

FINDINGS
of the
***FRIONA INDEPENDENT
SCHOOL DISTRICT
BOARD OF TRUSTEES***

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

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

SUBMITTED BY

MARIAH NORTH WEST, LLC

Comptroller Application Number 381

RESOLUTION AND FINDINGS OF FACT
of the
FRIONA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR A
LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED
BY MARIAH NORTH WEST, LLC

STATE OF TEXAS §
 §
COUNTY OF PARMER §

PREAMBLE

On the 30th day of June, 2014, a public meeting of the Board of Trustees of the Friona Independent School District (the “Board”) was held to solicit input from interested parties on the application by Mariah North West, LLC (“Mariah North West” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the application by Mariah North West for a Limited Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Friona Independent School District makes the following Findings regarding the Application:

On or about the 19th day of November, 2013, the Superintendent of Schools, acting as an agent for the Board of Trustees for the Friona Independent School District, received an Application for an Appraised Value Limitation on Qualified Property from Mariah North West, pursuant to Chapter 313 of the Texas Tax Code. The general nature of Applicant’s investment in qualified property set forth in the Application is for equipment and material related to the construction of a wind power electric generation facility. *See* Comptroller’s Recommendation Letter, dated March 6, 2014, attached hereto as Attachment C. The Board agreed to consider such Application, and the Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete. The Comptroller acknowledged receipt of the Application on or about November 22, 2013, and the Comptroller issued its notice of completeness by letter dated December 13, 2013, the Application Review Start Date. Thereafter, Applicant submitted an Amended Schedule D on or about March 5, 2014. The Application and Amendment are collectively referred to as the “Application.” A copy of the Application and Comptroller letter of December 13, 2013 are attached as Attachment A.

The Texas Taxpayer Identification number for Mariah North West is 32041670004. Mariah North West is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

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

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an economic impact evaluation to be conducted pursuant to §313.026 of the Texas Tax Code. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a recommendation on March 19, 2014 that the Application be approved. *See* Attachment C. The Board of Trustees has carefully considered such evaluation and recommendation. Copies of the Recommendation and Economic Impact Evaluation are attached to these Findings as Attachments C and D.

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

The Board has confirmed that the taxable value of industrial property in the Friona Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within a rural school district, Category II of §313.054 of the Texas Tax Code. *See* Comptroller's "2013 ISD Summary Worksheet," attached hereto as Attachment F; *see also* Attachment C.

After receipt of the completed Application, the District entered into negotiations with Mariah North West regarding the specific language to be included in the Limitation on Appraised Value Agreement ("LAVA") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed LAVA is attached to these Findings as Attachment G, and the LAVA was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* *See* copy of June 26, 2014 Agreement approval letter from the Comptroller, attached to these Findings as Attachment H.

The District's Board of Trustees, by resolution dated April 14, 2014, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until July 12, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d). *See* Resolution authorizing extension of consideration period and notice to Applicant attached hereto as Attachment I.

After review of the Comptroller's recommendation and Economic Impact Evaluation, and in consideration of its own analysis of Mariah North West's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

Board Finding Number 1.

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

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

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

See Attachment D.

Board Finding Number 2.

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

In support of this Finding, the Economic Impact Evaluation provided by the Comptroller's Office analyzes several economic factors and conditions, including population, employment and taxes. The Comptroller's Economic Impact Evaluation indicates the population growth of Parmer County lagged behind that of the state in recent years. The state population grew by 1.8 percent between 2009 and 2010, while the population of Parmer County was up 1.5 percent over the same period. Parmer County was the 172nd largest county in population in 2010, and the 66th fastest growing county from 2009 to 2010.

September 2011 employment for Parmer County was up 1.7 percent from September 2010, while the state total employment increased 0.9 percent in this same period. Total Parmer County employment in September 2011 was 4,532. The unemployment rate in Parmer County was 5.1 percent in September 2011, which was up from 4.4 percent in September 2010. This was lower than the state average of 8.5 percent for September 2011.

