$40.02 million, up 18.0 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Fort Stockton:	\$22.72 million, up 4.7 percent from the same quarter in 2009.
Iraan:	\$2.46 million, up 36.9 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 Pecos County through the fourth quarter of 2010: \$213.33 million, down 16.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Fort Stockton:	\$93.01 million, up 6.9 percent from the same period in 2009.
Iraan:	\$9.07 million, up 26.0 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Pecos County during 2010: \$213.33 million, down 16.1 percent from 2009.
- Pecos County sent an estimated \$13.33 million (or 0.08 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Fort Stockton:	\$93.01 million, up 6.9 percent from 2009.
Iraan:	\$9.07 million, up 26.0 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 Pecos County based on the sales activity month of August 2011: \$286,867.49, up 33.6 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:

Fort Stockton:	\$251,317.57, up 28.9 percent from August 2010.
Iraan:	\$35,549.92, up 80.0 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 Pecos County based on sales activity months from September 2010 through August 2011: \$2.86 million, up 9.0 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:

Fort Stockton:	\$2.53 million, up 6.3 percent from fiscal 2010.
Iraan:	\$327,922.96, up 35.4 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 Pecos County based on sales activity months through August 2011: \$1.97 million, up 12.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:

Fort Stockton:	\$1.75 million, up 10.0 percent from the same period in 2010.
Iraan:	\$225,977.43, up 40.9 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 Pecos County based on sales activity in the 12 months ending in August 2011: \$2.86 million, up 9.0 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:

Fort Stockton:	\$2.53 million, up 6.3 percent from the previous 12-month period.
Iraan:	\$327,922.96, up 35.4 percent from the previous 12-month period.

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

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

Fort Stockton:	\$2.15 million, up 8.6 percent from the same period in 2010.
Iraan:	\$287,874.37, up 44.6 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Pecos County based on sales activity months in 2010: \$2.63 million, up 1.8 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Fort Stockton:	\$2.37 million, up 1.7 percent from 2009.
Iraan:	\$262,335.71, up 2.7 percent from 2009.

Property Tax

- As of January 2009, property values in Pecos County: \$4.25 billion, down 8.5 percent from January 2008 values. The property tax base per person in Pecos County is \$261,318, above the statewide average of \$85,809. About 72.8 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Pecos County's ranking in state expenditures by county in fiscal year 2010: 138th. State expenditures in the county for FY2010: \$57.85 million, down 0.1 percent from FY2009.
- In Pecos County, 14 state agencies provide a total of 581 jobs and \$5.33 million in annualized wages (as of 1st quarter 2011).

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

- Department of Criminal Justice
- Department of Transportation
- AgriLife Extension Service
- Army National Guard Mates
- Texas Tech University

Higher Education

■ Community colleges in Pecos County fall 2010 enrollment:

- None.

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

- Midland College with a fall 2010 enrollment of 6,344 . Counties in the service area include:
 - Crockett County
 - Midland County
 - Pecos County
 - Reagan County
 - Terrell County

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

- None.

School Districts

■ Pecos County had 3 school districts with 11 schools and 3,010 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.)

- Buena Vista ISD had 102 students in the 2009-10 school year. The average teacher salary was \$48,009. The percentage of students meeting the 2010 TAKS passing standard for all tests was 74 percent.
- Fort Stockton ISD had 2,365 students in the 2009-10 school year. The average teacher salary was \$45,723. The percentage of students meeting the 2010 TAKS passing standard for all tests was 67 percent.
- Iraan-Sheffield ISD had 543 students in the 2009-10 school year. The average teacher salary was \$54,041. The percentage of students meeting the 2010 TAKS passing standard for all tests was 85 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED BARILLA
SOLAR, LLC PROJECT ON THE FINANCES OF THE FORT
STOCKTON INDEPENDENT SCHOOL DISTRICT UNDER A
REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION**

August 17, 2013

Final Report (Revised)

PREPARED BY



Estimated Impact of the Proposed Barilla Solar, LLC Project on the Finances of the Fort Stockton Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Barilla Solar, LLC (Barilla Solar) has requested that the Fort Stockton Independent School District (FSISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to FSISD on July 22, 2013, Barilla Solar proposes to invest \$75 million to construct a new solar renewable energy electric generation project in FSISD.

