

**FINDINGS OF THE RIO GRANDE CITY
CONSOLIDATED INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE
APPLICATION SUBMITTED
BY
DUKE ENERGY RENEWABLES WIND LLC**



July 22, 2014

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OF THE
RIO GRANDE CITY CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
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CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
BOARD OF TRUSTEES UNDER THE
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STATE OF TEXAS §

COUNTY OF STARR §

On the 22nd day of July, 2014, a public meeting of the Board of Trustees of the Rio Grande City Consolidated Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Duke Energy Renewables Wind LLC (Duke Energy) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Rio Grande City Consolidated Independent School District makes the following findings with respect to the application of Duke Energy, and the economic impact of that application:

On December 10, 2013, the Superintendent of Schools of the Rio Grande City Consolidated Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Duke Energy for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Duke Energy (Texas Taxpayer Id. 32033832885), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Rio Grande City Consolidated Independent School District

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

The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the Rio Grande City Consolidated 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 March 10, 2014. 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 Rio Grande City Consolidated Independent School District. A copy of a report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment E**.

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

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

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

Board Finding Number 1.

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

In support of Finding 1, the economic impact evaluation states:

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Duke Energy Renewables Wind, 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 Rio Grande City, Texas is in need of long-term improvement, based on the state's analysis of Starr County data.

Based on information provided by the Comptroller's Office that focused on the county level, Starr County is the 54th largest county in the state in terms of population. Population growth in Starr County is up slightly, based on these data. The population of Starr County increased by 1.7 percent between 2009 and 2010, slightly below the 1.8 percent increase experienced across the state population during the same period.

September 2011 employment for Starr County was up 3.1 from September 2010, above the state's 0.9 percent increase in total employment during the same period. The unemployment rate in Starr County was 16.6 percent in September 2011, substantially higher than the state average of 8.5 percent.

Starr County continues to have a significantly lower per capita personal income than the state as a whole. In terms of per capita income, Starr County's \$16,433 in 2009 ranked 254th among the 254 counties in Texas, while the Texas average was \$38,609 for the same period.

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

Board Finding Number 3.

The average salary level of qualifying jobs is expected to be at least \$37,363 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. Duke Energy indicates that total employment will be approximately 15 new jobs, all 15 of which will be qualifying jobs.

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

After construction, the project will create 15 new jobs when fully operational. All 15 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Lower Rio Grande Valley Development Council Region, where Starr County is located was \$33,961 in 2012. The annual average manufacturing wage for 2012-2013 for Starr County was \$18,577. From 2012-2013, the county annual average wage for all industries was \$20,189. In addition to an annual average salary of \$37,363 each qualifying position will receive benefits such as medical, dental, life insurance, short-term disability, long-term disability, 401K plan, individual retirement account (IRA), paid cell phone, paid leave, and paid holidays.

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 \$27.7 million on the basis of the goal of 15 new qualifying positions for the entire Duke Energy project.

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

The project's total investment is \$415 million, resulting in a relative level of investment per qualifying job of \$27.7 million.

Board Finding Number 5.

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 Duke Energy Renewables Wind, 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 Duke Energy Renewables Wind, LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	315	261	576	\$9,012,945	\$19,987,055	\$29,000,000
2015	315	273	588	\$9,012,945	\$22,987,055	\$32,000,000
2016	15	24	39	\$560,445	\$5,439,555	\$6,000,000
2017	15	(2)	13	\$560,445	\$3,439,555	\$4,000,000
2018	15	1	16	\$560,445	\$2,439,555	\$3,000,000
2019	15	5	20	\$560,445	\$2,439,555	\$3,000,000
2020	15	5	20	\$560,445	\$2,439,555	\$3,000,000
2021	15	10	25	\$560,445	\$2,439,555	\$3,000,000
2022	15	12	27	\$560,445	\$2,439,555	\$3,000,000
2023	15	18	33	\$560,445	\$2,439,555	\$3,000,000
2024	15	18	33	\$560,445	\$2,439,555	\$3,000,000
2025	15	22	37	\$560,445	\$2,439,555	\$3,000,000
2026	15	14	29	\$560,445	\$1,439,555	\$2,000,000
2027	15	14	29	\$560,445	\$2,439,555	\$3,000,000
2028	15	12	27	\$560,445	\$2,439,555	\$3,000,000
2029	15	10	25	\$560,445	\$1,439,555	\$2,000,000

Source: CPA, REMI, Duke Energy Renewables Wind, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012-2013. Rio Grande City CISD's ad valorem tax base in 2012-2013 was \$1.2 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Rio Grande City CISD's estimated wealth per WADA was \$80,813. 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, Starr County, and the Starr County Memorial Hospital district with all property tax incentives sought being granted using estimated market value from Duke Energy Renewables Wind, LLC's application. Duke Energy Renewables Wind, LLC has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Duke Energy Renewables Wind, LLC project on the region if all taxes are assessed.

Board Findings of the Rio Grande City Consolidated Independent School District

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Rio Grande City CISD I&S Levy	Rio Grande City CISD M&O Levy	Rio Grande City CISD M&O and I&S Tax Levies (Before Credit Credited)	Rio Grande City CISD M&O and I&S Tax Levies (After Credit Credited)	Starr County Tax Levy	Starr County Hospital District Tax Levy	Estimated Total Property Taxes
			0.2706		1.1700			0.7792	0.2512	
2015	\$157,136,018	\$157,136,018		\$425,210	\$1,838,491	\$2,263,701	\$2,263,701	\$183,661	\$394,785	\$2,842,147
2016	\$166,256,358	\$166,256,358		\$449,890	\$1,945,199	\$2,395,089	\$2,395,089	\$194,320	\$417,699	\$3,007,109
2017	\$322,721,885	\$10,000,000		\$873,285	\$117,000	\$990,285	\$990,285	\$377,197	\$810,800	\$2,178,283
2018	\$306,585,791	\$10,000,000		\$829,621	\$117,000	\$946,621	\$470,245	\$358,337	\$770,260	\$1,598,842
2019	\$291,256,502	\$10,000,000		\$788,140	\$117,000	\$905,140	\$449,657	\$340,421	\$731,747	\$1,521,825
2020	\$276,696,677	\$10,000,000		\$748,741	\$117,000	\$865,741	\$430,104	\$323,403	\$695,167	\$1,448,674
2021	\$262,858,993	\$10,000,000		\$711,296	\$117,000	\$828,296	\$411,520	\$307,230	\$660,402	\$1,379,151
2022	\$249,716,043	\$10,000,000		\$675,732	\$117,000	\$792,732	\$393,869	\$291,868	\$627,382	\$1,313,118
2023	\$237,230,241	\$10,000,000		\$641,945	\$117,000	\$758,945	\$377,100	\$277,275	\$596,013	\$1,250,387
2024	\$230,368,729	\$10,000,000		\$623,378	\$117,000	\$740,378	\$367,885	\$269,255	\$578,774	\$1,215,914
2025	\$214,100,292	\$214,100,292		\$579,355	\$2,504,973	\$3,084,329	\$2,472,112	\$333,654	\$537,901	\$3,343,667
2026	\$203,395,278	\$203,395,278		\$550,388	\$2,379,725	\$2,930,112	\$2,930,112	\$1,584,856	\$511,006	\$5,025,975
2027	\$193,225,514	\$193,225,514		\$522,868	\$2,260,739	\$2,783,607	\$2,783,607	\$1,505,613	\$485,456	\$4,774,676
2028	\$183,564,238	\$183,564,238		\$496,725	\$2,147,702	\$2,644,426	\$2,644,426	\$1,430,333	\$461,183	\$4,535,942
2029	\$174,386,026	\$174,386,026		\$471,889	\$2,040,317	\$2,512,205	\$2,512,205	\$1,358,816	\$438,124	\$4,309,145
						Total	\$21,891,918	\$9,136,238	\$8,716,699	\$39,744,855

Assumes School Value Limitation and Tax Abatement with the County and the Hospital District.
 Source: CPA, Duke Energy Renewables Wind, LLC
¹Tax Rate per \$100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Rio Grande City CISD I&S Levy	Rio Grande City CISD M&O Levy	Rio Grande City CISD M&O and I&S Tax Levies	Starr County Tax Levy	Starr County Hospital District Tax Levy	Estimated Total Property Taxes	
			0.2706		1.1700		0.7792	0.2512		
2015	\$157,136,018	\$157,136,018		\$425,210	\$1,838,491	\$2,263,701	\$1,224,404	\$394,785	\$3,882,891	
2016	\$166,256,358	\$166,256,358		\$449,890	\$1,945,199	\$2,395,089	\$1,295,470	\$417,699	\$4,108,258	
2017	\$322,721,885	\$322,721,885		\$873,285	\$3,775,846	\$4,649,131	\$2,514,649	\$810,800	\$7,974,580	
2018	\$306,585,791	\$306,585,791		\$829,621	\$3,587,054	\$4,416,675	\$2,388,916	\$770,260	\$7,575,851	
2019	\$291,256,502	\$291,256,502		\$788,140	\$3,407,701	\$4,195,841	\$2,269,471	\$731,747	\$7,197,059	
2020	\$276,696,677	\$276,696,677		\$748,741	\$3,237,351	\$3,986,092	\$2,156,021	\$695,167	\$6,837,280	
2021	\$262,858,993	\$262,858,993		\$711,296	\$3,075,450	\$3,786,747	\$2,048,197	\$660,402	\$6,495,346	
2022	\$249,716,043	\$249,716,043		\$675,732	\$2,921,678	\$3,597,409	\$1,945,787	\$627,382	\$6,170,578	
2023	\$237,230,241	\$237,230,241		\$641,945	\$2,775,594	\$3,417,539	\$1,848,498	\$596,013	\$5,862,049	
2024	\$230,368,729	\$230,368,729		\$623,378	\$2,695,314	\$3,318,692	\$1,795,033	\$578,774	\$5,692,499	
2025	\$214,100,292	\$214,100,292		\$579,355	\$2,504,973	\$3,084,329	\$1,668,269	\$537,901	\$5,290,500	
2026	\$203,395,278	\$203,395,278		\$550,388	\$2,379,725	\$2,930,112	\$1,584,856	\$511,006	\$5,025,975	
2027	\$193,225,514	\$193,225,514		\$522,868	\$2,260,739	\$2,783,607	\$1,505,613	\$485,456	\$4,774,676	
2028	\$183,564,238	\$183,564,238		\$496,725	\$2,147,702	\$2,644,426	\$1,430,333	\$461,183	\$4,535,942	
2029	\$174,386,026	\$174,386,026		\$471,889	\$2,040,317	\$2,512,205	\$1,358,816	\$438,124	\$4,309,145	
						Total	\$49,981,597	\$27,034,333	\$8,716,699	\$85,732,628

Source: CPA, Duke Energy Renewables Wind, LLC
¹Tax Rate per \$100 Valuation

Board Finding Number 6.

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 \$323 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year. The Duke Energy project remains fully taxable for debt services taxes, with Rio Grande City Consolidated ISD recently adopting a \$0.2726 per \$100 I&S rate. While the value of the Duke Energy 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, although this benefit is limited to the first few years the project appears on the local tax roll. Even with the addition of the Duke Energy project, the District's wealth per ADA will be below the guaranteed revenue level provided by the Instructional Facility Allotment (IFA) and Existing Debt Allotment (EDA) programs.

Board Finding Number 7.

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 Duke Energy project.

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

Board Finding Number 8.

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.

Board Findings of the Rio Grande City Consolidated Independent School District

In support of Finding 8, the economic impact evaluation states:

According to Duke Energy Renewables Wind, LLC's application, "Duke Energy, Corp., acting as parent company of Duke Energy Renewables Wind, LLC, is a U.S. developer of wind projects, and has operations in several regions within the contiguous United States." The applicant also states, "Duke has the ability to locate wind farms anywhere in the U.S. with the right conditions. For these reasons Duke Energy studies and looks at various competing sites throughout the market areas where wind development is attractive. Without a Value Limitation program, Duke Energy would seek to move to alternative sites outside the State of Texas."

Board Finding Number 9.

During the past two years, nine (9) projects in the Lower Rio Grande Valley Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.

Board Finding Number 10.

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

Board Finding Number 11.

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

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Preliminary Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for Rio Grande City Consolidated ISD is \$28.1 million. Rio Grande City Consolidated 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. Rio Grande City Consolidated ISD is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in Rio Grande City Consolidated ISD is more than \$1 million but less than \$90 million, it is classified as a Category II district which can offer a minimum value limitation of \$10 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32033832885) 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 13.

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 14.

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.

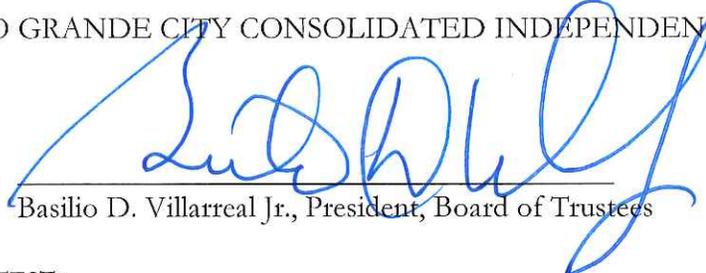
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Rio Grande City Consolidated Independent School District. It is further ORDERED that these findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and

Board Findings of the Rio Grande City Consolidated Independent School District

maintained in the permanent records of the Board of Trustees of the Rio Grande City Consolidated Independent School District.

Dated the 22nd day of July 2014.

RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By: 

Basilio D. Villarreal Jr., President, Board of Trustees

ATTEST:

By: 

Cesar Gonzalez, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

July 22, 2014

President and Members
Board of Trustees
Rio Grande City Consolidated Independent School District
Fort Ringgold, Texas 78582

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

Dear President Villarreal Jr. 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 Rio Grande City Consolidated Independent School District, with respect to the pending Application of Duke Energy Renewables Wind, 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 Duke Energy Renewables Wind, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

Daniel T. Casey

www.moakcasey.com

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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

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

JUSTIN DEMERATH

July 22, 2014

President and Members
Of the Board of Trustees
Rio Grande City Consolidated Independent School District
Fort Ringgold
Rio Grande City Consolidated, Texas 78582

Re: Recommendations and Findings of the Firm Concerning Application of Duke Energy Renewables Wind, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, first qualifying year 2015

Dear President Villarreal Jr. 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 Rio Grande City Consolidated Independent School District, with respect to the pending Application of Duke Energy Renewables Wind, 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 2015. 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 Duke Energy Renewables Wind, 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 Duke Energy Renewables Wind, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon", written in a cursive style.

Kevin O'Hanlon
For the Firm



Attachment A

Application

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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LESLIE MCCOLLOM

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

JUSTIN DEMERATH

November 21, 2013

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

RE: Application to the Rio Grande City Independent School District from Duke Energy
Renewables Wind, LLC

(First Qualifying Year 2015)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Rio Grande City Independent School District is notifying Duke Energy Renewables Wind, LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted an Application to the school district on September 10, 2013. The Board voted to accept the application on September 10, 2013. The application has been determined complete as of November 21, 2013. Please prepare the economic impact report.

This project spans into to the Roma Independent School District. The property within the adjacent district will also be the subject of an application that is being considered by the Roma Independent School District at a Board meeting scheduled for November 21, 2013.

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 Applicant will be supplementing the application with a copy of the reinvestment zone resolution and tax abatement guidelines and criteria upon adoption by the Starr County Commissioner's Court.

In accordance with 34 Tex. Admin Code §9.1054, a copy of the application will be submitted to the Starr County Appraisal District.

Letter to Local Government Assistance & Economic Analysis Division
November 21, 2013
Page 2 of 2

A paper and electronic copy of the application will be hand delivered to your office tomorrow.
Please feel free to contact me with questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Kevin O'Hanlon". The signature is stylized with several overlapping strokes.

Kevin O'Hanlon
School District Consultant

Cc: Starr County Appraisal District
Duke Energy Renewables Wind, LLC



Application for Appraised Value Limitation on Qualified Property

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

Form 50-296
(Revised July 2013)

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 website. 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 website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. 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 September 10, 2013	
First Name Roel A.	Last Name Gonzalez		
Title Superintendent			
School District Name Rio Grande City Consolidated Independent School District			
Street Address Fort Ringgold			
Mailing Address			
City Rio Grande City	State Texas	ZIP 78582	
Phone Number 956-716-6700	Fax Number 956-487-8506		
Mobile Number (optional)	Email 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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name

Dan

Last Name

Casey

Title

Partner

Firm Name

Moak Casey & Associates

Street Address

400 West 15th

Mailing Address

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)

Date

September 10, 2013

Has the district determined this application complete? Yes No

If yes, date determined complete. 11-20-13

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 Milton R.		Last Name Howard	
Title Vice-President, Development - Wind			
Organization Duke Energy			
Street Address 5555 San Felipe, Suite 1227			
Mailing Address			
City Houston		State Texas	ZIP 77056
Phone Number 713-375-0632		Fax Number 713-419-5545	
Mobile Number (optional)		Business Email Address Milton.Howard@duke-energy.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 Sybil M.		Last Name Cioffi	
Title			
Organization Duke Energy			
Street Address 550 S. Tryon			
Mailing Address			
City Charlotte		State NC	ZIP 28202
Phone Number 980-373-9560		Fax Number 980-373-8645	
Mobile Number (optional)		Email Address sybil.cioffi@duke-energy.com	

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

Will consultant be primary contact? Yes No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

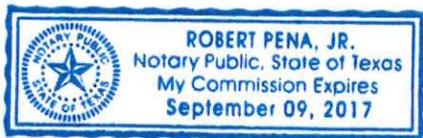
First Name Robert	Last Name Pena, Jr.	
Title General Partner		
Firm Name Texas Energy Consultants		
Street Address 2516 West Freddy Gonzalez Dr.		
Mailing Address PO Box 1847		
City Edinburg	State Texas	ZIP 78539
Phone Number 956-207-3644	Fax Number 877-341-4474	
Business email Address robjrpena@texas-kwh.com		

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 10/11/13
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GIVEN under my hand and seal of office this 13 day of October, 2013



(Notary Seal)


Notary Public, State of TEXAS

My commission expires 9/9/17

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)?

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)?

BUSINESS APPLICANT INFORMATION

Legal Name Under Which Application is Made

DUKE ENERGY RENEWABLES WIND, LLC

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

32-03832885

NAICS Code

221115-2012 NAICS code (221119-1997 NAICS code)

Is the applicant a party to any other Chapter 313 agreements?

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

Rio Hondo Independent School District - Rio Hondo, Texas; Lyford Consolidated Independent School District - Lyford, Texas

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State?

Identify Business Organization of Applicant (corporation, limited liability corporation, etc.)

Limited Liability Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?

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?

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?

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



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology
(7) nuclear electric power generation
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

PROJECT DESCRIPTION

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

See Attachment: Project Description - Question 1

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

See Attachment: Project Description - Question 2

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction On or before April 2014, Begin Hiring New Employees On or before June 2014, Construction Complete On or before June 2016, Fully Operational On or before August 2016, Purchase Machinery & Equipment On or before June 2014

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)?