Parmer County has lower per-capita personal income than the state as a whole. The average per-capita income for Parmer County residents for 2009 was \$30,260, which ranked 174th among the

254 counties in Texas, and was down 4.5 percent from 2008. The Texas average was \$38,609 for the same period.

Taxable sales in Parmer County through the fourth quarter of 2010 were \$19.01 million, up 1.0 percent from the same period in 2009. Taxable sales in the City of Friona through the fourth quarter of 2010 were \$11.23 million, up 1.2 percent from the same period in 2009.

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

See Attachment 3, and Tables 1 and 2, of Attachment D.

Board Finding Number 3.

Based on the Application, the level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$72.8 million, based on ten (10) qualifying jobs in the Mariah North West project attributable to Friona ISD.

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

The project's total investment is \$728 million, resulting in a relative level of investment per qualifying job of \$72.8 million.

See Attachment D.

Board Finding Number 4.

The average salary level of qualifying jobs is expected to be at least \$47,035 per year, which meets the requirements under Chapter 313 for an appropriate wage-level, and each qualifying job will be offered a full package of benefits such as medical coverage, dental plans, vision plans, 401(k) retirement savings plans, life insurance, short and long term disability insurance, education assistance, scholarship programs, paid holidays and vacation, and wellness programs.

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

After construction, the project will create ten new jobs when fully operational. All ten jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Parmer County is located was \$41,850 in 2012. The annual average

manufacturing wage for 2012 for Parmer County is \$50,544. That same year, the county annual average wage for all industries was \$36,465. In addition to a salary of \$46,035, each qualifying position will receive the following benefits: medical coverage, dental plans, vision plans, 401(k) retirement savings plans, life insurance, short and long term disability insurance, education assistance, scholarship programs, paid holidays and vacation, and wellness programs.

See Attachment D.

Board Finding Number 5.

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

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

According to Mariah North West LLC's application, "The Mariah Renewable Energy Center is made possible by world renowned solar and wind energy companies who have implemented successful renewable energy projects in South Africa, Norway, Sweden, and the United States. This unique attribute gives flexibility and ample opportunity to invest in a variety of regions in Texas and throughout the world."

See Attachment D.

Board Finding Number 6.

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

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

Table 1 depicts Mariah North West 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 Mariah North West LLC

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	4	6	10	\$219,575	\$268,425	\$488,000
2015	153	153	306	\$7,894,475	\$10,105,525	\$18,000,000
2016	82	84	166	\$4,224,475	\$7,775,525	\$12,000,000
2017	10	13	23	\$460,350	\$2,539,650	\$3,000,000
2018	10	21	31	\$460,350	\$2,539,650	\$3,000,000
2019	10	23	33	\$460,350	\$2,539,650	\$3,000,000
2020	10	25	35	\$460,350	\$3,539,650	\$4,000,000
2021	10	27	37	\$460,350	\$3,539,650	\$4,000,000
2022	10	25	35	\$460,350	\$3,539,650	\$4,000,000
2023	10	31	41	\$460,350	\$3,539,650	\$4,000,000
2024	10	23	33	\$460,350	\$3,539,650	\$4,000,000
2025	10	31	41	\$460,350	\$3,539,650	\$4,000,000
2026	10	17	27	\$460,350	\$2,539,650	\$3,000,000
2027	10	15	25	\$460,350	\$2,539,650	\$3,000,000
2028	10	11	21	\$460,350	\$1,539,650	\$2,000,000
2029	10	8	18	\$460,350	\$1,539,650	\$2,000,000

Source: CPA, REMI, Mariah North West LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Friona ISD’s ad valorem tax base in 2012-2013 was \$306 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Friona ISD’s estimated wealth per WADA was \$182,689. The impact on the facilities and finances of the district are presented in Attachment 2 [of the Comptroller’s Economic Impact Evaluation].

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Parmer County, Parmer County Hospital District, and High Plains Underground Water District #1 with all property tax incentives sought being granted using estimated market value from Mariah North West LLC’s application. Mariah North West LLC has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Mariah North West LLC project on the region if all taxes are assessed.