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

Under the provisions of Chapter 313, FSISD may offer a minimum value limitation of \$30 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2014-15 and 2015-16 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2014-15 and 2015-16 school years. Beginning with the 2016-17 school year, the project would go on the local tax roll at \$30 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project would be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with FSISD currently levying a \$0.1505 per \$100 I&S tax rate. The full value of the investment is expected to reach \$75 million in the 2015-16 school year, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement. Given that FSISD does not receive state facilities funding, any additional value to the I&S tax base provides the District with a tax benefit for debt service purposes.

In the case of the Barilla Solar project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. Under current law, FSISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$301,537). No out-year revenue losses are expected as a consequence of the proposed value limitation agreement.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$1.1 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

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

The third year is often problematical financially for a school district that approves a Chapter 313 value limitation. The implementation of the value limitation often results in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant under the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated when the state M&O property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

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

House Bill 3646 as enacted in 2009 created more "formula" school districts that were less dependent on ASATR state aid than had been the case previously. The formula reductions enacted during the First Called Session in 2011 made \$4 billion in reductions to the existing school funding formulas for the 2011-12 and 2012-13 school years. For the 2011-12 school year, across-the-board reductions were made that reduced each district's WADA count and resulted in an estimated 781 school districts still receiving ASATR to maintain their target revenue funding levels, while an estimated 243 districts operated directly on the state formulas. For the 2012-13 school year, the changes called for smaller across-the-board reductions and funding ASATR-receiving target revenue districts at 92.35 percent of the level provided for under the existing funding formula, with 689 districts operating on formula and 335 districts still receiving ASATR funding.

Senate Bill 1 and House Bill 1025 as passed by the 83rd Legislature made significant increases to the basic allotment and other formula changes by appropriation. The ASATR reduction percentage is increased slightly to 92.63 percent, while the basic allotment is increased by \$325 and \$365, respectively, for the 2013-14 and 2014-15 school years. A slight increase in the guaranteed yield for the 6 cents above compressed—known as the Austin yield—is also included. With the basic allotment increase, it is estimated that approximately 300 school districts will still receive ASATR in the 2013-14 school year and 273 districts would do so in the 2014-15 school year. Current state policy calls for ASATR funding to be eliminated by the 2017-18 school year.

FSISD is generally classified as a formula district under the estimates presented below. In the 2016-17 school year, a modest amount of ASATR funding would be earned under current law to

partially offset the reduction in M&O taxes as a result of the implementation of the value limitation. This issue will be discussed in more detail below.

One concern in projecting into the future is that the underlying state statutes in the Education Code were not changed in order to provide these funding increases. All of the major formula changes were made by appropriation, which gives them only a two-year lifespan unless renewed in the 2015 legislative session. Despite this uncertainty, it is assumed that these changes will remain in effect for the forecast period for the purpose of these estimates, assuming a continued legislative commitment to these funding levels in future years.

A key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Barilla Solar project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

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

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. With regard to ASATR funding the 92.63 percent reduction enacted for the 2013-14 school year and thereafter, until the 2017-18 school year. A statement of legislative intent was adopted in 2011 to no longer fund target revenue by the 2017-18 school year, so that change is reflected in the estimates presented below.

The financial impacts of the two previously-approved value limitation agreements entered into with SandRidge Energy are included in both the base and limitation models. The projected taxable values of the Barilla Solar, LLC project are also factored into the base model used here in order to simulate the financial impact of building the new solar project in the absence of a value limitation agreement. The impact of the limitation value for the proposed Barilla Solar project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 2,220 students in average daily attendance (ADA) in analyzing the effects of the Barilla Solar project on the finances of FSISD. The District's local underlying tax base reached \$1.6 billion for the 2012 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.04 per \$100 is used throughout this analysis. FSISD has estimated state property wealth per weighted ADA or WADA of approximately \$436,298 for the 2013-14 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

School Finance Impact

School finance models were prepared for FSISD under the assumptions outlined above through the 2028-29 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

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

A second model is developed which adds the Barilla Solar value but imposes the proposed property value limitation effective in the third year, which in this case is the 2016-17 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, FSISD would experience a revenue loss as a result of the implementation of the value limitation in the 2016-17 school year (-\$301,537). The revenue reduction results from the mechanics of the one-year lag in value associated with the state property value study. No out-year revenue losses are anticipated under current law.