Note: Improvements made before that time may not be considered qualified property. When do you anticipate the new buildings or improvements will be placed in service? On or before December 2014



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
N/A	N/A
Total	

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

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

Applicant has received Tax Abatement under Chapter 312 Texas Tax Code from Starr County.

THE PROPERTY

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

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

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Starr County (100%) City: N/A
(Name and percent of project) (Name and percent of project)

Hospital District: Starr County (100%) Water District: N/A
(Name and percent of project) (Name and percent of project)

Other (describe): Other (describe):
(Name and percent of project) (Name and percent of project)

Is the project located entirely within this ISD? Yes No

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

85% of the project is located in Rio Grande City CISD jurisdiction. 15% of the project is in Roma CISD jurisdiction. Both schools are located within Starr County.



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 website at www.texasahead.org/tax_programs/chapter313/.

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

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

What is your total estimated qualified investment? \$391,000,000 million

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? June 2014

What is the anticipated date of the beginning of the qualifying time period? June 2014

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? \$415,000,000 million

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? June 2014

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

Will the project be on leased land? Yes No



QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

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

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

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

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

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

WAGE AND EMPLOYMENT INFORMATION

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

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

[] First Quarter [] Second Quarter [x] 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? ... 15

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.

Empty rectangular box for providing the definition of "new job" as used in the application.

Total number of new jobs that will have been created when fully operational ... 15

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? ... [x] 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(-1)? ... [] Yes [x] 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? ... 15

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 www.texasahead.org/tax_programs/chapter313/)

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 website. 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).

Table with 2 columns: Description of wage calculation and Amount. Rows include county average weekly wage for all jobs, manufacturing jobs in county, and manufacturing jobs in region.

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

- Checkboxes for tax code sections: §313.021(5)(A), §313.021(5)(B), §313.021(3)(E)(ii), and §313.051(b). §313.051(b) is checked.

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$37,363.04

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$37,363.04

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? [X] Yes [] No
Will each qualifying job require at least 1,600 of work a year? [X] Yes [] No
Will any of the qualifying jobs be jobs transferred from one area of the state to another? [] Yes [X] No
Will any of the qualifying jobs be retained jobs? [] Yes [X] No
Will any of the qualifying jobs be created to replace a previous employee? [] Yes [X] No
Will any required qualifying jobs be filled by employees of contractors? [] Yes [X] No

If yes, what percent? _____

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? [X] Yes [] No

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

COMPANY OFFERS: Medical, Dental & Life Insurance plans for employee & dependents, Short-term/Long-term Disability, 401K plan, IRA, paid cell phone, paid leave, paid holidays

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? [] Yes [X] No
Is Schedule A completed and signed for all years and attached? [X] Yes [] No
Is Schedule B completed and signed for all years and attached? [X] Yes [] No
Is Schedule C (Application) completed and signed for all years and attached? [X] Yes [] No
Is Schedule D completed and signed for all years and attached? [X] Yes [] No

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

Checklist Item #2

ATTACHMENT

Proof of Payment of Application Fee (check copy provided)

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

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

Checklist Item #3

ATTACHMENT

Documentation of Combined Group Membership

ATTACHED



05-165
(9-09/2)

Tcode 13298

TEXAS FRANCHISE TAX EXTENSION AFFILIATE LIST

Reporting entity taxpayer number

2 0 2 7 7 7 2 1 8

Report year

2 0 1 0

Reporting entity taxpayer name

DUKE ENERGY CORPORATION

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS
64. DEGS OF DELTA TOWNSHIP, LLC		<input checked="" type="radio"/>
65. DEGS OF MONACA, LLC		<input checked="" type="radio"/>
66. DEGS OF NARROWS, LLC		<input checked="" type="radio"/>
67. DEGS OF PARLIN, LLC		<input checked="" type="radio"/>
68. DEGS OF PHILADELPHIA, LLC	3 1 1 7 8 5 9 9 3	<input checked="" type="radio"/>
69. DEGS OF ROCK HILL, LLC	3 5 2 2 0 3 6 3 1	<input checked="" type="radio"/>
70. DEGS OF SAN DIEGO, INC.	3 5 2 2 2 6 0 3 2	<input checked="" type="radio"/>
71. DEGS OF SOUTH CHARLESTON, LLC		<input checked="" type="radio"/>
72. DEGS OF ST. BERNARD, LLC	3 3 1 0 3 9 9 0 4	<input checked="" type="radio"/>
73. DEGS OF ST. PAUL, LLC	1 3 4 0 3 1 0 0 5	<input checked="" type="radio"/>
74. DEGS OF TUSCOLA, INC.	3 1 1 6 2 4 6 9 6	<input checked="" type="radio"/>
75. DEGS THREE BUTTES, LLC	2 6 3 3 2 7 8 3 0	<input checked="" type="radio"/>
76. DEGS WIND I, LLC	3 2 0 3 3 8 3 2 8 8 5	<input type="radio"/>
77. DEGS WIND SUPPLY II, LLC	2 6 3 3 2 8 3 3 3	<input checked="" type="radio"/>
78. DEGS WIND SUPPLY, LLC	3 2 0 3 4 3 7 8 9 5 3	<input type="radio"/>
79. DELTA TOWNSHIP UTILITIES, LLC	3 1 1 7 8 7 2 8 5	<input checked="" type="radio"/>
80. DENA ASSET PARTNERS, LP	3 2 0 3 5 9 3 0 9 8 4	<input type="radio"/>
81. DENA PARTNERS HOLDING, LLC	7 6 0 7 0 0 1 3 7	<input checked="" type="radio"/>
82. DETMI MANAGEMENT, INC.	1 8 4 1 2 7 4 5 4 2 6	<input type="radio"/>
83. DIXILYN-FIELD DRILLING COMPANY	3 6 2 9 0 5 8 1 7	<input checked="" type="radio"/>
84. DUKE BROADBAND, LLC		<input checked="" type="radio"/>

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

Texas Comptroller Official Use Only

VE/DE FM





Franchise Tax Account Status

As of: 11/08/2013 04:26:34 PM

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

DUKE ENERGY RENEWABLES WIND, LLC

Texas Taxpayer Number 32033832885
Mailing Address 400 S TRYON # ST22M
CHARLOTTE, NC 28285-1900
Right to Transact Business in Texas ACTIVE
State of Formation DE
Effective SOS Registration Date 09/27/2007
Texas SOS File Number 0800877409
Registered Agent Name C T CORPORATION SYSTEM
Registered Office Street Address 350 N. ST. PAUL ST. STE. 2900
DALLAS, TX 75201

Checklist Item #4

Form 50-296 313 Value Limitation

ATTACHMENTS

PROJECT DESCRIPTION

Question 1: Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

The proposed project will consist of a facility designed to use wind power to generate electricity (otherwise known as a wind farm). The Applicant expects to build the proposed project to be operational by the 3rd quarter of 2016. 100% of the construction will be within the jurisdictional boundary of Starr County with approximately 85% being within the Rio Grande City CISD jurisdiction. The Applicant expects to commence construction on or before April 2014 and expects to complete construction within 18-months. The Applicant expects to meet the minimum qualified investment threshold referenced, by December 2013. The applicant intends to reach this threshold investing \$24 million in development, engineering, environmental, aviation, and other studies and costs necessary for project development. All property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant.

Question 2: Describe the ability of your company to locate or relocate in another state or another region of the state.

Duke Energy, Corp., acting as parent company of Duke Energy Renewables Wind, LLC, is a U.S. developer of wind projects, and has operations in several regions within the contiguous United States. Construction is one of the most significant costs in creating a wind farm. The wind turbines and supporting infrastructure are long-lived assets engineered and designed specifically for this project location. The cost of installing the improvements on the site is substantial and the cost to remove, redesign, and relocate the improvements to a different location would be prohibitive. The physical improvements of the Los Vientos III, IV, & V wind power project, once completed, cannot be feasibly moved to another location.

Duke has the ability to locate wind farms anywhere in the U.S. with the right conditions. For these reasons Duke Energy studies and looks at various competing sites throughout the market areas where wind development is attractive. Without a Value Limitation program, Duke Energy would seek to move to alternative sites outside the State of Texas.

ATTACHMENTS

PROJECT SCOPE, INFORMATION, and SIZE

To date, the Applicant has acquired leases on approximately 85,000 acres of land in the project area, which is bounded approximately by FM 755, FM 490, FM 2294 and La Brisa Road. Approximately 85% of the project area is incorporated within the Rio Grande City CISD in Starr County. The remaining 15% of the project will be constructed in the Roma ISD jurisdiction within Starr County.

The total proposed project the Applicant intends to construct and operate consists of, but is not limited to up to 204 wind turbines, to be constructed in three (3) phases commencing after April 2014. The first phase, LV-III situated within the Rio Grande City ISD should be complete January 2015. The construction with installation of turbines for LV-IV will commence on or about June 2014 and complete construction June 2015. LV-IV is partially located in the Roma ISD and Rio Grande City ISD. The third phase, LV-V, will commence construction on or about May 2015 and complete construction with installation of turbines on or about June 2016. It is anticipated the Los Vientos Windfarm III, IV, & V will be fully operational on or about August 2016.

The project also includes construction of operations and maintenance facility and an electrical substation, all constructed during LV-III phase commencing on or before April 1, 2014.

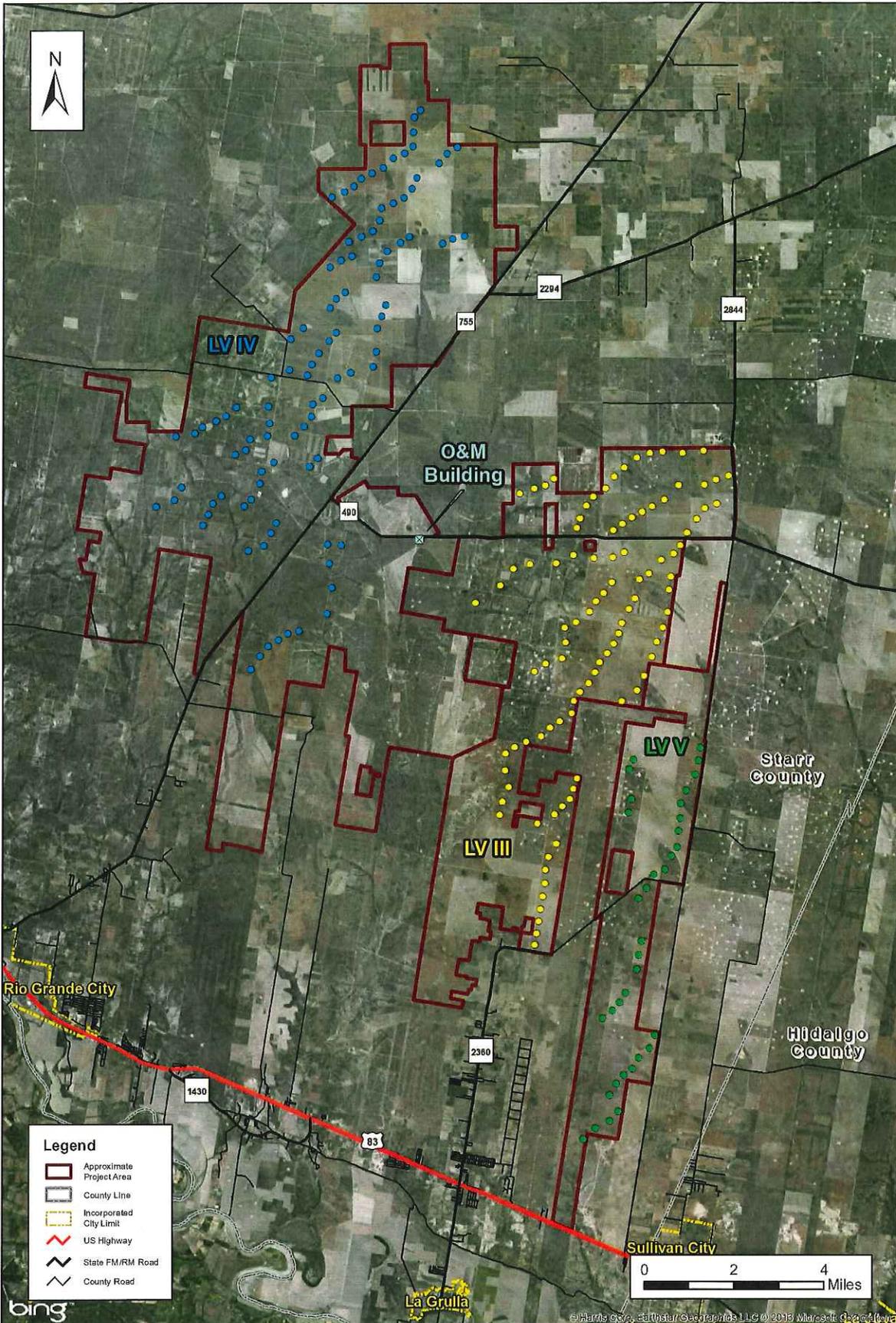
When completed the Los Vientos III, IV, V project will add over \$415 million to the ad valorem tax rolls of Starr County, Rio Grande City ISD and Roma ISD. The Project will significantly enhance sales and use taxes for the state and local area, particularly during the construction period.

Checklist Item #5

Projected Located in *MORE* than One School District

The Applicant expects to build 100% of the proposed project in Starr County, Texas. There are three (3) ISD's within Starr County, however, the project is located within the Rio Grande City ISD and the Roma ISD. Of the 240 WTG's the applicant intends to build, approximately 36 WTG's will be located within the Roma ISD with the remaining 204 WTG's to be located within the Rio Grande City ISD jurisdiction.

Duke Energy will be submitting an application for Appraised Value Limitation for the portion of project located within the Roma ISD.



- Legend**
- Approximate Project Area
 - County Line
 - Incorporated City Limit
 - US Highway
 - State FM/RM Road
 - County Road

Duke Energy Renewables
Los Vientos III, IV, and V Windpower Projects
 Project Areas and Layouts



BR
02/02/2013

Checklist Item #6

ATTACHMENTS

INVESTMENT

- (1) A specific and detailed description of the qualified investment you propose to make on the property for which you are requesting and appraised value limitation as defined by Tax Code §313.021.*

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described and shown in Map Exhibit within Rio Grande City ISD, which is located in Starr County, Texas. The property for which the Applicant is requesting an appraised value limitation shall include, but is NOT limited to, the following: up to 204 wind turbines, ranging from 1.8 to 2.3 megawatts with a generating capacity of approximately 480Mw; up to 204 steel reinforced concrete foundations supporting the weight of each turbine tower; up to 204 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation; and a new project electrical substation interconnected to the AEP Texas Electric 138kV transmission line located in central Starr County and intersecting on or near FM 755 and La Brisa Road.

Additionally, the map provided does not present the location of the improvements; however all of the improvements that make up the amount of qualified investment will be made within the Project Investment Area as shown on Map Exhibit A. The Applicant will provide a map with the location of the improvements in the near future.

During 2013, the Applicant obtained Reinvestment Zone designation and approval from Starr County for the proposed project area and areas of consideration for future expansion.

None of the above mentioned property is covered under an existing County Appraisal District account number.

- (2) A description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment.*

The Applicant intends to construct a building(s) to house maintenance and operations, supplies, replacement parts and other miscellaneous related equipment. The Applicant will also be constructing an electrical sub-station facility for integration and transmission of power into the electrical grid.

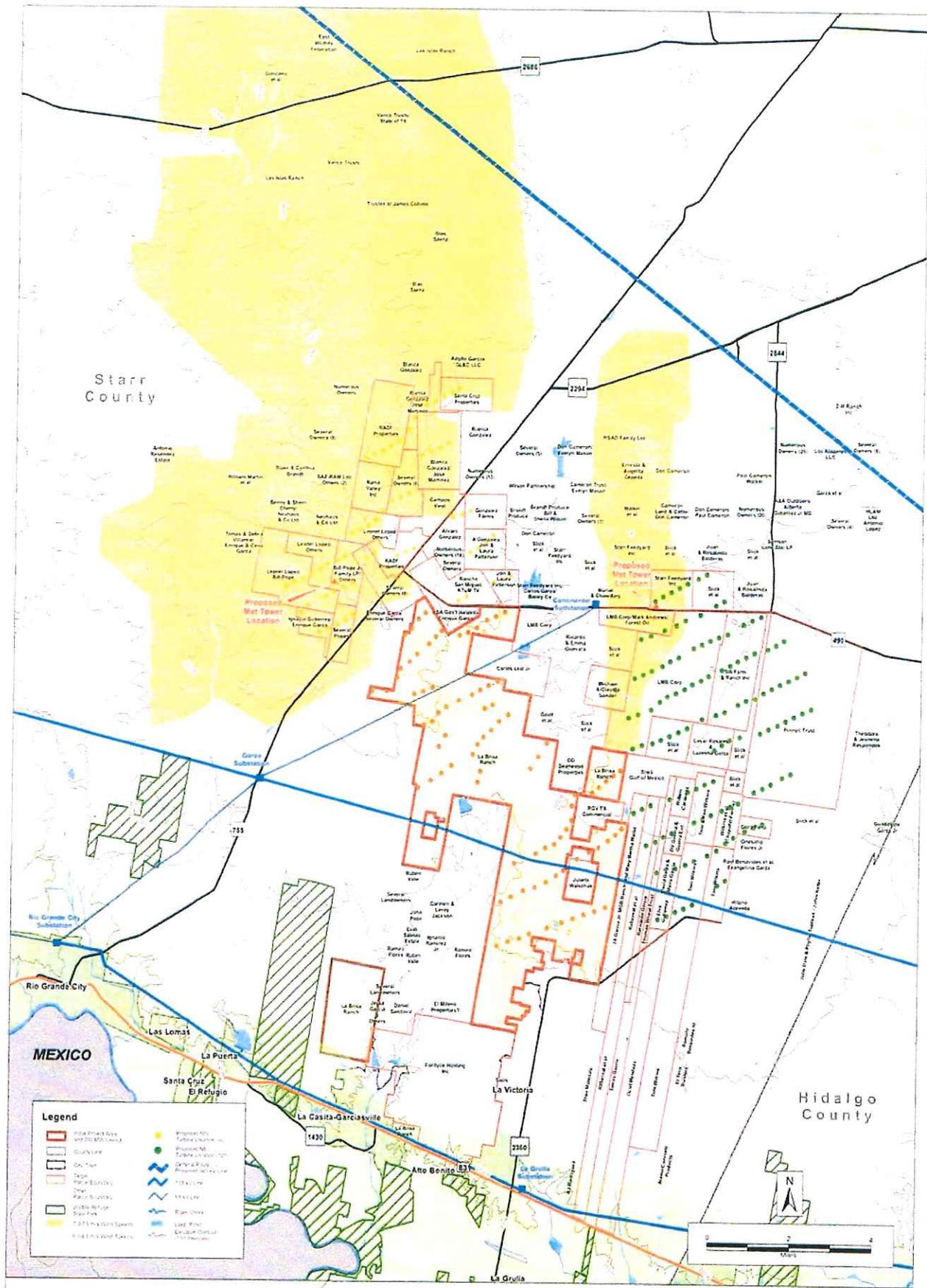
- (3) A map of the qualified investment area.*

Attached within the proposal is a Map Exhibit of the qualified investment area.