Board Finding Number 7.

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

In support of this Finding, Randy McDowell and Neal Brown estimate in the District's Financial Impact Report, based on Mariah North West's Application, that the project would add \$655,200,000 to the tax base at the peak investment level for the 2017 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. See Table I of Attachment E and Table 2 of Attachment D. In addition, the projected revenue gains from the proposed Agreement would be approximately \$1,394,393, based on \$100 per student per year in average daily attendance. See Table VI of Attachment E.

Board Finding Number 8.

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

The Application indicates that Mariah North West expects ten (10) new qualifying jobs in the District. It is not known whether these would be new employees to the District, or if current residents would fill these positions. But, it is assumed in the Financial Impact Report that these employees would be new residents to the District, and provide five (5) new students to the District based on eight (8) qualifying jobs. It is believed that Friona ISD will easily be able to accommodate new students, if any, which may result from these new jobs. See Table VII of Attachment E. The District must plan to educate all students who reside within its boundaries, and the number of new students could vary widely depending on the number of construction jobs and workers present during the construction phase of Mariah North West's renewable energy project. Therefore, the District may need to hire additional temporary teachers and staff to educate the additional students that could enroll in the District. The proposed Limitation on Appraised Value Agreement pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, provides that Applicant shall reimburse the District for extraordinary educational related expenses paid by the District that are directly attributable to Applicant's project.

Board Finding Number 9.

During the past two (2) years, thirty (30) projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code Chapter 313.

See Attachment D.

Board Finding Number 10.

The Board finds that the total investment of the Applicant is \$728,000,000, and the projected market value of the qualified property of the Applicant is \$655,200,000, as reported by the Comptroller based on the Application.

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

Board Finding Number 11.

The proposed limitation on appraised value for the qualified property is \$20,000,000.

See Attachments C and D.

Board Finding Number 12.

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, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column labeled “Taxes w/o Agreement”), and is further based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District’s Revenue Losses	Net Tax Savings
2015-2016	0.9200	0.089	128,800	0	n/a	0	0
2016-2017	0.8200	0.037	4,001,600	0	n/a	0	0
2017-2018	0.9200	0.031	6,027,840	5,843,840	n/a	(5,691,710)	152,130
2018-2019	0.9200	0.032	5,692,960	5,508,960	191,008	0	5,699,968
2019-2020	0.9200	0.033	5,358,080	5,174,080	188,096	0	5,362,176
2020-2021	0.9200	0.035	5,023,200	4,839,200	187,550	0	5,026,750
2021-2022	0.9200	0.037	4,688,320	4,504,320	186,276	0	4,690,596
2022-2023	0.9200	0.038	4,353,440	4,169,440	181,908	0	4,351,348
2023-2024	0.9200	0.040	4,018,560	3,834,560	179,360	0	4,013,920
2024-2025	0.9200	0.042	3,683,680	3,499,680	176,084	0	3,675,764
2025-2026	0.8200	0.044	2,984,800	0	2,547,318	0	2,547,318
2026-2027	0.9200	0.044	3,348,800	0	0	0	0
2027-2028	0.9200	0.000	3,348,800	0	0	0	0
Totals			52,658,880	37,374,080	3,837,600	(5,691,710)	35,519,970

The Comptroller’s estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with the projected depreciations of

investment, is depicted in Table 3 of the Economic Impact Evaluation. See Finding No. 6, page 7, *infra*.