As noted previously, no attempt was made to forecast further reductions in ASATR funding beyond the 92.63 percent adjustment adopted for the 2013-14 school year. It is assumed that ASATR will be eliminated beginning in the 2017-18 school year, based on the 2011 statement of legislative intent.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2016-17 school year. It is assumed that Barilla Solar would realize M&O tax savings of \$351,000 the first year the value limitation takes effect. Under the estimates presented here and as highlighted in Table 4, an increase in ASATR funding is expected to offset \$54,288 of the reduction in M&O taxes in the 2016-17 school year. The reduction in the state property value study is expected to offset any future-year revenue losses under current law.

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

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the

agreement. A \$1.04 per \$100 of taxable value M&O rate is assumed in the 2013-14 school year and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$0.9 million over the life of the agreement. These estimates indicate that tax savings would be expected for five of the eight years under the \$30 million value limitation.

In addition, Barilla Solar would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$0.5 million over the life of the agreement, with no unpaid tax credits anticipated. The school district is to be reimbursed by the Texas Education Agency for the cost of these credits.

The key FSISD revenue losses are expected to total approximately \$301,537 in the initial year of the agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to reach \$1.1 million over the life of the agreement.

Facilities Funding Impact

The Barilla Solar project remains fully taxable for debt services taxes, with FSISD currently levying a \$0.1505 per \$100 I&S rate. The value of the project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value is expected to increase the District's projected wealth for I&S taxes.

The Barilla Solar project is not expected to affect FSISD in terms of enrollment. A job waiver has been requested and only one full-time position is anticipated once the project begins operation. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have an impact on a stand-alone basis.

Conclusion

The proposed Barilla Solar solar renewable energy electric generation project enhances the tax base of FSISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$1.1 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the I&S tax base of FSISD in meeting its future debt service obligations.

Table 1 – Base District Information with Barilla Solar, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2013-14	2,219.65	3,065.80	\$1.0400	\$0.1505	\$1,677,381,375	\$1,677,381,375	\$1,337,602,727	\$1,337,602,727	\$436,298	\$436,298
1	2014-15	2,219.65	3,065.59	\$1.0400	\$0.1505	\$1,677,381,375	\$1,677,381,375	\$1,337,602,727	\$1,337,602,727	\$436,328	\$436,328
2	2015-16	2,219.65	3,065.59	\$1.0400	\$0.1505	\$1,752,381,375	\$1,752,381,375	\$1,337,602,727	\$1,337,602,727	\$436,328	\$436,328
3	2016-17	2,219.65	3,065.59	\$1.0400	\$0.1505	\$1,741,131,375	\$1,707,381,375	\$1,412,602,727	\$1,412,602,727	\$460,793	\$460,793
4	2017-18	2,219.65	3,065.59	\$1.0400	\$0.1505	\$1,731,568,875	\$1,707,381,375	\$1,401,352,727	\$1,367,602,727	\$457,123	\$446,114
5	2018-19	2,219.65	3,065.59	\$1.0400	\$0.1505	\$1,723,440,750	\$1,707,381,375	\$1,391,790,227	\$1,367,602,727	\$454,004	\$446,114
6	2019-20	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,058,716,026	\$2,049,565,557	\$1,383,662,102	\$1,367,602,727	\$451,352	\$446,114
7	2020-21	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,052,843,455	\$2,049,565,557	\$1,718,937,378	\$1,709,786,909	\$560,720	\$557,735
8	2021-22	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,047,851,771	\$2,047,851,771	\$1,713,064,807	\$1,709,786,909	\$558,804	\$557,735
9	2022-23	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,043,608,839	\$2,043,608,839	\$1,708,073,123	\$1,708,073,123	\$557,176	\$557,176
10	2023-24	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,040,002,346	\$2,040,002,346	\$1,703,830,191	\$1,703,830,191	\$555,792	\$555,792
11	2024-25	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,036,936,828	\$2,036,936,828	\$1,700,223,698	\$1,700,223,698	\$554,615	\$554,615
12	2025-26	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,034,565,557	\$2,034,565,557	\$1,697,158,180	\$1,697,158,180	\$553,615	\$553,615
13	2026-27	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,034,565,557	\$2,034,565,557	\$1,694,786,909	\$1,694,786,909	\$552,842	\$552,842
14	2027-28	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,034,565,557	\$2,034,565,557	\$1,694,786,909	\$1,694,786,909	\$552,842	\$552,842
15	2028-29	2,219.65	3,065.59	\$1.0400	\$0.1505	\$2,034,565,557	\$2,034,565,557	\$1,694,786,909	\$1,694,786,909	\$552,842	\$552,842