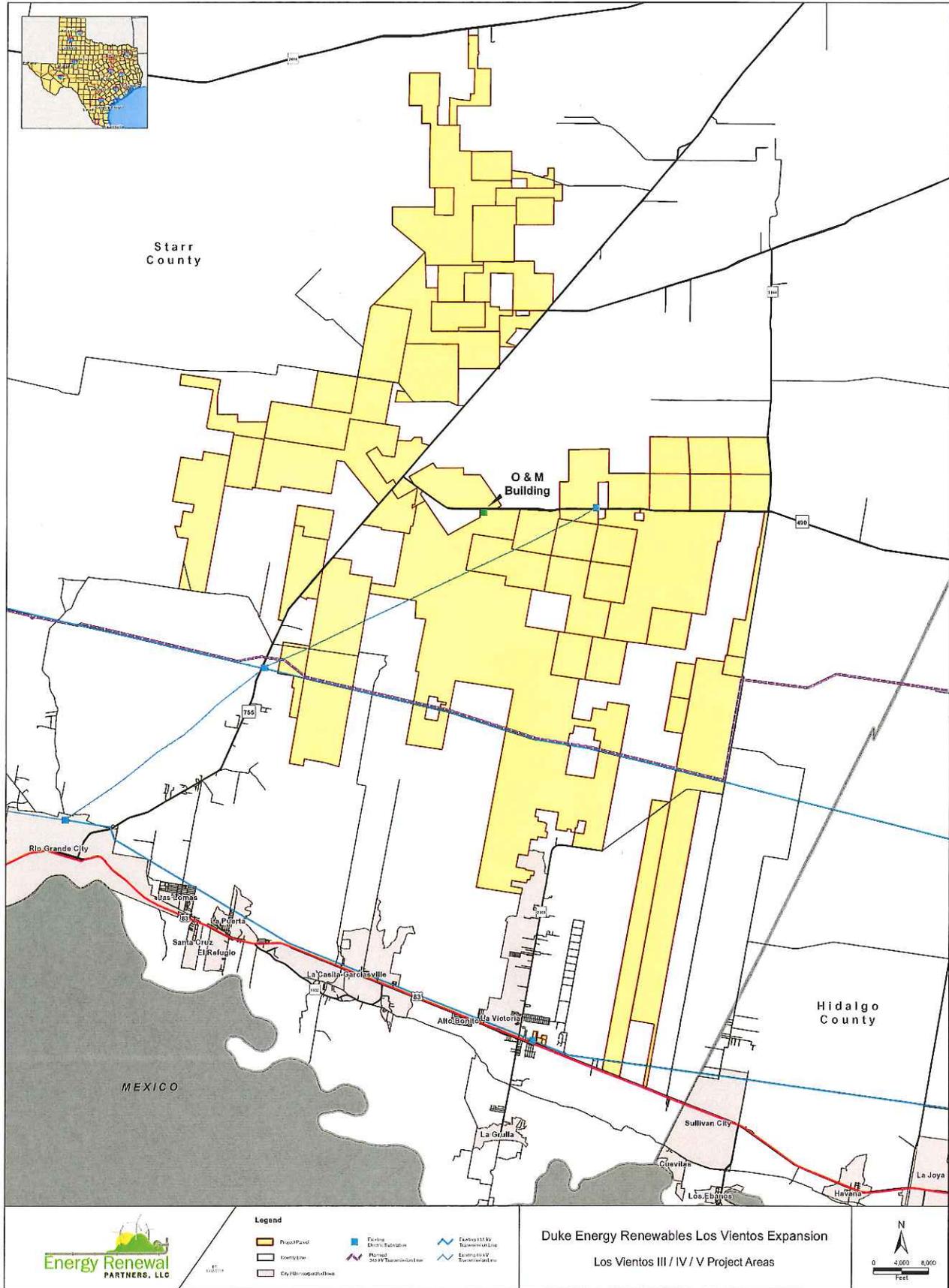
Checklist Item #7

Map of Qualified Investment showing location of Improvements

The improvements depicted on the following map are subject to change and does not depict the exact or precise location of the improvements. It does, however, provide an accurate account of the qualified improvements within the reinvestment zone.



**Duke Energy Renewables
Los Vientos III Potential Expansion Areas
NW and NE Expansion Areas and Preliminary Layouts**



Checklist Item #8

Description of Qualified Property (per Application pg 8)

Los Vientos III, IV, V Project will consist of a wind-powered electric generating facility with an operating capacity of approximately 480 megawatts. The exact number of turbines and foundations will depend on the nameplate capacity of the turbine selected. The turbine size will be between 1.8 and 2.3 MW.

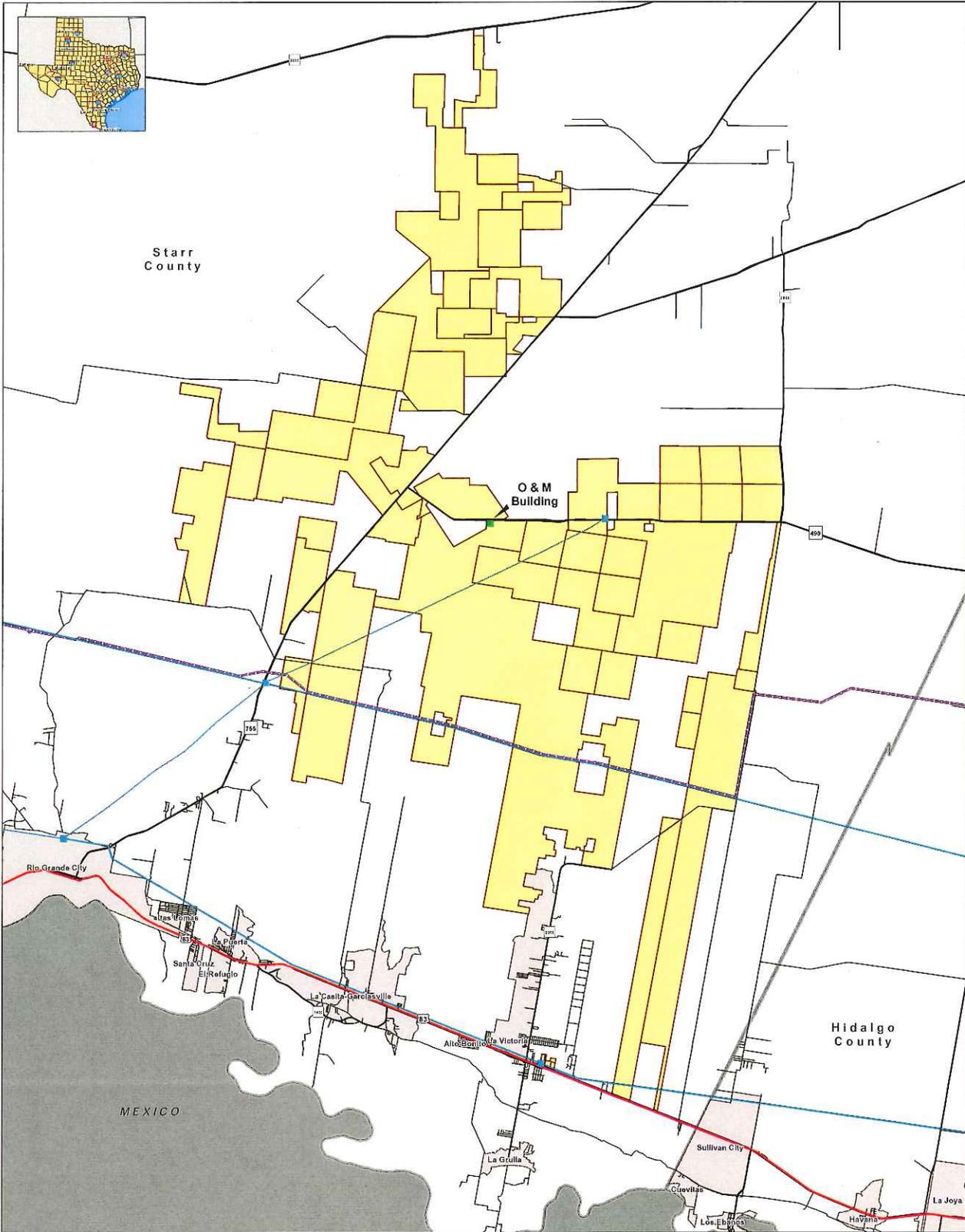
The additional improvements of Qualified Property for the Los Vientos III, IV, V Project include but are not limited to:

- Up to 204 wind turbine generator foundations, anchor bolt embeds & template mounting rings.
- An electric substation including power transformers, associated circuit breakers, switches, reactive power compensation equipment and control building & fencing of perimeter.
- Operations & Maintenance Building with offices, warehouse & all standard utilities (i.e. telephone, water, drainage, sewer, etc.)
- Underground power cables from wind turbines to substation with various cable accessories including junction boxes.
- Roadwork sloped for drainage, with turnouts from public roads.
- Permanent meteorological towers, quality and location of which to be determined by final layout turbine.
- Underground communication cables.
- Wind turbine lighting per FAA requirements.

Checklist Item #9

ATTACHMENT

See Attached Map



Legend

Project Parcel	Existing Electric Substation	Existing 13.8 KV Transmission Line
Existing Line	Planned 500 KV Transmission Line	Existing 40 KV Transmission Line
City/Other Jurisdiction		

Duke Energy Renewables Los Vientos Expansion
 Los Vientos III / IV / V Project Areas



Checklist Item #10

Description of Land

Legal Description

EXHIBIT "A"

**LOS VIENTOS REINVESTMENT ZONE #1
Legal Descriptions
Starr County, Texas**

Abstract 257
Abstract 966
Abstract 256
Abstract 956
Abstract 383
Abstract 1015
Abstract 226
Abstract 199
Abstract 382
Abstract 60
Abstract 955
Abstract 255
Abstract 969
Abstract 258
Abstract 967
Abstract 253
Abstract 957
Abstract 968
Abstract 1094
Abstract 940
Abstract 939
Abstract 374
Abstract 372
Abstract 334
Abstract 645
Abstract 644
Abstract 72
Abstract 1053
Abstract 188
Abstract 921
Abstract 242
Abstract 923
Abstract 935
Abstract 250
Abstract 920
Abstract 365
Abstract 366
Abstract 361
Abstract 363
Abstract 922
Abstract 1056
Abstract 367
Abstract 937
Abstract 364

EXHIBIT "A"

Abstract 1016
Abstract 238
Abstract 1027
Abstract 938
Abstract 1054
Abstract 236
Abstract 682
Abstract 656
Abstract 73
Abstract 844
Abstract 845
Abstract 1051
Abstract 1119
Abstract 1069
Abstract 1130
Abstract 1133
Abstract 1113
Abstract 1153
Abstract 1115
Abstract 1118
Abstract 1117
Abstract 1116
Section 923
Abstract 1074
Abstract 359
Abstract 651
Abstract 1059
Abstract 148 (Porcion 85) to US Hwy 83
Abstract 151 (Porcion 86) to La Puerta Lower Rio Grande Valley USFWS Refuge
Abstract 182 (Porcion 87) to La Puerta Lower Rio Grande Valley USFWS Refuge
Abstract 105 (Porcion 88) to US Hwy 83
Abstract 80 (Porcion 89) to US Hwy 83
Abstract 178 (Porcion 90) to US Hwy 83
Abstract 41 (Porcion 91) to US Hwy 83
Abstract 846
Abstract 847
Abstract 128 (Porcion 92) to US Hwy 83
Abstract 1058
Abstract 369
Abstract 1057
Abstract 1060
Abstract 1055
Abstract 370
Abstract 1123
Abstract 1150
Abstract 1151
Abstract 1145
Abstract 1146

EXHIBIT "A"

Abstract 1124
Abstract 934
Abstract 1144
Abstract 1055
Abstract 370
Abstract 1142
Abstract 1143
Abstract 129 (Porcion 93) to US Hwy 83
Abstract 127 (Porcion 94) to US Hwy 83
Abstract 145 (Porcion 95) to Old Military Rd
Abstract 273 (Porcion 96) to Old Military Rd
Abstract 272 (Porcion 97) to Old Military Rd
Abstract 271 (Porcion 98) to Old Military Rd
Abstract 270 (Porcion 99) to Old Military Rd
Abstract 269 (Porcion 100) to US Hwy 83
Abstract 280 (Porcion 38) to US Hwy 83
Abstract 279 (Porcion 39) to the Starr/ Hidalgo County Line
Abstract 282 (Porcion 40) to the Starr/ Hidalgo County Line
Abstract 699 (Porcion 41) to the Starr/ Hidalgo County Line
Abstract 936
Abstract 247
Abstract 787
Abstract 248
Abstract 805
Abstract 904
Abstract 14
Abstract 388
Abstract 201
Abstract 901
Abstract 513
Abstract 1139
Abstract 1112
Abstract 1100
Abstract 1167
Abstract 1101
Abstract 1108
Abstract 1098
Abstract 1111
Abstract 1099
Abstract 1166
Abstract 1155
Abstract 1154
Abstract 1148
Abstract 1149
Abstract 1147
Abstract 389
Abstract 391
Abstract 807

EXHIBIT "A"

Abstract 730
Abstract 1052
Abstract 1045
Abstract 762
Abstract 747
Abstract 1161
Abstract 827
Abstract 59
Abstract 649
Abstract 512
Abstract 751
Abstract 853
Abstract 43
Abstract 44
Abstract 750
Abstract 856
Abstract 40
Abstract 154
Abstract 1097
Abstract 1083
Abstract 200
Abstract 1014
Abstract 1066
Abstract 1068
Abstract 1162
Abstract 184 (Porcion 84) to El Tanque Rd
Abstract 130 (Porcion 83) to N FM 755
Abstract 179 (Porcion 82) to N FM 755
Abstract 75 (Porcion 81) to N FM 755
Abstract 74 (Porcion 80) to E Eisenhower St/ N FM 755
Abstract 66 (Porcion 79) to W Eisenhower St
Abstract 254
Abstract 368
Abstract 669
Abstract 212
Abstract 688
Abstract 806
Abstract 16
Abstract 38
Abstract 777
Abstract 1011
Abstract 1090
Abstract 1093
Abstract 244
Abstract 239
Abstract 1005
Abstract 1105
Abstract 1104

EXHIBIT "A"

Abstract 1106

Abstract 9

Abstract 10

Abstract 568

Abstract 8

Abstract 6

Abstract 1107

Abstract 863

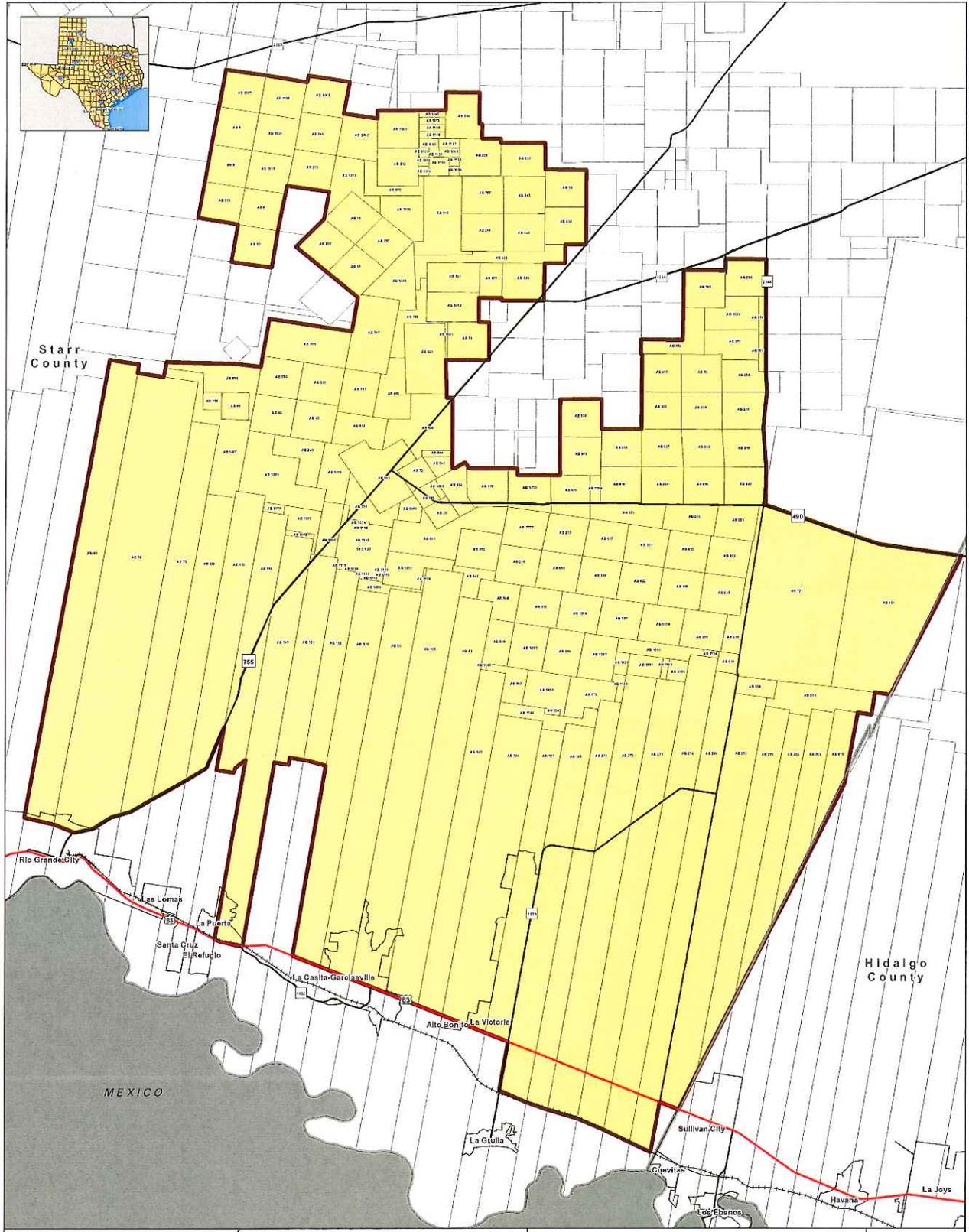
Abstract 415 (Porcion 42) to the Starr/ Hidalgo County Line

Abstract 890

Checklist Item #11

ATTACHMENT

SEE ATTACHED MAP



Starr County

Hidalgo County

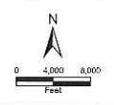
MEXICO



Legend

Reinvestment Zone Boundary	County Line	High Road
Reinvestment Zone Area	City/ Town	Major Road
Other Structure	Railroad	

Duke Energy Renewables Los Vientos Expansion
Starr County Reinvestment Zone



Checklist Item #12

Description of all Existing Improvements

There are currently NO existing improvements.