Board Finding Number 13.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled “Tax Savings with Agreement” from the column labeled “Taxes w/o Agreement”), and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per \$100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	0.9200	0.089	128,800	0	n/a	0	0
2016-2017	0.8200	0.037	4,001,600	0	n/a	0	0
2017-2018	0.9200	0.031	6,027,840	5,843,840	n/a	(5,691,710)	152,130
2018-2019	0.9200	0.032	5,692,960	5,508,960	191,008	0	5,699,968
2019-2020	0.9200	0.033	5,358,080	5,174,080	188,096	0	5,362,176
2020-2021	0.9200	0.035	5,023,200	4,839,200	187,550	0	5,026,750
2021-2022	0.9200	0.037	4,688,320	4,504,320	186,276	0	4,690,596
2022-2023	0.9200	0.038	4,353,440	4,169,440	181,908	0	4,351,348
2023-2024	0.9200	0.040	4,018,560	3,834,560	179,360	0	4,013,920
2024-2025	0.9200	0.042	3,683,680	3,499,680	176,084	0	3,675,764
2025-2026	0.8200	0.044	2,984,800	0	2,547,318	0	2,547,318
2026-2027	0.9200	0.044	3,348,800	0	0	0	0
2027-2028	0.9200	0.000	3,348,800	0	0	0	0
Totals			52,658,880	37,374,080	3,837,600	(5,691,710)	35,519,970

*The Comptroller’s estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 2 of the Economic Impact Evaluation. See Finding No. 6, page 7, *infra*.*

Board Finding Number 14.

*The projected effect on the Foundation School Program and impact on the District’s finances resulting from payments to the District for each year of the Agreement is shown on Tables III, IV and V of Attachment E. The economic impact from Mariah North West’s project on the State of Texas, local employment levels and personal income is shown, and in Tables 1, 2 and 3 of the Economic Impact Evaluation. See Finding No. 6, pages 6 and 7, *infra*.*

Board Finding Number 15.

The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E (column labeled “Tax Credits”); See also Finding No. 6, Table 2, at p. 7.

Board Finding Number 16.

Assuming that Applicant would still construct is renewable energy project in the District, without a limitation on appraised value for the qualified property, the total amount of taxes to be lost over the life of the Agreement by subtracting the projected taxes stated in Finding Number 14 from the projected taxes stated in Finding Number 13 is shown in Table II of Attachment E (column labeled “Tax Savings with Agreement,” which is highlighted in Finding No. 13, page 10). See also difference between Table 3 and Table 2, Finding No. 6, page 7.

Board Finding Number 17.

The Board of Trustees hired consultants to review and verify the information in the Application from Mariah North West. Based upon the consultants’ review, the Comptroller’s Economic Impact Evaluation, and the Comptroller’s Recommendation letter, the Board has determined that the information provided by the Applicant in its Application was true and correct when it was submitted (see Attachments B, C and D).

Board Finding Number 18.

The Applicant (Taxpayer Id. 32041670004) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity (See Attachments B and C).

Board Finding Number 19.

The Limited Appraised Valuation Agreement on Qualified Property (LAVA), pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided by Applicant in its Application, the Financial Impact Report demonstrates that the District will incur a revenue loss during year 3 of the proposed LAVA. However, the negative consequences of granting the value limitation are offset through the “hold harmless” provision of the LAVA and other revenue protection

provisions agreed to by the Applicant and the District. See Table II in Attachment E, and proposed LAVA, Article IV, at Attachment G.

Board Finding Number 20.

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

See Attachments A and C.

Board Finding Number 21.

Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Mariah North West's Application and enter into the attached Limited Appraised Valuation Agreement of Property for School District Maintenance and Operations Taxes.

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

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

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

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

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

Dated this 30th day of June, 2014.

Friona Independent School District

By Becky Riethmayer
Signature
Becky Riethmayer, Secretary
Printed Name and Title

Attest:

By Jose Andy Montano
Signature
Jose Andy Montano
Printed Name and Title

LIST OF ATTACHMENTS

<i>Attachment</i>	<i>Description</i>
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status
C	Comptroller's Recommendation Letter
D	Comptroller Economic Impact Evaluation
E	District's Financial Impact Report
F	Comptroller's 2013 ISD Property Value Summary Worksheet
G	Proposed Limited Assessed Valuation Agreement
H	June 26, 2014 Agreement approval letter from Comptroller
I	Resolution authorizing extension request with notice to Applicant

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



December 13, 2013

Kenny Austin
Superintendent
Friona Independent School District
909 E. 11th
Friona, Texas 79035

Dear Superintendent Austin:

On November 22, 2013, the Comptroller's office received from Friona Independent School District (Friona ISD) an application from Mariah North West LLC for a limitation on appraised value. The purpose of this letter is to inform you that the Comptroller's office has received all required documents for the application review and economic impact evaluation.