*Basic Allotment: \$5,040; AISD Yield: \$61.86; Equalized Wealth: \$504,000 per WADA

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$16,449,437	\$2,806,766	\$0	\$0	\$0	\$657,122	\$246,104	\$0	\$20,159,430
1	2014-15	\$16,449,437	\$3,093,341	\$0	\$0	\$0	\$657,122	\$274,507	\$0	\$20,474,408
2	2015-16	\$17,184,474	\$3,093,341	\$0	\$0	\$0	\$686,485	\$297,944	\$0	\$21,262,245
3	2016-17	\$17,080,969	\$2,343,303	\$0	\$0	\$0	\$682,351	\$244,198	\$0	\$20,350,820
4	2017-18	\$16,985,339	\$2,455,809	\$0	\$0	\$0	\$678,530	\$250,227	\$0	\$20,369,906
5	2018-19	\$16,904,102	\$2,551,439	\$0	\$0	\$0	\$675,285	\$255,381	\$0	\$20,386,208
6	2019-20	\$20,188,533	\$2,632,724	\$0	\$0	\$0	\$806,492	\$311,530	\$0	\$23,939,280
7	2020-21	\$20,129,804	\$733,045	\$0	\$0	-\$1,934,419	\$804,145	\$93,190	\$0	\$19,825,767
8	2021-22	\$20,080,228	\$733,045	\$0	\$0	-\$1,870,874	\$802,165	\$96,030	\$0	\$19,840,594
9	2022-23	\$20,038,646	\$733,045	\$0	\$0	-\$1,816,823	\$800,504	\$98,450	\$0	\$19,853,822
10	2023-24	\$20,003,300	\$733,045	\$0	\$0	-\$1,770,813	\$799,092	\$100,511	\$0	\$19,865,136
11	2024-25	\$19,973,257	\$733,045	\$0	\$0	-\$1,731,655	\$797,892	\$102,266	\$0	\$19,874,804
12	2025-26	\$19,950,017	\$733,045	\$0	\$0	-\$1,698,531	\$796,963	\$103,771	\$0	\$19,885,265
13	2026-27	\$19,950,017	\$733,045	\$0	\$0	-\$1,674,390	\$796,963	\$105,031	\$0	\$19,910,666
14	2027-28	\$19,950,017	\$733,045	\$0	\$0	-\$1,674,390	\$796,963	\$105,031	\$0	\$19,910,666
15	2028-29	\$19,950,017	\$733,045	\$0	\$0	-\$1,674,390	\$796,963	\$105,031	\$0	\$19,910,666