Checklist Item #13

Request for Waiver of Job Creation Requirement

NOT APPLICABLE

Checklist Item #14

ATTACHMENT

CALCULATION OF WAGE REQUIREMENTS – STARR COUNTY

110% of County Average Weekly Wage for All Jobs

2012	3Q	361
2012	4Q	399
2013	1Q	416
2013	2Q	377

1553/4= \$388.25 average weekly salary
X 1.1 (110%)
\$427.08 *110% of County Average Weekly Wage for all jobs*

110% of County Average Weekly Wage for Manufacturing Jobs in County

2012	3Q	350
2012	4Q	343
2013	1Q	362
2013	2Q	374

1429/4= \$357.25 average weekly salary
X 1.1 (110%)
\$392.98 *110% of County Average Weekly Wage for Manufacturing Jobs*

110% of County Average Weekly Wage for Manufacturing Jobs in Region (Lower Rio Grande Valley)

\$16.33 per hour
X 40 hr per week
\$653.20 average weekly salary

\$653.20 average weekly salary
X 1.1 (110%)
\$718.52

\$718.52
X 52 weeks
\$37,363 110% of County Average Weekly Wage for Manufacturing Jobs in Region



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[Projections - Industry](#)

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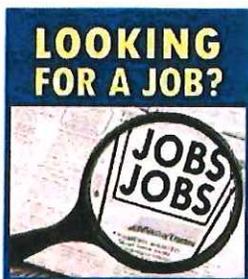
[Population](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	1st Qtr	Starr County	Private	00	0	10	Total, All Industries	\$411
2012	2nd Qtr	Starr County	Private	00	0	10	Total, All Industries	\$369
2012	3rd Qtr	Starr County	Private	00	0	10	Total, All Industries	\$361
2012	4th Qtr	Starr County	Private	00	0	10	Total, All Industries	\$399
2013	1st Qtr	Starr County	Private	00	0	10	Total, All Industries	\$416
2013	2nd Qtr	Starr County	Private	00	0	10	Total, All Industries	\$377

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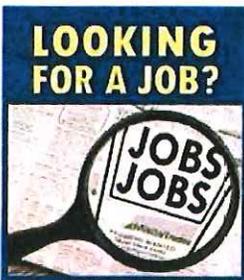
[Population](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	1st Qtr	Starr County	Private	31	2	31-33	Manufacturing	\$335
2012	2nd Qtr	Starr County	Private	31	2	31-33	Manufacturing	\$362
2012	3rd Qtr	Starr County	Private	31	2	31-33	Manufacturing	\$350
2012	4th Qtr	Starr County	Private	31	2	31-33	Manufacturing	\$343
2013	1st Qtr	Starr County	Private	31	2	31-33	Manufacturing	\$362
2013	2nd Qtr	Starr County	Private	31	2	31-33	Manufacturing	\$374

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

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

Source: Texas Occupational Employment and Wages

Data published: July 2013

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

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

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

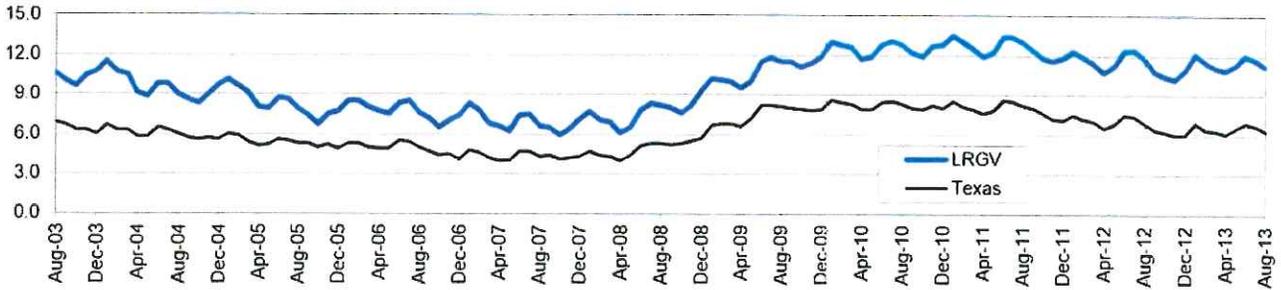
Data intended for TAC 313 purposes only.

Lower Rio Grande Valley Workforce Development Area*

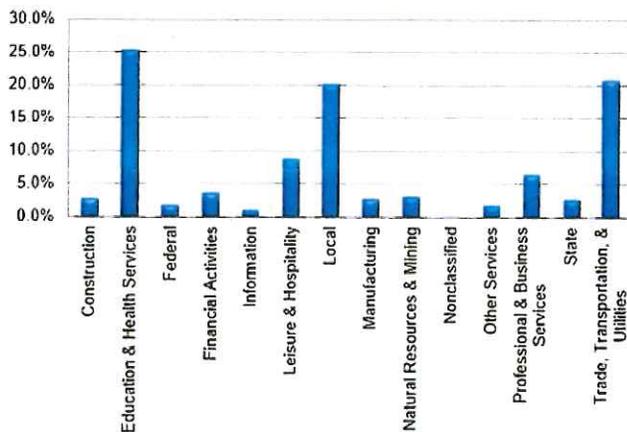
August 2013

Lower Rio Grande Valley WDA					Texas				
	CLF	Employed	Unemployed	Rate		CLF	Employed	Unemployed	Rate
Aug-13	344,837	306,239	38,598	11.2	Aug-13	12,780,824	11,981,929	798,895	6.3
Jul-13	347,434	306,829	40,605	11.7	Jul-13	12,868,256	12,010,823	857,433	6.7
Aug-12	344,151	303,571	40,580	11.8	Aug-12	12,572,856	11,700,357	872,499	6.9

Historical Unemployment Rates



Lower Rio Grande Valley WDA Industry Composition
1st Quarter 2013



Total WDA Claims

Continued Claims for the Week of the 12th				
	Aug-13	Jul-13	Aug-12	OTY
Continued	7,896	8,489	7,958	-62

Texas Unemployment Insurance Claims

Continued Claims for the Week of the 12th				
	Aug-13	Jul-13	Aug-12	OTY
Continued	131,232	140,477	135,191	-3,959

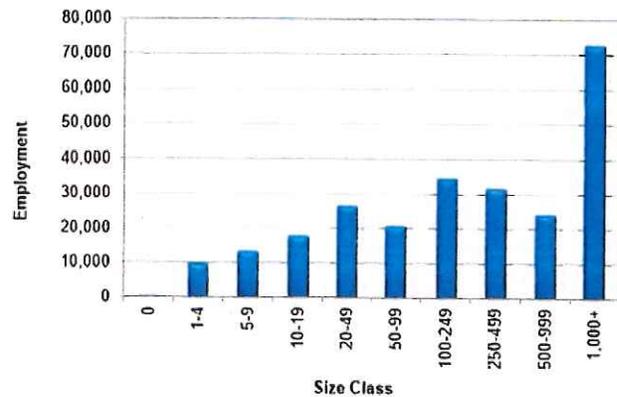
Lower Rio Grande Valley WDA
Average Weekly Wage

	LRGV	Texas
1st Quarter 2013	\$577.24	\$1,015.49
4th Quarter 2012	\$608.36	\$1,027.11
1st Quarter 2012	\$575.54	\$1,012.32
Quarter Change	-\$31.12	-\$11.62
OTY Change	\$1.70	\$3.17

NAICS Covered Employment Quarterly Data
1st Quarter 2013

SUPER SECTOR	Employment	Change	
		Quarter	Year
Construction	6,738	-223	-81
Education & Health Services	63,667	-495	-435
Federal	4,299	32	83
Financial Activities	9,041	-106	100
Information	2,231	13	76
Leisure & Hospitality	21,977	359	1,281
Local	50,414	139	592
Manufacturing	6,586	170	221
Natural Resources & Mining	7,575	165	-258
Nonclassified	152	56	126
Other Services	4,107	-142	109
Professional & Business Services	16,013	517	274
State	6,469	67	109
Trade, Transportation, & Utilities	52,208	-597	2,170
TOTAL	251,477	-45	4,367

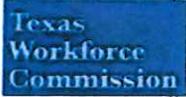
Size Class Employment Composition
1st Quarter 2013



*Counties in WDA: Hidalgo, Willacy, & Starr



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Year	Period	Area	Ind Code	Industry	Occ Code	Occupation	Wage Source	Rate Type	Mean Wages
2012	Annual	Grande WDA	1012	Construction	470000	Construction and Extraction Occupations	BLS Occupational Employment Statistics Survey	Annual wage or salary	\$28,175

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Checklist Item #15

Description of Benefits

DUKE ENERGY RENEWABLES WIND, LLC offers the following benefits for employees & dependents:

- Medical
- Dental
- Life Insurance
- Short-term disability
- Long-term disability
- 401K Plan
- Individual Retirement Acct (IRA)
- Paid Cell Phone
- Paid Leave
- Paid Holidays

Checklist Item #16

ECONOMIC IMPACT ANALYSIS

Not Applicable

Checklist Item #17

Schedule "A" attached

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name: Duke Energy Renewables Wind, LLC
 ISD Name: Rio Grande City

PROPERTY INVESTMENT AMOUNTS

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

	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 of during this year	Column B: Building or permanent nonremovable component (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investing economic impact and total value	Column E: Total Investment (A+B+D)	
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	2013-14	2013						
	2014-15	2014				23,248,750	23,248,750	
	2014-15	2014		751,250	294,184,000	97,567,250	391,751,250	
	Complete tax years of qualifying time period	1 2015-16	2015	293,432,750				
		2 2016-17	2016					
		3 2017-18	2017					
		4 2018-19	2018					
		5 2019-20	2019					
		6 2020-21	2020					
		7 2021-22	2021					
		8 2022-23	2022					
		9 2023-24	2023					
		10 2024-25	2024					
	Value Limitation Period	11 2025-26	2025					
		12 2026-27	2026					
13 2027-28		2027						
14 2028-29		2028						
15 2029-30		2029						
Credit Settle-Up Period	Continue to Maintain Viable Presence							
	Post-Settle-Up Period							
Post-Settle-Up Period	Post-Settle-Up Period							
	Post-Settle-Up Period							

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).

For the purposes of investment, please list amount invested each year, not cumulative totals.

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

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

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

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.

9/10/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Checklist Item #18

Schedule "B" attached

Schedule B (Rev. May 2010): Estimated Market And Taxable Value
Duke Energy Renewables Wind, LLC

Applicant Name
 ISD Name

Rio Grande City

Form 50-296

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Qualified Property		Reductions from Market	Estimated Taxable Value	Final taxable value for M&O--after all reductions
				Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or 'in or on the new improvement'			
pre-year	2014-15	2014	N/A			Exempted Value		
	2015-16	2015	N/A	\$ 638,563	\$ 156,497,455	N/A	\$ 157,136,018	\$ 157,136,018
	2016-17	2016	N/A	\$ 638,563	\$ 165,617,795	N/A	\$ 166,256,358	\$ 166,256,358
	2017-18	2017	N/A	\$ 606,635	\$ 322,115,250	N/A	\$ 322,721,885	\$ 10,000,000
	2018-19	2018	N/A	\$ 576,303	\$ 306,009,488	N/A	\$ 306,585,791	\$ 10,000,000
	2019-20	2019	N/A	\$ 547,488	\$ 290,709,014	N/A	\$ 291,256,502	\$ 10,000,000
	2020-21	2020	N/A	\$ 520,114	\$ 276,176,563	N/A	\$ 276,696,677	\$ 10,000,000
	2021-22	2021	N/A	\$ 494,108	\$ 262,364,885	N/A	\$ 262,858,993	\$ 10,000,000
	2022-23	2022	N/A	\$ 469,402	\$ 249,246,641	N/A	\$ 249,716,043	\$ 10,000,000
	2023-24	2023	N/A	\$ 445,932	\$ 236,784,309	N/A	\$ 237,230,241	\$ 10,000,000
	2024-25	2024	N/A	\$ 423,636	\$ 229,945,093	N/A	\$ 230,368,729	\$ 10,000,000
	2025-26	2025	N/A	\$ 402,454	\$ 213,697,838	N/A	\$ 214,100,292	\$ 214,100,292
	2026-27	2026	N/A	\$ 382,331	\$ 203,012,947	N/A	\$ 203,395,278	\$ 203,395,278
	2027-28	2027	N/A	\$ 363,215	\$ 192,862,299	N/A	\$ 193,225,514	\$ 193,225,514
	2028-29	2028	N/A	\$ 345,054	\$ 183,219,184	N/A	\$ 183,564,238	\$ 183,564,238
	2029-30	2029	N/A	\$ 327,801	\$ 174,058,225	N/A	\$ 174,386,026	\$ 174,386,026

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.



9/10/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Checklist Item #19

Schedule "C" attached

Checklist Item #20

Schedule "D" attached

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

Applicant Name

Duke Energy Renewables Wind, LLC

ISD Name

Rio Grande City

Form 50-296

	Sales Tax Information			Other Property Tax Abatements Sought			
	Sales Taxable Expenditures	Franchise Tax	County	City	Hospital	Other	
	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	
	Tax/Calendar Year YYYY	School Year (YYYY-YYYY)	Year				
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	51,000,000	148,672,582	2014				
Complete tax years of qualifying time period Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period	1	2015-16	2015	85%	0	85%	
	2	2016-17	2016	85%	0	85%	
	3	2017-18	2017	85%	0	85%	
	4	2018-19	2018	85%	0	85%	
	5	2019-20	2019	85%	0	85%	
	6	2020-21	2020	85%	0	85%	
	7	2021-22	2021	85%	0	85%	
	8	2022-23	2022	85%	0	85%	
	9	2023-24	2023	85%	0	85%	
	10	2024-25	2024	85%	0	85%	
	11	2025-26	2025	85%	0	85%	
	12	2026-27	2026	85%	0	85%	
	13	2027-28	2027	85%	0	85%	
	14	2028-29	2028	85%	0	85%	
	15	2029-30	2029	85%	0	85%	

*For planning, construction and operation of the facility.

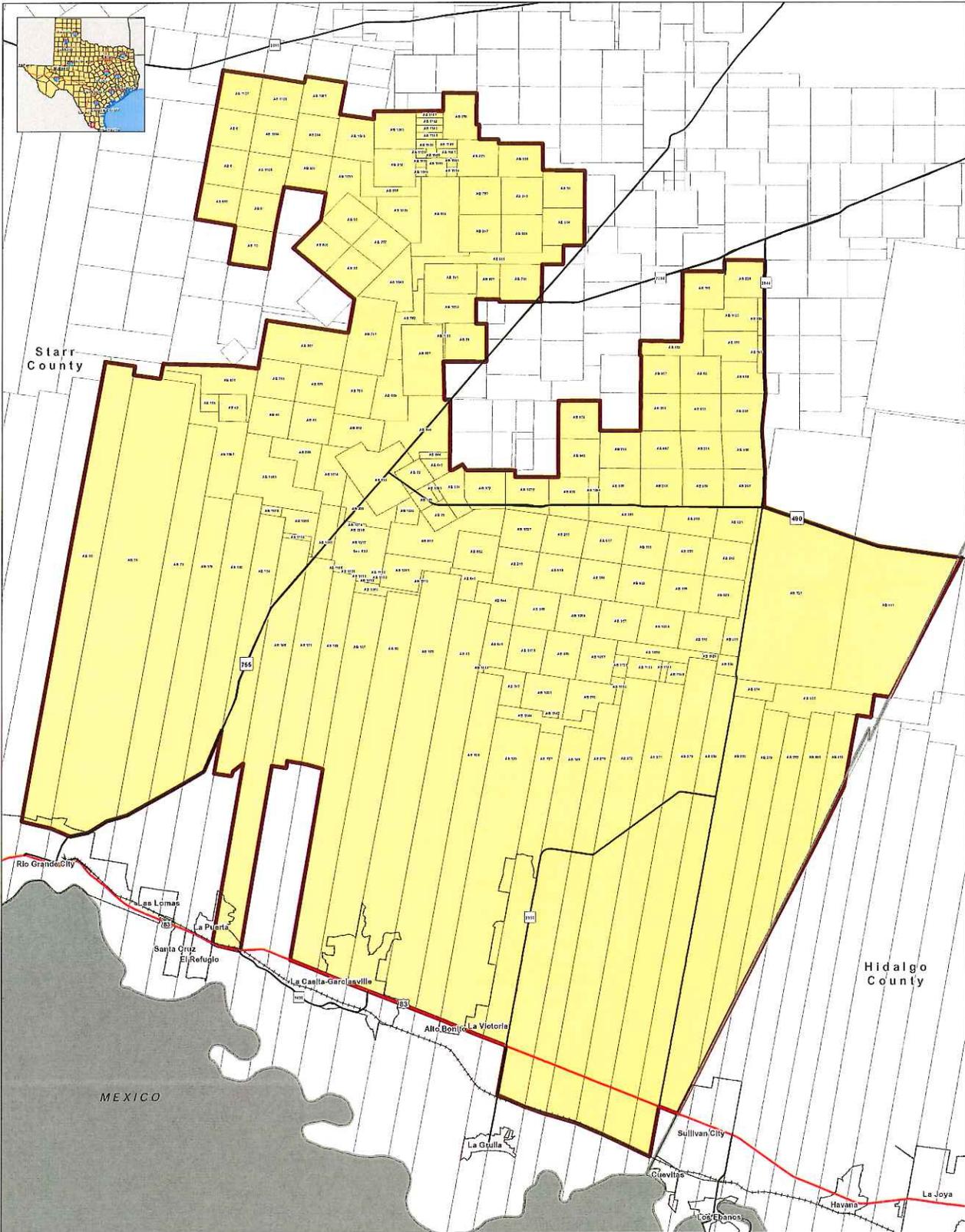
4/10/13

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Checklist Item #21

Map of Reinvestment Zone



Starr County

Hidalgo County

MEXICO



Legend

Reinvestment Zone Boundary	County Line	US Highway
Reinvestment Zone Facility	City/Town	Major Road
Other Section	Railroad	

Duke Energy Renewables Los Vientos Expansion
Starr County Reinvestment Zone



Checklist Item #22

Order & Resolution Establishing Reinvestment Zone

will supplement

Checklist Item #23

Legal Description of Reinvestment Zone

EXHIBIT "A"

LOS VIENTOS REINVESTMENT ZONE #1
Legal Descriptions
Starr County, Texas

Abstract 257
Abstract 966
Abstract 256
Abstract 956
Abstract 383
Abstract 1015
Abstract 226
Abstract 199
Abstract 382
Abstract 60
Abstract 955
Abstract 255
Abstract 969
Abstract 258
Abstract 967
Abstract 253
Abstract 957
Abstract 968
Abstract 1094
Abstract 940
Abstract 939
Abstract 374
Abstract 372
Abstract 334
Abstract 645
Abstract 644
Abstract 72
Abstract 1053
Abstract 188
Abstract 921
Abstract 242
Abstract 923
Abstract 935
Abstract 250
Abstract 920
Abstract 365
Abstract 366
Abstract 361
Abstract 363
Abstract 922
Abstract 1056
Abstract 367
Abstract 937
Abstract 364

EXHIBIT "A"