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "R. Wood", is written over a horizontal line.

Robert Wood
Director
Economic Development & Analysis

cc: Fred Stormer, Underwood Law Firm, P.C.
James Scott, Mariah North West LLC



Application for Appraised Value Limitation on Qualified Property

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

Form 50-296
(Revised May 2010)

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

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

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

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

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

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

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

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

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

Authorized School District Representative		Date application received by district November 19, 2013
First Name Kenny	Last Name Austin	
Title Superintendent		
School District Name Frona Independent School District		
Street Address 909 E. 11th		
Mailing Address 909 E. 11th		
City Frona	State Texas	ZIP 79035
Phone Number 806-250-2747	Fax Number 806-250-3805	
Mobile Number (optional)	E-mail Address	

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

Will consultant be primary contact? Yes No

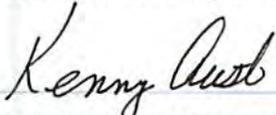


SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Fred	Last Name Stormer
Title Attorney	
Firm Name Underwood Law Firm, P.C.	
Street Address 500 S. Taylor, Suite 1200	
Mailing Address 500 S. Taylor, Suite 1200	
City Amarillo	State TX ZIP 79101
Phone Number 806-379-0306	Fax Number 806-379-0316
Mobile Number (Optional)	E-mail Address fred.stormer@uwlaw.com

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

Signature (Authorized School District Representative) 	Date 11-19-2013
---	---------------------------

Has the district determined this application complete? Yes No

If yes, date determined complete. **11-21-2013**

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name James		Last Name Scott	
Title Chief Executive Officer			
Organization Mariah North West LLC			
Street Address 217 East 7th Avenue			
Mailing Address 217 East 7th Avenue			
City Denver		State CO	ZIP 80203
Phone Number 303-996-8982		Fax Number	
Mobile Number (optional)		Business e-mail Address james.scott@scatecenergy.com	

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

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

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

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

Will consultant be primary contact? Yes No



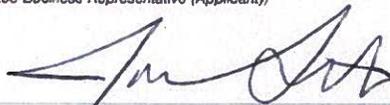
APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name Trey	Last Name Novosad	
Title Principal		
Firm Name Popp Hutcheson PLLC		
Street Address 1301 S. Mopac Ste. 430		
Mailing Address 1301 S. Mopac Ste. 430		
City Austin	State Texas	ZIP 78746
Phone Number 512-473-2661	Fax Number 512-479-8013	
Business email Address trey.novosad@property-tax.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.

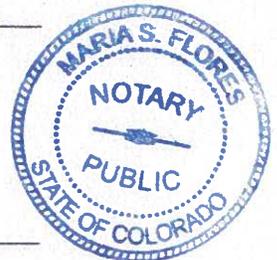
I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature (Authorized Business Representative (Applicant)) 	Date 11/19/2013
James Scott, CEO	

GIVEN under my hand and seal of office this 20 day of November, 2013

Maria S. Flores
Notary Public, State of Colorado

(Notary Seal)



My commission expires 11/21/15

If you make a false statement on this application, you could be found guilty of a Class A misdemeanor or a state jail felony under Texas Penal Code § 37.10.

FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? Yes No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? Yes No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

MARIAH NORTH WEST LLC

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

32041670004

NAICS code

221115

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

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

Frona Independent School District (2013)

APPLICANT BUSINESS STRUCTURE

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

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

LIMITED LIABILITY CORPORATION

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

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

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

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



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

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

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

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

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

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

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

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

PROJECT DESCRIPTION

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

PLEASE SEE ATTACHMENT 04

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

PLEASE SEE ATTACHMENT 04

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 Q4 2014 Begin Hiring New Employees Q4 2015
Construction Complete Q1 2016 Fully Operational Q1 2016
Purchase Machinery & Equipment Q4 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)? Yes No
Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? Q1 2016



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
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.)