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$16,449,437	\$2,806,766	\$0	\$0	\$0	\$657,122	\$246,104	\$0	\$20,159,430
1	2014-15	\$16,449,437	\$3,093,341	\$0	\$0	\$0	\$657,122	\$274,507	\$0	\$20,474,408
2	2015-16	\$17,184,474	\$3,093,341	\$0	\$0	\$0	\$686,485	\$297,944	\$0	\$21,262,245
3	2016-17	\$16,743,452	\$2,343,303	\$54,288	\$0	\$0	\$668,867	\$239,372	\$0	\$20,049,283
4	2017-18	\$16,743,452	\$2,793,326	\$0	\$0	\$0	\$668,867	\$269,257	\$0	\$20,474,903
5	2018-19	\$16,743,452	\$2,793,326	\$0	\$0	\$0	\$668,867	\$269,257	\$0	\$20,474,903
6	2019-20	\$20,097,024	\$2,793,326	\$0	\$0	\$0	\$802,836	\$323,187	\$0	\$24,016,374
7	2020-21	\$20,097,024	\$733,045	\$0	\$0	-\$1,839,427	\$802,836	\$97,833	\$0	\$19,891,312
8	2021-22	\$20,080,228	\$733,045	\$0	\$0	-\$1,837,889	\$802,165	\$97,751	\$0	\$19,875,301
9	2022-23	\$20,038,646	\$733,045	\$0	\$0	-\$1,816,823	\$800,504	\$98,450	\$0	\$19,853,822
10	2023-24	\$20,003,300	\$733,045	\$0	\$0	-\$1,770,813	\$799,092	\$100,511	\$0	\$19,865,136
11	2024-25	\$19,973,257	\$733,045	\$0	\$0	-\$1,731,655	\$797,892	\$102,266	\$0	\$19,874,804
12	2025-26	\$19,950,017	\$733,045	\$0	\$0	-\$1,698,531	\$796,963	\$103,771	\$0	\$19,885,265
13	2026-27	\$19,950,017	\$733,045	\$0	\$0	-\$1,674,390	\$796,963	\$105,031	\$0	\$19,910,666
14	2027-28	\$19,950,017	\$733,045	\$0	\$0	-\$1,674,390	\$796,963	\$105,031	\$0	\$19,910,666
15	2028-29	\$19,950,017	\$733,045	\$0	\$0	-\$1,674,390	\$796,963	\$105,031	\$0	\$19,910,666

Table 4 -- Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2013-14	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2016-17	-\$337,517	\$0	\$54,288	\$0	\$0	-\$13,483	-\$4,825	\$0	-\$301,537
4	2017-18	-\$241,887	\$337,517	\$0	\$0	\$0	-\$9,663	\$19,030	\$0	\$104,997
5	2018-19	-\$160,650	\$241,887	\$0	\$0	\$0	-\$6,418	\$13,876	\$0	\$88,695
6	2019-20	-\$91,509	\$160,602	\$0	\$0	\$0	-\$3,656	\$11,657	\$0	\$77,094
7	2020-21	-\$32,780	\$0	\$0	\$0	\$94,992	-\$1,309	\$4,643	\$0	\$65,546
8	2021-22	\$0	\$0	\$0	\$0	\$32,985	\$0	\$1,722	\$0	\$34,707
9	2022-23	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
10	2023-24	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	2024-25	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial impact of the Barilla Solar, LLC Project Property Value Limitation Request Submitted to FSISD at \$1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2013-14	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2014-15	\$0	\$0	\$0	\$1.040	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2015-16	\$75,000,000	\$75,000,000	\$0	\$1.040	\$780,000	\$780,000	\$0	\$0	\$0	\$0	\$0
3	2016-17	\$63,750,000	\$30,000,000	\$33,750,000	\$1.040	\$663,000	\$312,000	\$351,000	\$0	\$351,000	-\$301,537	\$49,463
4	2017-18	\$54,187,500	\$30,000,000	\$24,187,500	\$1.040	\$563,550	\$312,000	\$251,550	\$66,857	\$318,407	\$0	\$318,407
5	2018-19	\$46,059,375	\$30,000,000	\$16,059,375	\$1.040	\$479,018	\$312,000	\$167,018	\$66,857	\$233,875	\$0	\$233,875
6	2019-20	\$39,150,469	\$30,000,000	\$9,150,469	\$1.040	\$407,165	\$312,000	\$95,165	\$66,857	\$162,022	\$0	\$162,022
7	2020-21	\$33,277,898	\$30,000,000	\$3,277,898	\$1.040	\$346,090	\$312,000	\$34,090	\$66,857	\$100,947	\$0	\$100,947
8	2021-22	\$28,286,214	\$28,286,214	\$0	\$1.040	\$294,177	\$294,177	\$0	\$66,857	\$66,857	\$0	\$66,857
9	2022-23	\$24,043,282	\$24,043,282	\$0	\$1.040	\$250,050	\$250,050	\$0	\$66,857	\$66,857	\$0	\$66,857
10	2023-24	\$20,436,789	\$20,436,789	\$0	\$1.040	\$212,543	\$212,543	\$0	\$66,857	\$66,857	\$0	\$66,857
11	2024-25	\$17,371,271	\$17,371,271	\$0	\$1.040	\$180,661	\$180,661	\$0	\$0	\$0	\$0	\$0
12	2025-26	\$15,000,000	\$15,000,000	\$0	\$1.040	\$156,000	\$156,000	\$0	\$0	\$0	\$0	\$0
13	2026-27	\$15,000,000	\$15,000,000	\$0	\$1.040	\$156,000	\$156,000	\$0	\$0	\$0	\$0	\$0
14	2027-28	\$15,000,000	\$15,000,000	\$0	\$1.040	\$156,000	\$156,000	\$0	\$0	\$0	\$0	\$0
15	2028-29	\$15,000,000	\$15,000,000	\$0	\$1.040	\$156,000	\$156,000	\$0	\$0	\$0	\$0	\$0
						\$4,800,253	\$3,901,431	\$898,823	\$468,000	\$1,366,823	-\$301,537	\$1,065,285