Abstract 1016
Abstract 238
Abstract 1027
Abstract 938
Abstract 1054
Abstract 236
Abstract 682
Abstract 656
Abstract 73
Abstract 844
Abstract 845
Abstract 1051
Abstract 1119
Abstract 1069
Abstract 1130
Abstract 1133
Abstract 1113
Abstract 1153
Abstract 1115
Abstract 1118
Abstract 1117
Abstract 1116
Section 923
Abstract 1074
Abstract 359
Abstract 651
Abstract 1059
Abstract 148 (Porcion 85) to US Hwy 83
Abstract 151 (Porcion 86) to La Puerta Lower Rio Grande Valley USFWS Refuge
Abstract 182 (Porcion 87) to La Puerta Lower Rio Grande Valley USFWS Refuge
Abstract 105 (Porcion 88) to US Hwy 83
Abstract 80 (Porcion 89) to US Hwy 83
Abstract 178 (Porcion 90) to US Hwy 83
Abstract 41 (Porcion 91) to US Hwy 83
Abstract 846
Abstract 847
Abstract 128 (Porcion 92) to US Hwy 83
Abstract 1058
Abstract 369
Abstract 1057
Abstract 1060
Abstract 1055
Abstract 370
Abstract 1123
Abstract 1150
Abstract 1151
Abstract 1145
Abstract 1146

Abstracts

Abstract 1124
Abstract 934
Abstract 1144
Abstract 1055
Abstract 370
Abstract 1142
Abstract 1143
Abstract 129 (Porcion 93) to US Hwy 83
Abstract 127 (Porcion 94) to US Hwy 83
Abstract 145 (Porcion 95) to Old Military Rd
Abstract 273 (Porcion 96) to Old Military Rd
Abstract 272 (Porcion 97) to Old Military Rd
Abstract 271 (Porcion 98) to Old Military Rd
Abstract 270 (Porcion 99) to Old Military Rd
Abstract 269 (Porcion 100) to US Hwy 83
Abstract 280 (Porcion 38) to US Hwy 83
Abstract 279 (Porcion 39) to the Starr/ Hidalgo County Line
Abstract 282 (Porcion 40) to the Starr/ Hidalgo County Line
Abstract 699 (Porcion 41) to the Starr/ Hidalgo County Line
Abstract 936
Abstract 247
Abstract 787
Abstract 248
Abstract 805
Abstract 904
Abstract 14
Abstract 388
Abstract 201
Abstract 901
Abstract 513
Abstract 1139
Abstract 1112
Abstract 1100
Abstract 1167
Abstract 1101
Abstract 1108
Abstract 1098
Abstract 1111
Abstract 1099
Abstract 1166
Abstract 1155
Abstract 1154
Abstract 1148
Abstract 1149
Abstract 1147
Abstract 389
Abstract 391
Abstract 807

Abstract 730
 Abstract 1052
 Abstract 1045
 Abstract 762
 Abstract 747
 Abstract 1161
 Abstract 827
 Abstract 59
 Abstract 649
 Abstract 512
 Abstract 751
 Abstract 853
 Abstract 43
 Abstract 44
 Abstract 750
 Abstract 856
 Abstract 40
 Abstract 154
 Abstract 1097
 Abstract 1083
 Abstract 200
 Abstract 1014
 Abstract 1066
 Abstract 1068
 Abstract 1162
 Abstract 184 (Porcion 84) to El Tanque Rd
 Abstract 130 (Porcion 83) to N FM 755
 Abstract 179 (Porcion 82) to N FM 755
 Abstract 75 (Porcion 81) to N FM 755
 Abstract 74 (Porcion 80) to E Eisenhower St/ N FM 755
 Abstract 66 (Porcion 79) to W Eisenhower St
 Abstract 254
 Abstract 368
 Abstract 669
 Abstract 212
 Abstract 688
 Abstract 806
 Abstract 16
 Abstract 38
 Abstract 777
 Abstract 1011
 Abstract 1090
 Abstract 1093
 Abstract 244
 Abstract 239
 Abstract 1005
 Abstract 1105
 Abstract 1104

Abstract 1106

Abstract 9

Abstract 10

Abstract 568

Abstract 8

Abstract 6

Abstract 1107

Abstract 863

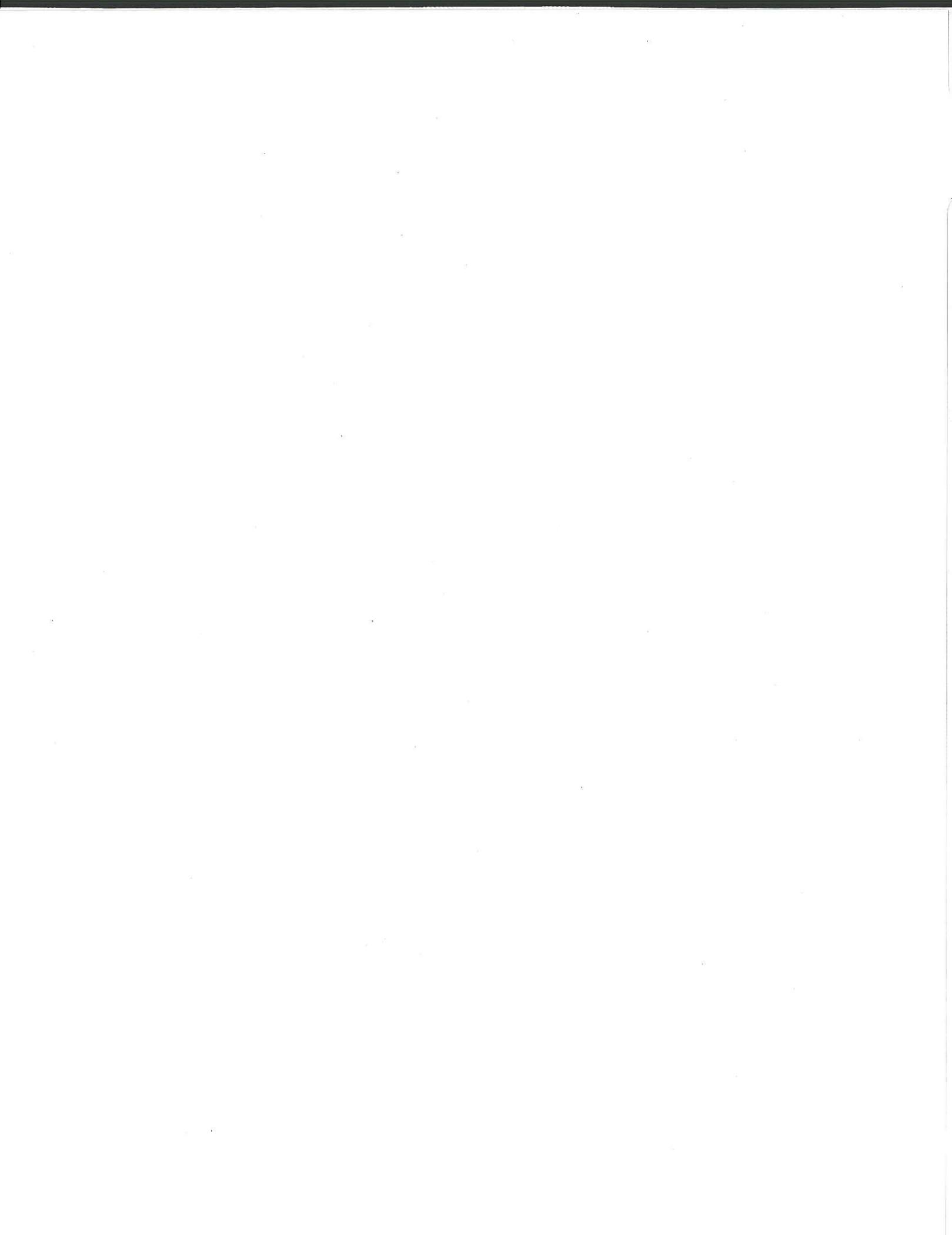
Abstract 415 (Porcion 42) to the Starr/ Hidalgo County Line

Abstract 890

Checklist Item #24

Guidelines and Criteria for Reinvestment Zone

will supplement



Attachment B

Certificate of Account Status



Franchise Tax Account Status

As of: 03/12/2014 12:54:50 PM

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

DUKE ENERGY RENEWABLES WIND, LLC	
Texas Taxpayer Number	32033832885
Mailing Address	550 S TRYON ST # DEC41A CHARLOTTE, NC 28202-4200
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	09/27/2007
Texas SOS File Number	0800877409
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 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



March 10, 2014

Roel A. Gonzalez
Superintendent
Rio Grande City Consolidated Independent School District
Fort Ringgold
Rio Grande City, Texas 78582

Dear Superintendent Gonzales:

On Dec. 10, 2013, the Comptroller received the completed application (Application # 373) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in September 2013 to the Rio Grande City Consolidated Independent School District (the school district) by Duke Energy Renewables Wind, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

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

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$391 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

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

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

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

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

correct, finds that the applicant is eligible for a limitation and determines that granting the application is in the best interest of the school district and this state. As stated above, the Comptroller's recommendation is prepared by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

Note that any new building or other improvement existing as of the application review start date of Dec. 10, 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	Duke Energy Renewables Wind, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Rio Grande City CISD
2011-12 Enrollment in School District	10,796
County	Starr
Total Investment in District	\$415,000,000
Qualified Investment	\$391,000,000
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	15
Number of qualifying jobs committed to by applicant	15
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$719
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$719
Minimum Annual Wage committed to by applicant for qualified jobs	\$37,363
Investment per Qualifying Job	\$27,666,667
Estimated 15 year M&O levy without any limit or credit:	\$40,593,133
Estimated gross 15 year M&O tax benefit	\$28,089,679
Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	\$22,251,008
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$3,549,691
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$18,342,126
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	54.8%
Percentage of tax benefit due to the limitation	87.4%
Percentage of tax benefit due to the credit.	12.6%

This presents the Comptroller's economic impact evaluation of Duke Energy Renewables Wind, LLC (the project) applying to Rio Grande City Consolidated Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

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

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

After construction, the project will create 15 new jobs when fully operational. All 15 jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Lower Rio Grande Valley Development Council Region, where Starr County is located was \$33,961 in 2012. The annual average manufacturing wage for 2012-2013 for Starr County was \$18,577. From 2012-2013, the county annual average wage for all industries was \$20,189. In addition to an annual average salary of \$37,363 each qualifying position will receive benefits such as medical, dental, life insurance, short-term disability, long-term disability, 401K plan, individual retirement account (IRA), paid cell phone, paid leave, and paid holidays. The project's total investment is \$415 million, resulting in a relative level of investment per qualifying job of \$27.7 million.

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

According to Duke Energy Renewables Wind, LLC's application, "Duke Energy, Corp., acting as parent company of Duke Energy Renewables Wind, LLC, is a U.S. developer of wind projects, and has operations in several regions within the contiguous United States." The applicant also states, "Duke has the ability to locate wind farms anywhere in the U.S. with the right conditions. For these reasons Duke Energy studies and looks at various competing sites throughout the market areas where wind development is attractive. Without a Value Limitation program, Duke Energy would seek to move to alternative sites outside the State of Texas."

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

During the past two years, 9 projects in the Lower Rio Grande Valley Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.

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

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	315	261	576	\$9,012,945	\$19,987,055	\$29,000,000
2015	315	273	588	\$9,012,945	\$22,987,055	\$32,000,000
2016	15	24	39	\$560,445	\$5,439,555	\$6,000,000
2017	15	(2)	13	\$560,445	\$3,439,555	\$4,000,000
2018	15	1	16	\$560,445	\$2,439,555	\$3,000,000
2019	15	5	20	\$560,445	\$2,439,555	\$3,000,000
2020	15	5	20	\$560,445	\$2,439,555	\$3,000,000
2021	15	10	25	\$560,445	\$2,439,555	\$3,000,000
2022	15	12	27	\$560,445	\$2,439,555	\$3,000,000
2023	15	18	33	\$560,445	\$2,439,555	\$3,000,000
2024	15	18	33	\$560,445	\$2,439,555	\$3,000,000
2025	15	22	37	\$560,445	\$2,439,555	\$3,000,000
2026	15	14	29	\$560,445	\$1,439,555	\$2,000,000
2027	15	14	29	\$560,445	\$2,439,555	\$3,000,000
2028	15	12	27	\$560,445	\$2,439,555	\$3,000,000
2029	15	10	25	\$560,445	\$1,439,555	\$2,000,000

Source: CPA, REMI, Duke Energy Renewables Wind, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.7 billion in 2012-2013. Rio Grande City CISD's ad valorem tax base in 2012-2013 was \$1.2 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Rio Grande City CISD's estimated wealth per WADA was \$80,813. 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, Starr County, and the Starr County Memorial Hospital district with all property tax incentives sought being granted using estimated market value from Duke Energy Renewables Wind, LLC's application. Duke Energy Renewables Wind, LLC has applied for both a value limitation under Chapter 313, Tax Code and a tax abatement with the county. Table 3 illustrates the estimated tax impact of the Duke Energy Renewables Wind, LLC project on the region if all taxes are assessed.

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Rio Grande City CISD I&S Levy	Rio Grande City CISD M&O Levy	Rio Grande City CISD M&O and I&S Tax Levies (Before Credit Credited)	Rio Grande City CISD M&O and I&S Tax Levies (After Credit Credited)	Starr County Tax Levy	Starr County Hospital District Tax Levy	Estimated Total Property Taxes
				0.2706	1.1700			0.7792	0.2512	
2015	\$157,136,018	\$157,136,018		\$425,210	\$1,838,491	\$2,263,701	\$2,263,701	\$183,661	\$394,785	\$2,842,147
2016	\$166,256,358	\$166,256,358		\$449,890	\$1,945,199	\$2,395,089	\$2,395,089	\$194,320	\$417,699	\$3,007,109
2017	\$322,721,885	\$10,000,000		\$873,285	\$117,000	\$990,285	\$990,285	\$377,197	\$810,800	\$2,178,283
2018	\$306,585,791	\$10,000,000		\$829,621	\$117,000	\$946,621	\$470,245	\$358,337	\$770,260	\$1,598,842
2019	\$291,256,502	\$10,000,000		\$788,140	\$117,000	\$905,140	\$449,657	\$340,421	\$731,747	\$1,521,825
2020	\$276,696,677	\$10,000,000		\$748,741	\$117,000	\$865,741	\$430,104	\$323,403	\$695,167	\$1,448,674
2021	\$262,858,993	\$10,000,000		\$711,296	\$117,000	\$828,296	\$411,520	\$307,230	\$660,402	\$1,379,151
2022	\$249,716,043	\$10,000,000		\$675,732	\$117,000	\$792,732	\$393,869	\$291,868	\$627,382	\$1,313,118
2023	\$237,230,241	\$10,000,000		\$641,945	\$117,000	\$758,945	\$377,100	\$277,275	\$596,013	\$1,250,387
2024	\$230,368,729	\$10,000,000		\$623,378	\$117,000	\$740,378	\$367,885	\$269,255	\$578,774	\$1,215,914
2025	\$214,100,292	\$214,100,292		\$579,355	\$2,504,973	\$3,084,329	\$2,472,112	\$333,654	\$537,901	\$3,343,667
2026	\$203,395,278	\$203,395,278		\$550,388	\$2,379,725	\$2,930,112	\$2,930,112	\$1,584,856	\$511,006	\$5,025,975
2027	\$193,225,514	\$193,225,514		\$522,868	\$2,260,739	\$2,783,607	\$2,783,607	\$1,505,613	\$485,456	\$4,774,676
2028	\$183,564,238	\$183,564,238		\$496,725	\$2,147,702	\$2,644,426	\$2,644,426	\$1,430,333	\$461,183	\$4,535,942
2029	\$174,386,026	\$174,386,026		\$471,889	\$2,040,317	\$2,512,205	\$2,512,205	\$1,358,816	\$438,124	\$4,309,145
						Total	\$21,891,918	\$9,136,238	\$8,716,699	\$39,744,855

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

Source: CPA, Duke Energy Renewables Wind, LLC

¹Tax Rate per \$100 Valuation

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate ¹	Rio Grande City CISD I&S Levy	Rio Grande City CISD M&O Levy	Rio Grande City CISD M&O and I&S Tax Levies	Starr County Tax Levy	Starr County Hospital District Tax Levy	Estimated Total Property Taxes	
				0.2706	1.1700		0.7792	0.2512		
2015	\$157,136,018	\$157,136,018		\$425,210	\$1,838,491	\$2,263,701	\$1,224,404	\$394,785	\$3,882,891	
2016	\$166,256,358	\$166,256,358		\$449,890	\$1,945,199	\$2,395,089	\$1,295,470	\$417,699	\$4,108,258	
2017	\$322,721,885	\$322,721,885		\$873,285	\$3,775,846	\$4,649,131	\$2,514,649	\$810,800	\$7,974,580	
2018	\$306,585,791	\$306,585,791		\$829,621	\$3,587,054	\$4,416,675	\$2,388,916	\$770,260	\$7,575,851	
2019	\$291,256,502	\$291,256,502		\$788,140	\$3,407,701	\$4,195,841	\$2,269,471	\$731,747	\$7,197,059	
2020	\$276,696,677	\$276,696,677		\$748,741	\$3,237,351	\$3,986,092	\$2,156,021	\$695,167	\$6,837,280	
2021	\$262,858,993	\$262,858,993		\$711,296	\$3,075,450	\$3,786,747	\$2,048,197	\$660,402	\$6,495,346	
2022	\$249,716,043	\$249,716,043		\$675,732	\$2,921,678	\$3,597,409	\$1,945,787	\$627,382	\$6,170,578	
2023	\$237,230,241	\$237,230,241		\$641,945	\$2,775,594	\$3,417,539	\$1,848,498	\$596,013	\$5,862,049	
2024	\$230,368,729	\$230,368,729		\$623,378	\$2,695,314	\$3,318,692	\$1,795,033	\$578,774	\$5,692,499	
2025	\$214,100,292	\$214,100,292		\$579,355	\$2,504,973	\$3,084,329	\$1,668,269	\$537,901	\$5,290,500	
2026	\$203,395,278	\$203,395,278		\$550,388	\$2,379,725	\$2,930,112	\$1,584,856	\$511,006	\$5,025,975	
2027	\$193,225,514	\$193,225,514		\$522,868	\$2,260,739	\$2,783,607	\$1,505,613	\$485,456	\$4,774,676	
2028	\$183,564,238	\$183,564,238		\$496,725	\$2,147,702	\$2,644,426	\$1,430,333	\$461,183	\$4,535,942	
2029	\$174,386,026	\$174,386,026		\$471,889	\$2,040,317	\$2,512,205	\$1,358,816	\$438,124	\$4,309,145	
						Total	\$49,981,597	\$27,034,333	\$8,716,699	\$85,732,628

Source: CPA, Duke Energy Renewables Wind, LLC

¹Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$40,593,133. The estimated gross 15 year M&O tax benefit, or levy loss, is \$22,251,008.

Attachment 3 is an economic overview of Starr 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

February 25, 2014

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 Duke Energy Renewables Wind LLC project on the number and size of school facilities in Rio Grande City Consolidated Independent School District (RGCCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the RGCCISD superintendent, Roel Gonzalez, the TEA has found that the Duke Energy Renewables Wind LLC project would not have a significant impact on the number or size of school facilities in RGCCISD.