Tax Credit for Value Over Limit in First 2 Years

Year 1	Year 2	Max Credits
\$0	\$468,000	\$468,000
Credits Earned		\$468,000
Credits Paid		\$468,000
Excess Credits Unpaid		\$0

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

Attachment F

Taxable Value of Property



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2012 ISD Summary Worksheet

186/Pecos

186-902/Fort Stockton ISD

Category	Local Tax Roll Value	2012 WTD Mean Ratio	2012 PTAD Value Estimate	2012 Value Assigned
A. Single-Family Residences	203,292,540	N/A	203,292,540	203,292,540
B. Multi-Family Residences	5,162,880	N/A	5,162,880	5,162,880
C. Vacant Lots	10,687,580	N/A	10,687,580	10,687,580
D. Rural Real(Taxable)	39,261,030	N/A	39,261,030	39,261,030
F1. Commercial Real	74,529,830	N/A	74,529,830	74,529,830
F2. Industrial Real	22,489,570	N/A	22,489,570	22,489,570
G. Oil, Gas, Minerals	617,768,870	N/A	617,768,870	617,768,870
J. Utilities	140,707,745	N/A	140,707,745	140,707,745
L1. Commercial Personal	409,980,980	N/A	409,980,980	409,980,980
L2. Industrial Personal	229,123,380	N/A	229,123,380	229,123,380
M. Other Personal	4,787,680	N/A	4,787,680	4,787,680
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	1,156,310	N/A	1,156,310	1,156,310

S. Special Inventory	1,307,480	N/A	1,307,480	1,307,480
Subtotal	1,760,255,875		1,760,255,875	1,760,255,875
Less Total Deductions	422,653,148		422,653,148	422,653,148
Total Taxable Value	1,337,602,727		1,337,602,727	1,337,602,727 T2

Category D Detail	Local Tax Roll	Ratio	PTAD Value
Market Value Non-Qualified Acres And Farm/Ranch Imp	22,394,670	N/A	22,394,670
Prod Value Qualified Acres	16,866,360	N/A	16,866,360
Taxable Value	39,261,030		39,261,030

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
1,363,932,327	1,337,602,727	1,348,258,417	1,321,928,817	1,337,602,727	1,321,928,817

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
26,329,600	15,673,910

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
1,714,861,697	1,688,532,097	1,699,187,787	1,672,858,187	1,688,532,097	1,672,858,187

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

Attachment G

Participation Agreement

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

by and between

FORT STOCKTON INDEPENDENT SCHOOL DISTRICT

and

BARILLA SOLAR, LLC

(Texas Taxpayer ID # 32051538604)

TEXAS COMPTROLLER APPLICATION NUMBER 326

Dated

December 16, 2013

WHEREAS, the Comptroller, pursuant to Texas Tax Code § 313.025(d), reviewed the Application, and on November 19, 2013, via letter, recommended that the Application be approved; and,