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



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

February 25, 2014

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 Duke Energy Renewables Wind LLC project for the Rio Grande City Consolidated Independent School District (RGCCISD). 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 Duke Energy Renewables Wind LLC project on RGCCISD are correct.

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

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Starr County

Population

- Total county population in 2010 for Starr County: 63,499 , up 1.7 percent from 2009. State population increased 1.8 percent in the same time period.
- Starr County was the state's 54st largest county in population in 2010 and the 51st fastest growing county from 2009 to 2010.
- Starr County's population in 2009 was 2.1 percent Anglo (below the state average of 46.7 percent), 0.1 percent African-American (below the state average of 11.3 percent) and 97.2 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Starr County:

Rio Grande City:	14,057	Roma:	11,335
La Grulla:	1,847	Escobares:	1,459

Economy and Income

Employment

- September 2011 total employment in Starr County: 21,148 , up 3.1 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 Starr County unemployment rate: 16.6 percent, down from 17.5 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

- Starr County's ranking in per capita personal income in 2009: 254th with an average per capita income of \$16,433, up 4.4 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 Starr County averaged \$65.46 million annually from 2007 to 2010. County total agricultural values in 2010 were up 42.3 percent from 2009. Major agriculture related commodities in Starr County during 2010 included:
 - Vegetables
 - Hunting
 - Fed Beef
 - Sorghum
 - Other Beef
- 2011 oil and gas production in Starr County: 240,207.0 barrels of oil and 53.8 million Mcf of gas. In September 2011, there were 104 producing oil wells and 1272 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 Starr County during the fourth quarter 2010: \$57.75 million, up 0.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Rio Grande City:	\$38.67 million, down 0.9 percent from the same quarter in 2009.
Roma:	\$9.58 million, down 1.7 percent from the same quarter in 2009.
La Grulla:	\$87,076.00, up 16.0 percent from the same quarter in 2009.
Escobares:	\$904,338.00, up 7.9 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 Starr County through the fourth quarter of 2010: \$214.55 million, down 0.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Rio Grande City:	\$142.68 million, down 2.9 percent from the same period in 2009.
Roma:	\$35.95 million, up 0.2 percent from the same period in 2009.
La Grulla:	\$303,586.00, down 3.5 percent from the same period in 2009.
Escobares:	\$3.43 million, up 4.0 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Starr County during 2010: \$214.55 million, down 0.6 percent from 2009.
- Starr County sent an estimated \$13.41 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:

Rio Grande City:	\$142.68 million, down 2.9 percent from 2009.
Roma:	\$35.95 million, up 0.2 percent from 2009.
La Grulla:	\$303,586.00, down 3.5 percent from 2009.
Escobares:	\$3.43 million, up 4.0 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of November 2011 is currently scheduled for December 7, 2011.)

Monthly

- Statewide payments based on the sales activity month of September 2011: \$580.11 million, up 7.1 percent from September 2010.
- Payments to all cities in Starr County based on the sales activity month of September 2011: \$370,047.35, down 3.9 percent from September 2010.
- Payment based on the sales activity month of September 2011 to the city of:

Rio Grande City:	\$262,802.19, down 7.7 percent from September 2010.
Roma:	\$98,095.49, up 6.5 percent from September 2010.
La Grulla:	\$1,759.34, up 9.9 percent from September 2010.
Escobares:	\$7,390.33, up 6.9 percent from September 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2011 through September 2011: \$580.11 million, up 7.1 percent from the same period in 2011.
- Payments to all cities in Starr County based on sales activity months from September 2011 through September 2011: \$370,047.35, down 3.9 percent from fiscal 2011.
- Payments based on sales activity months from September 2011 through September 2011 to the city of:

Rio Grande City:	\$262,802.19, down 7.7 percent from fiscal 2011.
Roma:	\$98,095.49, up 6.5 percent from fiscal 2011.
La Grulla:	\$1,759.34, up 9.9 percent from fiscal 2011.
Escobares:	\$7,390.33, up 6.9 percent from fiscal 2011.

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

- Statewide payments based on sales activity months through September 2011: \$4.57 billion, up 8.1 percent from the same period in 2010.
- Payments to all cities in Starr County based on sales activity months through September 2011: \$3.24 million, up 3.4 percent from the same period in 2010.
- Payments based on sales activity months through September 2011 to the city of:

Rio Grande City:	\$2.41 million, up 3.0 percent from the same period in 2010.
Roma:	\$745,509.35, up 4.3 percent from the same period in 2010.
La Grulla:	\$15,797.25, up 11.9 percent from the same period in 2010.
Escobares:	\$68,328.75, up 4.8 percent from the same period in 2010.

12 months ending in September 2011

- Statewide payments based on sales activity in the 12 months ending in September 2011: \$6.11 billion, up 7.9 percent from the previous 12-month period.
- Payments to all cities in Starr County based on sales activity in the 12 months ending in September 2011: \$4.40 million, up 3.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in September 2011 to the city of:

Rio Grande City:	\$3.29 million, up 3.6 percent from the previous 12-month period.
Roma:	\$995,802.40, up 3.0 percent from the previous 12-month period.
La Grulla:	\$20,604.13, up 9.6 percent from the previous 12-month period.
Escobares:	\$89,046.65, up 13.9 percent from the previous 12-month period.

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

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

Rio Grande City:	\$3.07 million, up 4.1 percent from the same period in 2010.
Roma:	\$927,947.08, up 4.0 percent from the same period in 2010.
La Grulla:	\$18,724.91, up 9.1 percent from the same period in 2010.
Escobares:	\$82,426.31, up 15.6 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 Starr County based on sales activity months in 2010: \$4.29 million, down 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Rio Grande City:	\$3.22 million, down 0.8 percent from 2009.
Roma:	\$964,817.68, down 1.6 percent from 2009.
La Grulla:	\$18,927.35, up 1.2 percent from 2009.
Escobares:	\$85,918.23, up 6.3 percent from 2009.

Property Tax

- As of January 2009, property values in Starr County: \$2.86 billion, up 8.0 percent from January 2008 values. The property tax base per person in Starr County is \$45,556, below the statewide average of \$85,809. About 46.7 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Starr County's ranking in state expenditures by county in fiscal year 2010: 41st. State expenditures in the county for FY2010: \$343.79 million, unchanged 0.0 percent from FY2009.
- In Starr County, 11 state agencies provide a total of 178 jobs and \$1.72 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):

▪ Health & Human Services Commission	▪ Department of Aging and Disability Services
▪ Department of Public Safety	▪ Parks & Wildlife Department
▪ Department of Transportation	

Higher Education

- Community colleges in Starr County preliminary fall 2011 enrollment:
 - None.
- Starr County is in the service area of the following:
 - South Texas Community College with a preliminary fall 2011 enrollment of 30,558 . Counties in the service area include:
 - Hidalgo County
 - Starr County
- Institutions of higher education in Starr County preliminary fall 2011 enrollment:
 - None.

School Districts

- Starr County had 3 school districts with 25 schools and 17,008 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.)

 - Rio Grande City ISD had 10,410 students in the 2009-10 school year. The average teacher salary was \$47,825. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
 - Roma ISD had 6,320 students in the 2009-10 school year. The average teacher salary was \$45,677. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.
 - San Isidro ISD had 278 students in the 2009-10 school year. The average teacher salary was \$51,427. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

Attachment E

Summary of Financial Impact

**SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED DUKE
ENERGY RENEWABLES WIND, LLC PROJECT ON THE FINANCES
OF THE RIO GRANDE CITY CONSOLIDATED INDEPENDENT
SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313
PROPERTY VALUE LIMITATION**

December 12, 2013

Final Report

PREPARED BY



Estimated Impact of the Proposed Duke Energy Renewables Wind, LLC Project on the Finances of the Rio Grande City Consolidated Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Duke Energy Renewables Wind, LLC (Duke Energy) has requested that the Rio Grande City Consolidated Independent School District (RGCCISD) 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 RGCCISD on September 10, 2013, Duke Energy proposes to invest \$391 million to construct a new renewable wind energy electric generation project in RGCCISD.

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

Under the provisions of Chapter 313, RGCCISD may offer a minimum value limitation of \$10 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2015-16 and 2016-17 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 2015-16 and 2016-17 school years. Beginning with the 2017-18 school year, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with RGCCISD currently levying a \$0.2726 per \$100 I&S tax rate. The full value of the investment is expected to reach \$323 million in 2017-18, with depreciation anticipated to reduce the taxable value of the project over the course of the value limitation agreement. Given the District's relatively low state property wealth per ADA, however, the I&S benefits are expected to be limited to the early years that the project is added to the local tax roll.

In the case of the Duke Energy project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. RGCCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$5.8 million). No out-year revenue losses are expected under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$22.3 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

School Finance Mechanics

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct its property value study and 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 periods (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11 as a result of the one-year lag in property values.

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. RGCCISD is classified as a formula district under the estimates presented below. It is not expected to receive ASATR funds under either model scenario. As a relatively low-wealth formula school district, the District's finances are much more susceptible to changes in property

values and M&O tax collections like those associated with the implementation of a Chapter 313 value limitation agreement, than would be the case for a district receiving substantial ASATR funds.

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 Duke Energy project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

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

The general approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. The SB 1 basic allotment increases are reflected in the underlying models. The projected taxable values of the Duke Energy project are factored into the base model used here in order to simulate the financial effects of constructing the project in the absence of a value limitation agreement. The impact of the limitation value for the proposed Duke Energy project is isolated separately and the focus of this analysis.

Student enrollment counts are held constant at 9,946 students in average daily attendance (ADA) in analyzing the effects of the Duke Energy project on the finances of RGCCISD. The District's local tax base reached nearly \$1.1 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 \$1.17 per \$100 is used throughout this analysis. RGCCISD has estimated state property wealth per weighted ADA or WADA of approximately \$80,392 for the 2012-13 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 RGCCISD under the assumptions outlined above through the 2029-30 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 Duke Energy facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A second model is developed which adds the Duke Energy value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 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, RGCCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$5,838,671). The revenue reduction results chiefly from the mechanics of the state property value study and its one-year lag in recognizing the Chapter 313 \$10 million value limitation. The \$10 million limitation is recognized in the state aid calculations for the 2018-19 school year, with no hold-harmless amounts anticipated under current law.

The formula loss of \$5,838,671 cited above between the base and the limitation models is based on an assumption that Duke Energy would see nearly \$3.7 million in M&O tax savings under the Agreement in the 2017-18 school year. As Table 4 indicates, there is no state aid offset that year and RGCCISD would experience nearly a \$2.2 million reduction in Tier II state aid as a result of the reduction in M&O tax effort associated with the implementation of the \$10 million value limitation.

The Comptroller’s state property value study significantly 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 study determinations are also 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 \$1.17 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$24.5 million over the life of the agreement. In addition, Duke Energy would be eligible for a tax credit for M&O taxes paid on value in excess of the value limitation in each of the first two qualifying years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately \$3.5 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 RGCCISD revenue losses are expected to total approximately \$5.8 million in the initial limitation year under the proposed agreement. The total potential net tax benefits (inclusive of tax credits but after hold-harmless payments are made) are estimated to total \$22.3 million over the life of the agreement.

Facilities Funding Impact

The Duke Energy project remains fully taxable for debt services taxes, with RGCCISD currently levying a \$0.2726 per \$100 I&S rate. The primary I&S tax benefits to the District will occur in the first few years of the project, as value is added during its construction phase. . Even with the project, the District's out-year revenue per ADA will be below the state subsidy level provided through the Instructional Facility Allotment (IFA) and Existing Debt Allotment (EDA) programs, so no net improvement in facilities funding beyond the first few years is anticipated under the estimates presented here.

The Duke Energy project is not expected to affect RGCCISD in terms of enrollment. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

Conclusion

The proposed Duke Energy renewable energy electric generation project enhances the tax base of RGCCISD. 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 \$22.3 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of RGCCISD, with the primary I&S benefit occurring during first few years of the construction phase of the project.

Table 1 – Base District Information with Duke Energy Renewables Wind, 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	2014-15	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,059,674,250	\$1,059,674,250	\$1,055,709,949	\$1,055,709,949	\$72,264	\$72,264
1	2015-16	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,216,810,268	\$1,216,810,268	\$1,055,709,949	\$1,055,709,949	\$72,264	\$72,264
2	2016-17	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,225,930,608	\$1,225,930,608	\$1,212,845,967	\$1,212,845,967	\$83,020	\$83,020
3	2017-18	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,382,396,135	\$1,069,674,250	\$1,221,966,307	\$1,221,966,307	\$83,644	\$83,644
4	2018-19	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,366,260,041	\$1,069,674,250	\$1,378,431,834	\$1,065,709,949	\$94,354	\$72,948
5	2019-20	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,350,930,752	\$1,069,674,250	\$1,362,295,740	\$1,065,709,949	\$93,250	\$72,948
6	2020-21	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,336,370,927	\$1,069,674,250	\$1,346,966,451	\$1,065,709,949	\$92,200	\$72,948
7	2021-22	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,322,533,243	\$1,069,674,250	\$1,332,406,626	\$1,065,709,949	\$91,204	\$72,948
8	2022-23	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,309,390,293	\$1,069,674,250	\$1,318,568,942	\$1,065,709,949	\$90,257	\$72,948
9	2023-24	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,296,904,491	\$1,069,674,250	\$1,305,425,992	\$1,065,709,949	\$89,357	\$72,948
10	2024-25	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,290,042,979	\$1,069,674,250	\$1,292,940,190	\$1,065,709,949	\$88,502	\$72,948
11	2025-26	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,273,774,542	\$1,273,774,542	\$1,286,078,678	\$1,065,709,949	\$88,033	\$72,948
12	2026-27	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,263,069,528	\$1,263,069,528	\$1,269,810,241	\$1,269,810,241	\$86,919	\$86,919
13	2027-28	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,252,899,764	\$1,252,899,764	\$1,259,105,227	\$1,259,105,227	\$86,186	\$86,186
14	2028-29	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,243,238,488	\$1,243,238,488	\$1,248,935,463	\$1,248,935,463	\$85,490	\$85,490
15	2029-30	9,945.67	14,609.11	\$1.1700	\$0.2726	\$1,234,060,276	\$1,234,060,276	\$1,239,274,187	\$1,239,274,187	\$84,829	\$84,829

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	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	2014-15	\$11,060,962	\$69,047,307	\$0	\$0	\$1,880,364	\$9,184,873	\$0	\$91,173,506
1	2015-16	\$12,600,895	\$69,047,307	\$0	\$0	\$2,142,152	\$10,531,434	\$0	\$94,321,788
2	2016-17	\$12,690,274	\$67,475,946	\$0	\$0	\$2,157,346	\$8,955,263	\$0	\$91,278,829
3	2017-18	\$14,286,180	\$67,384,743	\$0	\$0	\$2,428,651	\$9,982,283	\$0	\$94,081,857
4	2018-19	\$14,124,819	\$65,820,088	\$0	\$0	\$2,401,219	\$8,480,832	\$0	\$90,826,958
5	2019-20	\$13,971,527	\$65,981,449	\$0	\$0	\$2,375,160	\$8,512,247	\$0	\$90,840,383
6	2020-21	\$13,825,928	\$66,134,741	\$0	\$0	\$2,350,408	\$8,550,081	\$0	\$90,861,158
7	2021-22	\$13,687,551	\$66,280,340	\$0	\$0	\$2,326,884	\$8,578,824	\$0	\$90,873,599
8	2022-23	\$13,556,122	\$66,418,717	\$0	\$0	\$2,304,540	\$8,614,156	\$0	\$90,893,535
9	2023-24	\$13,431,264	\$66,550,146	\$0	\$0	\$2,283,315	\$8,640,491	\$0	\$90,905,216
10	2024-25	\$13,362,649	\$66,675,004	\$0	\$0	\$2,271,650	\$8,702,745	\$0	\$91,012,048
11	2025-26	\$13,159,144	\$66,743,619	\$0	\$0	\$2,237,055	\$8,630,476	\$0	\$90,770,294
12	2026-27	\$13,054,235	\$66,906,304	\$0	\$0	\$2,219,220	\$8,699,386	\$0	\$90,879,145
13	2027-28	\$12,954,572	\$67,013,354	\$0	\$0	\$2,202,277	\$8,721,506	\$0	\$90,891,709
14	2028-29	\$12,859,891	\$67,115,051	\$0	\$0	\$2,186,181	\$8,750,603	\$0	\$90,911,726
15	2029-30	\$12,769,945	\$67,211,664	\$0	\$0	\$2,170,891	\$8,767,520	\$0	\$90,920,020

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

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	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	2014-15	\$11,060,962	\$69,047,307	\$0	\$0	\$1,880,364	\$9,184,873	\$0	\$91,173,506
1	2015-16	\$12,600,895	\$69,047,307	\$0	\$0	\$2,142,152	\$10,531,434	\$0	\$94,321,788
2	2016-17	\$12,690,274	\$67,475,946	\$0	\$0	\$2,157,346	\$8,955,263	\$0	\$91,278,829
3	2017-18	\$11,158,962	\$67,384,743	\$0	\$0	\$1,897,024	\$7,802,457	\$0	\$88,243,186
4	2018-19	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
5	2019-20	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
6	2020-21	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
7	2021-22	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
8	2022-23	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
9	2023-24	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
10	2024-25	\$11,158,962	\$68,947,307	\$0	\$0	\$1,897,024	\$9,220,619	\$0	\$91,223,912
11	2025-26	\$13,159,144	\$68,947,307	\$0	\$0	\$2,237,055	\$10,875,109	\$0	\$95,218,615
12	2026-27	\$13,054,235	\$66,906,304	\$0	\$0	\$2,219,220	\$8,699,386	\$0	\$90,879,145
13	2027-28	\$12,954,572	\$67,013,354	\$0	\$0	\$2,202,277	\$8,721,506	\$0	\$90,891,709
14	2028-29	\$12,859,891	\$67,115,051	\$0	\$0	\$2,186,181	\$8,750,603	\$0	\$90,911,726
15	2029-30	\$12,769,945	\$67,211,664	\$0	\$0	\$2,170,891	\$8,767,520	\$0	\$90,920,020