WHEREAS, the Comptroller conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code, which was presented to the Board of Trustees at the December 16, 2013 public hearing held in connection with the Board of Trustees' consideration of the Application; and,

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

WHEREAS, on December 16, 2013, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on December 16, 2013, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on December 16, 2013, pursuant to the provisions of Texas Tax Code §313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code §313.051(b), based upon its factual Finding, made on December 16, 2013, that if the number of jobs required by law (*i.e.* 10 jobs) was applied to this project, given its size and scope as described in the Application and in **Exhibit 3**, the number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

WHEREAS, the Fort Stockton Independent School District qualifies as a rural school district under the provisions of Texas Tax Code § 313.051(a)(2); and,

WHEREAS, on December 16, 2013, the Board of Trustees determined that the Tax Limitation Amount requested by the Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Texas Tax Code, §313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, the District received written notification, pursuant to 34 Texas Administrative Code § 9.1055(e)(2)(A), that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on November 19, 2013 that the Application be approved; and,

term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing December 16, 2013)	January 1, 2013	2013-14	2013	Start of Qualifying Time Period beginning on December 16, 2013 Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2014	2014-15	2014	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2016	2016-17	2016	\$ 30 Million property value limitation.
4	January 1, 2017	2017-18	2017	\$ 30 Million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2018	2018-19	2018	\$ 30 Million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2019	2019-20	2019	\$ 30 Million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2020	2020-21	2020	\$ 30 Million property value limitation. Possible tax credit due to Applicant.

to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

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

"Aggregate Limit" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

"Annual Limit" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code § 313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated 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 Tax Year 2013, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Barilla Solar, LLC, (Texas Taxpayer ID #32051538604), the company listed in the Preamble of this Agreement who, on July 22, 2013, filed with the District the Original Application for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest, and their direct and indirect subsidiaries.

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

"Application" means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on July 22, 2013, which has been certified by the Comptroller to constitute a complete final Application as of the date of August 26, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant to the District or the Comptroller for the purpose of obtaining an

evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents Applicant's performance of its obligations under this Agreement.

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

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

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

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

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

"Net Aggregate Limit" means, for any Tax Year of this Agreement, the cumulative total of the Annual Limit amount for such Tax Year and all previous years of the Agreement, less all amounts previously paid by the Applicant to or on behalf of the District under Article IV, below.

Application, this Agreement between the Applicant and the District and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required by Comptroller's Rule, and any application requesting school tax credits under Texas Tax Code, § 313.103.

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

"Tax Limitation Amount" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

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

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

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

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

"Texas Education Agency Rules" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313 of the Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

- (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 necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Notwithstanding the foregoing, any replacement property that meets the definition of Qualified Property (including, but not limited to, any such replacement property installed as part of the project in connection with turnarounds, outages, planned, unplanned and emergency shutdowns, and scheduled and unscheduled maintenance, repairs, restorations, modifications or inspections) shall not be subject to the foregoing restrictions and shall be considered Qualified Property hereunder.

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

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Qualified Property located on the land described in EXHIBIT 2, upon a reasonable request of the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the material 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 which is subject to the Agreement.

Section 2.5. QUALIFYING USE

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(5) as a renewable energy electric generation facility.

Section 2.6. LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Thirty Million Dollars (\$30,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2016, 2017, 2018, 2019, 2020, 2021, 2022, and 2023, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

the ad valorem maintenance & operations tax at the tax rate actually adopted by the District for the applicable year.

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

In making the calculations required by this Section 3.2:

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

Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following costs and expenses incurred during the Qualifying Time Period or any of the eight (8) Tax Years identified in Section 2.6:

- (a) All non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable Tax Credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute.

her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

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

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, in law or in equity.

Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

under Articles III and IV are subject to such limitations as are contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i) unless that limit is increased by the Legislature at a future date, in which case all references to statutory limits in this Agreement will be automatically adjusted to reflect the new, higher limits, but only if, and to the extent that such increases are authorized by law.

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

In any year during the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

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

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full year (Tax Year 2016), the Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

Aggregate Limit for that Tax Year, the difference between the Stipulated Supplemental Payment Amount and the Net Aggregate Limit for such Tax Year shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Net Aggregate Limit in any subsequent Tax Year of this Agreement, shall be paid to the District.

Any Stipulated Supplemental Payment Amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2026), because such payment would exceed the Net Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

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

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 8.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time, and any such rescission will become effective only after actual receipt by Applicant of notice of such action from District (as set forth in Section 8.1).

case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

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

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

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

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If, after the Applicant has actually received the benefit of a Tax Credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such Tax Credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such Tax Credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a Tax Credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,

- (c) it will meet minimum eligibility requirements under Texas Tax Code, Chapter 313 throughout the value limitation and Tax Credit settle-up periods.

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

(a) In the event of a Material Breach (as defined in Section 7.6), except as provided in Section 5.2, after the notice and cure period provided by Section 7.8, the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology

Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.

- (i) Applicant fails to comply with any other material term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act, including but not limited to the filing of all required reports.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

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

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination under Section 7.4 or 7.6 that the Applicant is in Material Breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement as defined in Section 7.6, above, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such Material Breach.

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

Section 7.10. LIMITATION OF OTHER DAMAGES

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

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

Section 7.11. BINDING ON SUCCESSORS

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

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

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

Section 8.4. ASSIGNMENT

Unless otherwise prohibited by law, Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, the Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Texas Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contact information for the owner of the property subject to the limitation agreement for the purposes of Texas Tax Code § 313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. MERGER

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

Section 8.6. MAINTENANCE OF APPRAISAL DISTRICT RECORDS

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser

Section 8.11. INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase "but not limited to" words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. EXECUTION OF COUNTERPARTS

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

Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full; provided, however, that to the extent of any differences or inconsistencies between the terms, conditions, representations, information, and facts contained in the Application and those contained in this Agreement, the terms, conditions, representations, information, and facts contained in this Agreement shall be controlling.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, then the Board of Trustees shall notify Applicant in writing of such determination and the Applicant shall have all such period(s) of time afforded under Section 7.8 (and any other Section of this Agreement; if any such material representation, information, or fact remains uncured after such written notice and cure period(s), this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code § 9.1053(f)(2)(K).

Section 8.14. PUBLICATION OF DOCUMENTS

The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

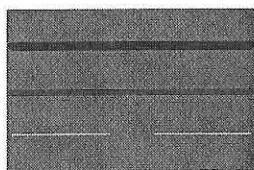
The Barilla Reinvestment Zone was originally created on July 22, 2013 by action of the Fort Stockton Independent School District Board of Trustees (the "Board"). A map of the Reinvestment Zone is attached, below to this **EXHIBIT 1**.

As a result of the action of the Board, the Barilla Reinvestment Zone includes real property within the boundaries of the Fort Stockton Independent School District and Pecos County, Texas, more specifically described by the legal description and map also attached to this **EXHIBIT 1**.

See below for an enlarged image of the Reinvestment Zone.



LEGEND



DENOTES REINVESTMENT
ZONE

DENOTES TRACT LINES

DENOTES SECTION LINES

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

Barilla Solar, LLC ("Barilla Solar") proposes to develop a utility-scale, grid-connected solar photovoltaic energy (PV) plant within the Fort Stockton Independent School District. The project will be located approximately 30 miles west of Fort Stockton along the north side of Interstate Highway 10. The solar project is planned to be in operation in June 2014.

The project will be constructed on approximately 300 acres, which is part of a larger, long-term lease agreement with a local landowner. The project will be located entirely within the Reinvestment Zone, in Pecos County and within the Fort Stockton Independent School District. The proposed project will include, but is not limited to, the following:

- Planned for 50 MW-AC in size;
- Approximately 750,000 First Solar PV modules;
- Approximately 64 DC-to-AC inverters;
- Medium and high-voltage electric cabling;
- Fixed-tilt racking system (mounting structures);
- Project substation which will include a high-voltage transformer, switchgear, transmission equipment, telecommunications and SCADA equipment, and building, among other things;
- High-voltage transmission line connecting the project to the grid (gen tie);
- Meteorological equipment to measure solar irradiance and other weather conditions; and
- Associated equipment to safely operate, maintain and deliver electricity to the grid.