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

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	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	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	-\$3,127,218	\$0	\$0	\$0	-\$531,627	-\$2,179,826	\$0	-\$5,838,671
4	2018-19	-\$2,965,857	\$3,127,219	\$0	\$0	-\$504,195	\$739,787	\$0	\$396,954
5	2019-20	-\$2,812,565	\$2,965,858	\$0	\$0	-\$478,136	\$708,372	\$0	\$383,529
6	2020-21	-\$2,666,966	\$2,812,566	\$0	\$0	-\$453,384	\$670,538	\$0	\$362,754
7	2021-22	-\$2,528,589	\$2,666,967	\$0	\$0	-\$429,860	\$641,795	\$0	\$350,313
8	2022-23	-\$2,397,160	\$2,528,590	\$0	\$0	-\$407,516	\$606,463	\$0	\$330,377
9	2023-24	-\$2,272,302	\$2,397,161	\$0	\$0	-\$386,291	\$580,128	\$0	\$318,696
10	2024-25	-\$2,203,687	\$2,272,303	\$0	\$0	-\$374,626	\$517,874	\$0	\$211,864
11	2025-26	\$0	\$2,203,688	\$0	\$0	\$0	\$2,244,633	\$0	\$4,448,321
12	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Table 5 - Estimated Financial Impact of the Duke Energy Renewables Wind, LLC Project Property Value Limitation Request Submitted to RGCCISD at \$1.17 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2014-15	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$157,136,018	\$157,136,018	\$0	\$1.170	\$1,838,491	\$1,838,491	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$166,256,358	\$166,256,358	\$0	\$1.170	\$1,945,199	\$1,945,199	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$322,721,885	\$10,000,000	\$312,721,885	\$1.170	\$3,775,846	\$117,000	\$3,658,846	\$0	\$3,658,846	-\$5,838,671	-\$2,179,825
4	2018-19	\$306,585,791	\$10,000,000	\$296,585,791	\$1.170	\$3,587,054	\$117,000	\$3,470,054	\$476,376	\$3,946,430	\$0	\$3,946,430
5	2019-20	\$291,256,502	\$10,000,000	\$281,256,502	\$1.170	\$3,407,701	\$117,000	\$3,290,701	\$455,483	\$3,746,184	\$0	\$3,746,184
6	2020-21	\$276,696,677	\$10,000,000	\$266,696,677	\$1.170	\$3,237,351	\$117,000	\$3,120,351	\$435,638	\$3,555,989	\$0	\$3,555,989
7	2021-22	\$262,858,993	\$10,000,000	\$252,858,993	\$1.170	\$3,075,450	\$117,000	\$2,958,450	\$416,777	\$3,375,227	\$0	\$3,375,227
8	2022-23	\$249,716,043	\$10,000,000	\$239,716,043	\$1.170	\$2,921,678	\$117,000	\$2,804,678	\$398,863	\$3,203,541	\$0	\$3,203,541
9	2023-24	\$237,230,241	\$10,000,000	\$227,230,241	\$1.170	\$2,775,594	\$117,000	\$2,658,594	\$381,845	\$3,040,439	\$0	\$3,040,439
10	2024-25	\$230,368,729	\$10,000,000	\$220,368,729	\$1.170	\$2,695,314	\$117,000	\$2,578,314	\$372,493	\$2,950,807	\$0	\$2,950,807
11	2025-26	\$214,100,292	\$214,100,292	\$0	\$1.170	\$2,504,973	\$2,504,973	\$0	\$612,217	\$612,217	\$0	\$612,217
12	2026-27	\$203,395,278	\$203,395,278	\$0	\$1.170	\$2,379,725	\$2,379,725	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$193,225,514	\$193,225,514	\$0	\$1.170	\$2,260,739	\$2,260,739	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$183,564,238	\$183,564,238	\$0	\$1.170	\$2,147,702	\$2,147,702	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$174,386,026	\$174,386,026	\$0	\$1.170	\$2,040,317	\$2,040,317	\$0	\$0	\$0	\$0	\$0
						\$40,593,133	\$16,053,146	\$24,539,988	\$3,549,691	\$28,089,679	-\$5,838,671	\$22,251,008
Tax Credit for Value Over Limit in First 2 Years								Year 1	Year 2	Max Credits		
								\$1,721,491	\$1,828,199	\$3,549,691		
										\$3,549,691		
										\$3,549,691		
										\$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. 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

2013 ISD Summary Worksheet

214/Starr

214-901/Rio Grande City ISD

** This district is in year 2 of the grace period.

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	388,679,840	.8314	467,500,409	388,679,840
B. Multi-Family Residences	18,151,880	N/A	18,151,880	18,151,880
C1. Vacant Lots	52,651,510	.8302	63,420,272	52,651,510
C2. Colonia Lots	14,229,250	N/A	14,229,250	14,229,250
D1. Rural Real(Taxable)	33,748,910	.9650	34,974,349	33,748,910
D2. Real Prop Farm & Ranch	0	N/A	0	0
E. Real Prop NonQual Acres	17,593,510	N/A	17,593,510	17,593,510
F1. Commercial Real	124,173,020	.8645	143,635,651	124,173,020
F2. Industrial Real	313,620	N/A	313,620	313,620
G. Oil, Gas, Minerals	386,488,790	1.0274	376,181,419	386,488,790
J. Utilities	63,329,960	.9732	65,073,942	63,329,960
L1. Commercial Personal	62,048,920	.9421	65,862,350	62,048,920

L2. Industrial Personal	26,742,330	N/A	26,742,330	26,742,330
M. Other Personal	1,782,540	N/A	1,782,540	1,782,540
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	3,656,800	N/A	3,656,800	3,656,800
Subtotal	1,193,590,880		1,299,118,322	1,193,590,880
Less Total Deductions	131,740,279		138,832,114	131,740,279
Total Taxable Value	1,061,850,601		1,160,286,208	1,061,850,601 T2**

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
1,132,767,601	1,061,850,601	1,132,767,601	1,061,850,601	1,061,850,601	1,061,850,601

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
70,917,000	0

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
1,132,767,601	1,061,850,601	1,132,767,601	1,061,850,601	1,061,850,601	1,061,850,601

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

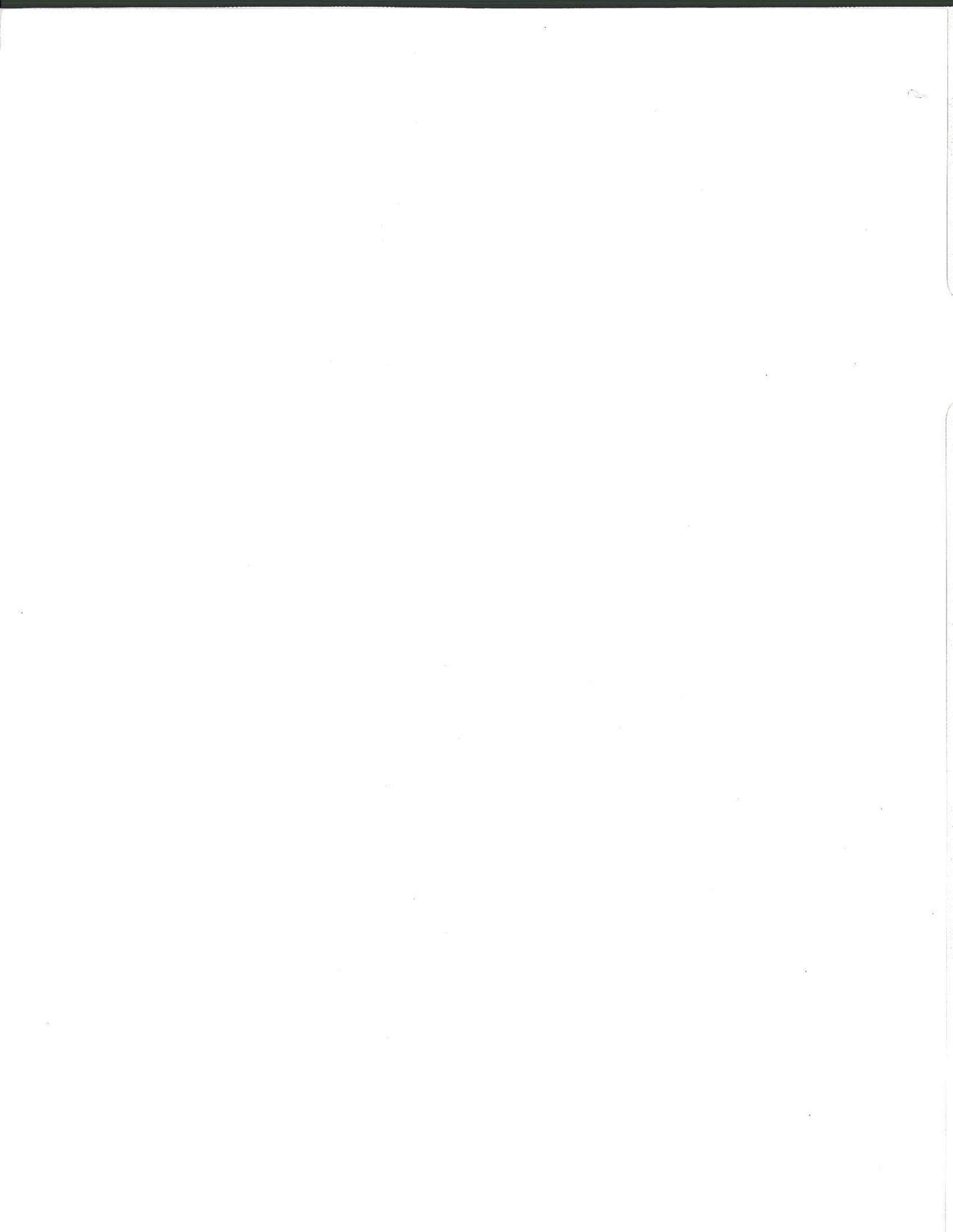
T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

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 invalid, but local value was certified because your school district is in year two of the grace period.



Attachment G

Participation Agreement

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

by and between

RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

and

DUKE ENERGY RENEWABLES WIND, LLC

(Texas Taxpayer ID # 32033832885)

TEXAS COMPTROLLER APPLICATION NUMBER 373

Dated

July 22, 2014

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

STATE OF TEXAS §

COUNTY OF STARR §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **DUKE ENERGY RENEWABLES WIND, LLC**, Texas Taxpayer Identification Number 32033832885, hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on or about September 20, 2013, the Superintendent of Schools of the Rio Grande City Consolidated Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on September 10, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Duke Energy Renewables Wind, LLC, and on November 20, 2013, after amendment, the Superintendent acknowledged receipt of a completed Application and the requisite application fee as established pursuant to Texas Tax Code §313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, the Application was delivered to the office of the Texas Comptroller of Public Accounts (hereinafter referred to as the "Comptroller") for review pursuant to Texas Tax Code §313.025(d); and,

WHEREAS, The Comptroller has established December 10, 2013 as the completed Application date; and,

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

WHEREAS, the Comptroller reviewed the Application pursuant to Texas Tax Code §313.025(d), and on March 10, 2014, the Comptroller's Office, 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 July 22, 2014 public hearing held in connection with the Board's consideration of the Application; and,

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

WHEREAS, on July 22, 2014 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 July 22, 2014 the Board of Trustees made factual findings pursuant to Texas Tax Code §313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; and, (iv) each criterion referenced in Texas Tax Code §313.025(e) has been met; and,

WHEREAS, on July 22, 2014 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 July 22, 2014, that the if the number of jobs required by law (*i.e.* 10 jobs) was applied to this project, given its size and scope as described in the Application and in **EXHIBIT 3**, the number of jobs will exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

WHEREAS, on July 22, 2014 the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§313.022(b) and 313.052, as such Tax Limitation Amount was computed as of the date of this Agreement; and,

WHEREAS, 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 March 10, 2014 that the Application be approved; and,

WHEREAS, on July 22, 2014 the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the President and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1 AUTHORITY

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

Section 1.2 TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment in the amount specified in Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant will be entitled to the Tax Limitation Amount defined in Section 1.3 below, for the following Tax Years: 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2017, the appraisal date for the third full Tax Year following the Commencement Date.

The period beginning with the Commencement Date of July 22, 2014 and ending on December 31, 2016 is referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code §313.021(4). Applicant shall not be entitled to the Tax Limitation during the Qualifying Time Period.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2024. Except, as otherwise provided herein, this Agreement will terminate in full on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount, including any Tax Credit, to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination.

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

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Partial Year (Commencing July 22, 2014)	January 1, 2014	2014-15	2014	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value. First year for computation of Annual Limit.
1	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2016	2016-17	2016	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2017	2017-18	2017	\$ 10 million property value limitation.
4	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2021	2021-22	2022	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2022	2022-23	2022	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2023	2023-24	2023	\$ 10 million property value limitation. Possible tax credit due to Applicant.

Agreement for Limitation on Appraised Value

Between Rio Grande City Consolidated Independent School District and Duke Energy Renewables Wind, LLC

TEXAS COMPTROLLER APPLICATION NUMBER 373

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Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
10	January 1, 2024	2024-25	2024	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2027	2027-28	2027	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3

DEFINITIONS

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

“*Act*” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended as it existed on the date of this Agreement.

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

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

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

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 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, pursuant to Texas Education Code § 42.005, by multiplying the District's average daily attendance for the school year immediately preceding the school year for which the calculation is being made times \$100, or any larger amount allowed by Texas Tax Code § 313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for tax year 2014, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"Applicant" means Duke Energy Renewables Wind, LLC, *Texas Taxpayer Identification Number 32033832885*, the company listed in the Preamble of this Agreement who, on or about September 20, 2013, filed the Original Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest.

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

"Application" means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on or about September 20, 2013 and its a, which has been certified by the Comptroller's office to collectively constitute a complete final Application as of the date of December 10, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of

obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

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

"Appraisal District" or "County Appraisal District" means the Starr County Appraisal District.

"Board of Trustees" means the Board of Trustees of the Rio Grande City Consolidated Independent School District.

"Commencement Date" means July 22, 2014, the date upon which this Agreement was approved by the District's Board of Trustees.

"Completed Application Date" means December 10, 2013, the date upon which the Comptroller determined to be the date of its receipt of a completed Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C), Comptroller Form 50-296, from the Applicant.

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

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

"County" means Starr County, Texas.

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

"District" or "School District" means the Rio Grande City Consolidated Independent School District, being a duly authorized and operating independent school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means December 31, 2027, except for any final payment obligation under Sections 3.3 or 4.2, below.

"Force Majeure" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified

Agreement for Limitation on Appraised Value

Between Rio Grande City Consolidated Independent School District and Duke Energy Renewables Wind, LLC

TEXAS COMPTROLLER APPLICATION NUMBER 373

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Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss, interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

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

"Maintain Viable Presence" means after the development and construction of the project described in the Application and in the description of the Applicant's Qualified Investment/Qualified property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; (ii) the maintenance of at least the number of New Jobs required by Chapter 313 of the Texas Tax Code from the time they are created until the Final Termination Date; and (iii) the maintenance of at least the number of Qualifying Jobs set forth in the Application from the time they are created until the Final Termination Date.

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

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

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

"Net Tax Benefit" means an amount (but not less than zero) equal to (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years during the term of this Agreement if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"New Jobs" means the total number of "new jobs" defined by 34 Texas Administrative Code §9.1051(14)(C), which the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and Qualified Property as set forth in Section 2.3, below. In accordance with the requirements of Texas Tax Code §313.024(d), eighty percent (80%), of all New Jobs on the project shall also be Qualifying Jobs, as defined below.

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

"Qualifying Jobs" means the number of New Jobs the Applicant will create in connection with the project described in the Application and in the description of the Applicant's Qualified Investment and the Applicant's Qualified Property as set forth in Section 2.3, below, which meet the requirements of Texas Tax Code 313.021(3).

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

"Qualifying Time Period" means the period that begins on the Commencement Date (i.e., July 22, 2014) and ends on December 31, 2016.

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

"State" means the State of Texas.

“Substantive Document” means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

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

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, 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:

- (i) the Market Value of the Applicant’s Qualified Investment; or
- (ii) Ten Million Dollars (\$10,000,000.00).

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

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

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

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

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1 LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

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

Section 2.2 LOCATION OF QUALIFIED PROPERTY

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description that is attached to this Agreement as **Exhibit 2** and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **Exhibit 2** without the express authorization of each of the Parties.

Section 2.3 DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **Exhibit 3**, which is attached hereto and incorporated herein by reference for all purposes (the "Applicant's Qualified Investment"). The Applicant's Qualified Investment shall be that property described in **Exhibit 3** that is placed in service under the terms of the Application during the Qualifying Time Period described in both Section 1.2, above and the definition of Qualifying Time Period set forth in Section 1.3, above. The Applicant's Qualified Property shall be all property described in **Exhibit 3**, including, but not limited to, the Applicant's Qualified Investment, which: (1) is owned by the Applicant; (2) is first placed in service after December 10, 2013, the Completed Application Date established by the Comptroller; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **Exhibit 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code §313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement.

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

- (i) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the

additional property to which the Applicant requests that the Tax Limitation Amount apply;

- (ii) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (iii) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

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

At the end of the Qualifying Time Period, or at any other time when there is a material change in the Applicant's Qualified Property located on the Land described in Exhibit 2, or upon a reasonable request by the District, the Comptroller, or the Appraisal District, the Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the Tax Limitation Amount applies including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.5 QUALIFYING USE

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

Section 2.6 LIMITATION ON APPRAISED VALUE

So long as the Applicant makes a Qualified Investment in the amount Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the following eight (8) Tax Years 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, 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:

- (iv) the Market Value of the Applicant's Qualified Investment; or
- (v) Ten Million Dollars (\$10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Texas Tax Code §313.023.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1 INTENT OF THE PARTIES

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

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

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

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

Where:

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

In making the calculations required by this Section 3.2:

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

Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES

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

- (i) 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; and,
- (ii) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel costs to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment; or increased appraisal district costs to the District arising solely from the Qualified Property. The Applicant may contest the amounts certified by the District's external auditor under the provisions of Section 3.8.

Section 3.4 CALCULATIONS TO BE MADE BY THIRD PARTY

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

Section 3.5 DATA USED FOR CALCULATIONS

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

Section 3.6 DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 and Article IV, and/or under Section 5.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of five (5) years after payment. The Applicant shall not be liable for any of the Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7 PAYMENT BY APPLICANT

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

Section 3.8 RESOLUTION OF DISPUTES

Pursuant to Sections 3.3(b), 3.4, and 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations.

Section 3.9 EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT

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

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

Section 3.10 EFFECT OF STATUTORY CHANGES

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

SUPPLEMENTAL PAYMENTS

Section 4.1 INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

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

(i) Amounts Exclusive of Indemnity Amounts

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

(ii) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by the Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code §313.027(i), as such limit is allowed or required to be increased by the Legislature in a future year of this Agreement; however, in such event it shall not exceed the stipulated Supplemental Payment Amount described in Section 4.2 and 4.3 below.

Section 4.2 STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

On or before January 31, 2018 (*The payment due date for Tax Year 2017*), and continuing thereafter on or before the January 31 of each of the ten (10) years thereafter (*i.e.* through January 31, 2027, the payment due date for Tax Year 2024), the Applicant shall make a Supplemental Payment to the District in an amount equal to the lesser of the following:

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

Section 4.3 ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year during the term of this Agreement, beginning with the third full Tax Year (Tax Year 2017) the Applicant's Stipulated Supplemental Payment Amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

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

Minus,

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

Multiplied by,

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

Plus,

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

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.4;

Minus,

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

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

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

For each Tax Year during the term of this Agreement, beginning with Tax Year three (Tax Year 2017) and continuing thereafter through Tax Year thirteen (Tax Year 2027), the District, or its successor beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit.

If, for any Tax Year during the term of this Agreement the payment of the Applicant's Stipulated Supplemental Payment Amount, calculated under sections 4.2 and 4.3, above for such Tax Year, exceeds the Aggregate Limit for that Tax Year, the difference between the Applicant's Stipulated Supplemental Payment Amount so calculated and the Aggregate Limit for such Tax Year, shall be carried forward from year-to-year into subsequent Tax Years during the term of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent Tax Year during the term of this Agreement, shall be paid to the District.

Any of the Applicant's Stipulated Supplemental Payment Amount, which cannot be paid to the District prior to the end of Tax Year thirteen (Tax Year 2027), because such payment

would exceed the Aggregate Limit, will be deemed to have been cancelled by operation of law, and the Applicant shall have no further obligation with respect thereto.

Section 4.5 PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

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

Section 4.6 DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the Board of Trustees may, subject to the written consent of the Applicant and so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments under this Article IV be made to the District's educational foundation or to a similar entity. Such foundation or entity may only use such funds received under this Article IV to support the educational mission of the District and its students. The required consent needed from the Applicant to designate the Applicant's payments to a successor beneficiary shall not be unreasonably withheld.

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

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

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 5.1 ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2017 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4 and 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2 OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Article IV with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. In addition to the foregoing, in the event the Applicant determines that it will not commence or complete construction of the Applicant's Qualified Investment, the Applicant shall have the option, during the Qualifying Time Period, to terminate this Agreement by notifying the District in writing of its exercise of such option. Any termination of this Agreement under the immediately preceding sentence shall be effective immediately prior to the beginning of the Tax Year immediately following the Tax Year during which such notification is delivered to the District. Upon any termination this Agreement under this Section 5.2, this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1 APPLICANT'S ENTITLEMENT TO TAX CREDITS

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

Section 6.2 DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

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

Section 6.3 COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

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

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1 DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all

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

Section 7.2 REPORTS TO OTHER GOVERNMENTAL AGENCIES

The Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Comptroller under the provisions of Texas Tax Code §313.032. The Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3 APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE

By entering into this Agreement, the Applicant warrants that:

- (i) it will abide by all of the terms of this Agreement;
- (ii) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement, provided however that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (iii) it will meet the applicable minimum eligibility requirements under Tax Code, Chapter 313 throughout the period from and including the Tax Year 2014 through and including the last Tax Year during the term of this Agreement with respect to which the Applicant receives the benefit of a Tax Credit.

Section 7.4 CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(i) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(ii) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of this Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which the Tax Limitation was allowed pursuant to this Agreement 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. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5 CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code §33.01(c), or its successor statute, provided however, that no penalties shall accrue until thirty (30) days after Applicant shall have received an invoice from the District stating the amount due to the District under this Section 7.5.

Section 7.6 MATERIAL BREACH OF AGREEMENT

The Applicant shall be in "Material Breach" of this Agreement if it commits one or more of the following acts or omissions:

- (i) Applicant is determined to have failed to meet its obligations to have made accurate material representations of fact in the submission of its Application as is required by Section 8.13, below.
- (ii) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.
- (iii) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (iv) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column C of its Application.
- (v) Applicant fails to create and maintain at least the number of New Jobs it committed to create and maintain as set forth on Schedule C, Column E of its Application.
- (vi) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs as Qualifying Jobs.
- (vii) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, in excess of

the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement are not barred by this provision.

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

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

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

Section 7.8 DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

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

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

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

Section 7.9 DISPUTE RESOLUTION

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

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

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

Section 7.10 LIMITATION OF OTHER DAMAGES

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections

7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

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

Section 7.11

BINDING ON SUCCESSORS

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

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1 INFORMATION AND NOTICES

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

Notices to the District shall be addressed to the District's Authorized Representative as follows:

Roel A. Gonzalez, Superintendent
RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT
Fort Ringold
Rio Grande City, Texas 78582
Fax: (956) 487-8505
E-mail: rgonzalez@rgccisd.org

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

Notices to the Applicant shall be addressed to:

DUKE ENERGY
Property Tax Department
550 South Tryon Street
Charlotte, North Carolina 28202
Attn: Sybil M. Cioffi

with a copy to:

DUKE ENERGY
75555 San Felipe, Suite 1227
Houston, Texas 77056
Attn: Milton R. Howard
Fax: (713) 419-5545
E-mail: Milton.Howard@duke-energy.com

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

Section 8.2 EFFECTIVE DATE, TERMINATION OF AGREEMENT

- (i) This Agreement shall be and become effective on the date of final approval of this Agreement by the Board of Trustees,
- (ii) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the Final Termination Date.
- (iii) In the event that the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2016.

Section 8.3 AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional or replacement property. Any amendment of this Agreement adding additional or replacement Qualified Property pursuant to

this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4 ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment or collaterally assign the Agreement or any portion of this Agreement to any party or entity providing financing to the Applicant or its Affiliate, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, 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 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 Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5 MERGER

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

Section 8.6 MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS

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

Section 8.7 GOVERNING LAW

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Starr County, Texas, the county seat of the county in which the District's central office is located.

Section 8.8 AUTHORITY TO EXECUTE AGREEMENT

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

Section 8.9 SEVERABILITY

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in a mutually acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10 PAYMENT OF EXPENSES

Except as otherwise expressly provided in this Agreement, or as covered by the application fee, (i) each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement, and (ii) in the event of a dispute between the Parties in connection with this Agreement, the prevailing Party in the resolution of any such dispute, whether by litigation or otherwise, shall be entitled to full recovery of all attorneys' fees (including a reasonable hourly fee for in-house legal counsel), costs and expenses incurred in connection therewith, including costs of court, from the non-prevailing Party.

Section 8.11 INTERPRETATION

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall

not affect in any way the meaning or interpretation of this Agreement. The words “include,” “includes” and “including” when used in this Agreement shall be deemed in such case to be followed by the phrase “but not limited to” words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12 EXECUTION OF COUNTERPARTS

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

Section 8.13 ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. The Applicant warrants that all material representation, information, and facts contained in the Application are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, this Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Texas Administrative Code §9.1053(f)(2)(K).

Section 8.14 PUBLICATION OF DOCUMENTS

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

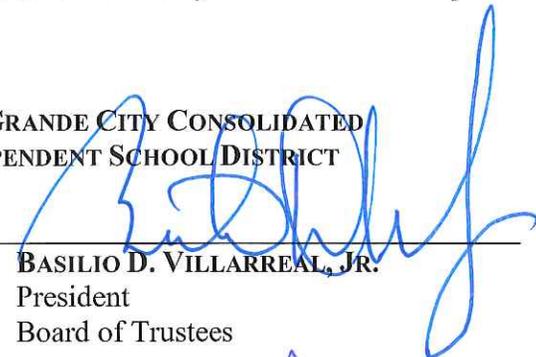
- (i) Within seven days of such document, the District shall submit a copy to the Comptroller for publication on the Comptroller’s Internet website.
- (ii) The District shall provide on its website a link to the location of those documents posted on the Comptroller’s website.
- (iii) This Section 8.14 does not require the publication of information that is confidential under Texas Tax Code §313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 21st day of July, 2014.

DUKE ENERGY RENEWABLES WIND, LLC

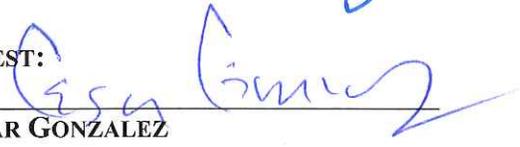
By: 

**RIO GRANDE CITY CONSOLIDATED
INDEPENDENT SCHOOL DISTRICT**

By: 

BASILIO D. VILLARREAL, JR.
President
Board of Trustees

ATTEST:



CESAR GONZALEZ
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *Los Vientos Reinvestment Zone No. 1* was originally created on July 8, 2013 by action of the Starr County Commissioners' Court. A map of the *Las Palmas Reinvestment Zone No. 1 Los Vientos Reinvestment Zone No. 1*, and a list of the parcel numbers included in the attached map are attached to this **EXHIBIT 1**.

Agreement for Limitation on Appraised Value

Between Rio Grande City Consolidated Independent School District and Duke Energy Renewables Wind, LLC

TEXAS COMPTROLLER APPLICATION NUMBER 373

July 22, 2014

EXHIBIT 1

EXHIBIT "A"

LOS VIENTOS REINVESTMENT ZONE #1
Legal Descriptions
Starr County, Texas

Abstract 257
Abstract 966
Abstract 256
Abstract 956
Abstract 383
Abstract 1015
Abstract 226
Abstract 199
Abstract 382
Abstract 60
Abstract 955
Abstract 255
Abstract 969
Abstract 258
Abstract 967
Abstract 253
Abstract 957
Abstract 968
Abstract 1094
Abstract 940
Abstract 939
Abstract 374
Abstract 372
Abstract 334
Abstract 645
Abstract 644
Abstract 72
Abstract 1053
Abstract 188
Abstract 921
Abstract 242
Abstract 923
Abstract 935
Abstract 250
Abstract 920
Abstract 365
Abstract 366
Abstract 361
Abstract 363
Abstract 922
Abstract 1056
Abstract 367
Abstract 937
Abstract 364

EXHIBIT "A"

Abstract 1016
Abstract 238
Abstract 1027
Abstract 938
Abstract 1054
Abstract 236
Abstract 682
Abstract 656
Abstract 73
Abstract 844
Abstract 845
Abstract 1051
Abstract 1119
Abstract 1069
Abstract 1130
Abstract 1133
Abstract 1113
Abstract 1153
Abstract 1115
Abstract 1118
Abstract 1117
Abstract 1116
Section 923
Abstract 1074
Abstract 359
Abstract 651
Abstract 1059
Abstract 148 (Porcion 85) to US Hwy 83
Abstract 151 (Porcion 86) to La Puerta Lower Rio Grande Valley USFWS Refuge
Abstract 182 (Porcion 87) to La Puerta Lower Rio Grande Valley USFWS Refuge
Abstract 105 (Porcion 88) to US Hwy 83
Abstract 80 (Porcion 89) to US Hwy 83
Abstract 178 (Porcion 90) to US Hwy 83
Abstract 41 (Porcion 91) to US Hwy 83
Abstract 846
Abstract 847
Abstract 128 (Porcion 92) to US Hwy 83
Abstract 1058
Abstract 369
Abstract 1057
Abstract 1060
Abstract 1055
Abstract 370
Abstract 1123
Abstract 1150
Abstract 1151
Abstract 1145
Abstract 1146

- Abstract 1124
- Abstract 934
- Abstract 1144
- Abstract 1055
- Abstract 370
- Abstract 1142
- Abstract 1143
- Abstract 129 (Porcion 93) to US Hwy 83
- Abstract 127 (Porcion 94) to US Hwy 83
- Abstract 145 (Porcion 95) to Old Military Rd
- Abstract 273 (Porcion 96) to Old Military Rd
- Abstract 272 (Porcion 97) to Old Military Rd
- Abstract 271 (Porcion 98) to Old Military Rd
- Abstract 270 (Porcion 99) to Old Military Rd
- Abstract 269 (Porcion 100) to US Hwy 83
- Abstract 280 (Porcion 38) to US Hwy 83
- Abstract 279 (Porcion 39) to the Starr/ Hidalgo County Line
- Abstract 282 (Porcion 40) to the Starr/ Hidalgo County Line
- Abstract 699 (Porcion 41) to the Starr/ Hidalgo County Line
- Abstract 936
- Abstract 247
- Abstract 787
- Abstract 248
- Abstract 805
- Abstract 904
- Abstract 14
- Abstract 388
- Abstract 201
- Abstract 901
- Abstract 513
- Abstract 1139
- Abstract 1112
- Abstract 1100
- Abstract 1167
- Abstract 1101
- Abstract 1108
- Abstract 1098
- Abstract 1111
- Abstract 1099
- Abstract 1166
- Abstract 1155
- Abstract 1154
- Abstract 1148
- Abstract 1149
- Abstract 1147
- Abstract 389
- Abstract 391
- Abstract 807

Abstract 730
 Abstract 1052
 Abstract 1045
 Abstract 762
 Abstract 747
 Abstract 1161
 Abstract 827
 Abstract 59
 Abstract 649
 Abstract 512
 Abstract 751
 Abstract 853
 Abstract 43
 Abstract 44
 Abstract 750
 Abstract 856
 Abstract 40
 Abstract 154
 Abstract 1097
 Abstract 1083
 Abstract 200
 Abstract 1014
 Abstract 1066
 Abstract 1068
 Abstract 1162
 Abstract 184 (Porcion 84) to El Tanque Rd
 Abstract 130 (Porcion 83) to N FM 755
 Abstract 179 (Porcion 82) to N FM 755
 Abstract 75 (Porcion 81) to N FM 755
 Abstract 74 (Porcion 80) to E Eisenhower St/ N FM 755
 Abstract 66 (Porcion 79) to W Eisenhower St
 Abstract 254
 Abstract 368
 Abstract 669
 Abstract 212
 Abstract 688
 Abstract 806
 Abstract 16
 Abstract 38
 Abstract 777
 Abstract 1011
 Abstract 1090
 Abstract 1093
 Abstract 244
 Abstract 239
 Abstract 1005
 Abstract 1105
 Abstract 1104

Abstract 1106

Abstract 9

Abstract 10

Abstract 568

Abstract 8

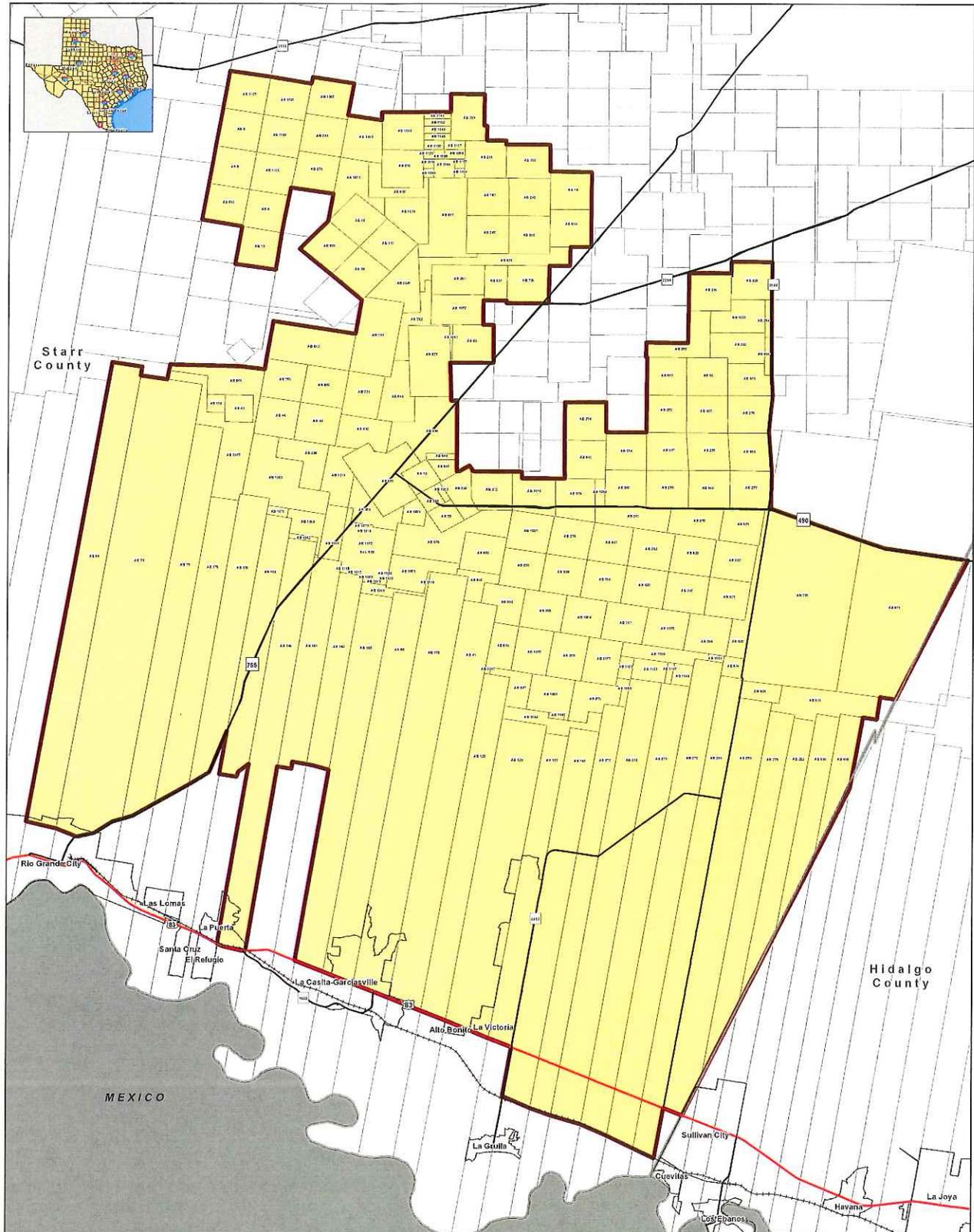
Abstract 6

Abstract 1107

Abstract 863

Abstract 415 (Porcion 42) to the Starr/ Hidalgo County Line

Abstract 890



Starr County

Hidalgo County

MEXICO

Rio Grande City
 Las Lomas
 La Puerta
 Santa Cruz
 El Refugio
 La Casita-Garcíaville
 Alto Bonito
 La Victoria
 La Grulla
 Sullivan City
 Clevitas
 Los Espanos
 Havana
 La Joya



Legend

Reinvestment Zone Boundary	County Line	US Highway
Reinvestment Zone Section	City Front	Major Road
Other Section		Railroad

Duke Energy Renewables Los Vientos Expansion
 Starr County Reinvestment Zone

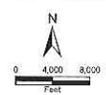


EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by the Applicant and located within the boundaries of both the Rio Grande City Consolidated Independent School District and the *Los Vientos Reinvestment Zone No. 1* will be included in and subject to this Agreement. Specifically, all Qualified Property of the Applicant located in the sections of land and map attached to Exhibit 1 is included.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The property will include, but is not limited to, the following:

- Up to 204 wind turbines, ranging from 1.8 to 2.3 megawatts nameplate generating capacity necessary to generate approximately 480 megawatts of power; reinforced concrete foundations supporting the weight of each turbine tower;
- Electric poles and/or overhead or underground power conductor cables with various cable accessories, including junction boxes used to transport electricity from each turbine tower to an electrical substation;
- An electric substation, including electric power transformers, associated circuit breakers, switches, reactive power compensation equipment, a control building and perimeter fencing;
- An operations & Maintenance Building with offices, warehouse, and all standard utilities (*i.e.* telephone, water, drainage, sewer, water, etc.);
- Roadwork sloped for drainage, with turnouts from public roads
- Permanent meteorological towers, the quantity and location of which to be determined by final turbine layout;
- Underground communication cables;
- Wind turbine lighting per FAA requirements; and,
- Various appurtenant equipment, replacement parts inventory and personal property as is customarily used in the ownership, operation and maintenance of a wind power facility.
-

All of the property for which the Applicant is seeking a limitation on appraised value will be leased or owned by the Applicant or the Applicant's assignee pursuant to this Agreement.