Property tax abatement agreements will be sought for Parmer County and Parmer County Hospital District.

THE PROPERTY

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

Central Appraisal District (CAD) that will be responsible for appraising the property PARMER COUNTY APPRAISAL DISTRICT

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

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

County: PARMER COUNTY - 100% City: _____
(Name and percent of project) (Name and percent of project)

Hospital District: PARMER COUNTY HOSPITAL - 100% Water District: HIGH PLAINS WATER - 100%
(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.



INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? \$20 million

What is the amount of appraised value limitation for which you are applying? \$20 million

What is your total estimated qualified investment? \$728 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? MAY 31, 2014

What is the anticipated date of the beginning of the qualifying time period? MAY 31, 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? \$728 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?

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. \$1,066,000 (Land Only Estimate) 2013
(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? -0-

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

Total number of new jobs that will have been created when fully operational 10

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(f-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? 10

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §§313.021(5)(A) or 313.021(5)(B).



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$771.38 (as of 11-17-2013)

110% of the county average weekly wage for manufacturing jobs in the county is \$1,069.20 (as of 11-17-2013)

110% of the county average weekly wage for manufacturing jobs in the region is \$885.29 (as of 11-17-2013)

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$46,035.00

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$46,035.00

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No

Will each qualifying job require at least 1,600 of work a year? Yes No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No

Will any of the qualifying jobs be retained jobs? Yes No

Will any of the qualifying jobs be created to replace a previous employee? Yes No

Will any required qualifying jobs be filled by employees of contractors? Yes No

If yes, what percent?

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

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

PLEASE SEE ATTACHMENT 15

ECONOMIC IMPACT

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

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

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

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

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

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

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

**CONFIDENTIALITY NOTICE**

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

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

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

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

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

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

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

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

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

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

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

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



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	N/A
4	Detailed description of the project	6 of 16	✓
5	If project is located in more than one district, name other districts and list percentage in each district (Attachment)	7 of 16	✓
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	N/A
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	PENDING
17	Schedule A completed and signed	13 of 16	✓
18	Schedule B completed and signed	14 of 16	✓
19	Schedule C (Application) completed and signed	15 of 16	✓
20	Schedule D completed and signed	16 of 16	✓
21	Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)*	9 of 16	✓
22	Order, Resolution, or Ordinance Establishing the Zone (Attachment)*	9 of 16	✓
23	Legal Description of Reinvestment Zone (Attachment)*	9 of 16	✓
24	Guidelines and Criteria for Reinvestment Zone(Attachment)*	9 of 16	✓

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

ATTACHMENT 01

Certification pages signed and dated by Authorized
Business Representative

-Please see Page 4 of application-

ATTACHMENT 02

Proof of Payment of Application Fee

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

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

ATTACHMENT 03

Combined Group membership documentation

-Not Applicable-

ATTACHMENT 04

Project Description

PROJECT DESCRIPTION:

The Mariah Renewable Energy Center Phase Two project will establish a 368MW nameplate capacity wind farm located within Parmer County Reinvestment Zone #1. Additionally, a solar energy project with a nameplate capacity of 160MW will reside within the Reinvestment Zone. The estimated qualified investment for this project is **\$728 million dollars**.

The Parmer County Reinvestment Zone #1 was established under Chapter 312 by the Parmer County Commissioners Court on January 28, 2013. Currently, no structures or components related to the Phase One project reside on the designated land.

The Mariah Renewable Energy Center Phase Two project may contain the following tangible property:

- Wind turbines (rotor blades, nacelles, gearboxes, generators, power cables, towers)
- Transformers
- Brake systems
- Lighting
- Inverters
- Solar panels

Additional infrastructure to support this property will include:

- Roads and crane pads
- Underground collection systems for cable
- Concrete and gravel foundations
- Substations
- Transmission Lines
- Operations and Maintenance Building

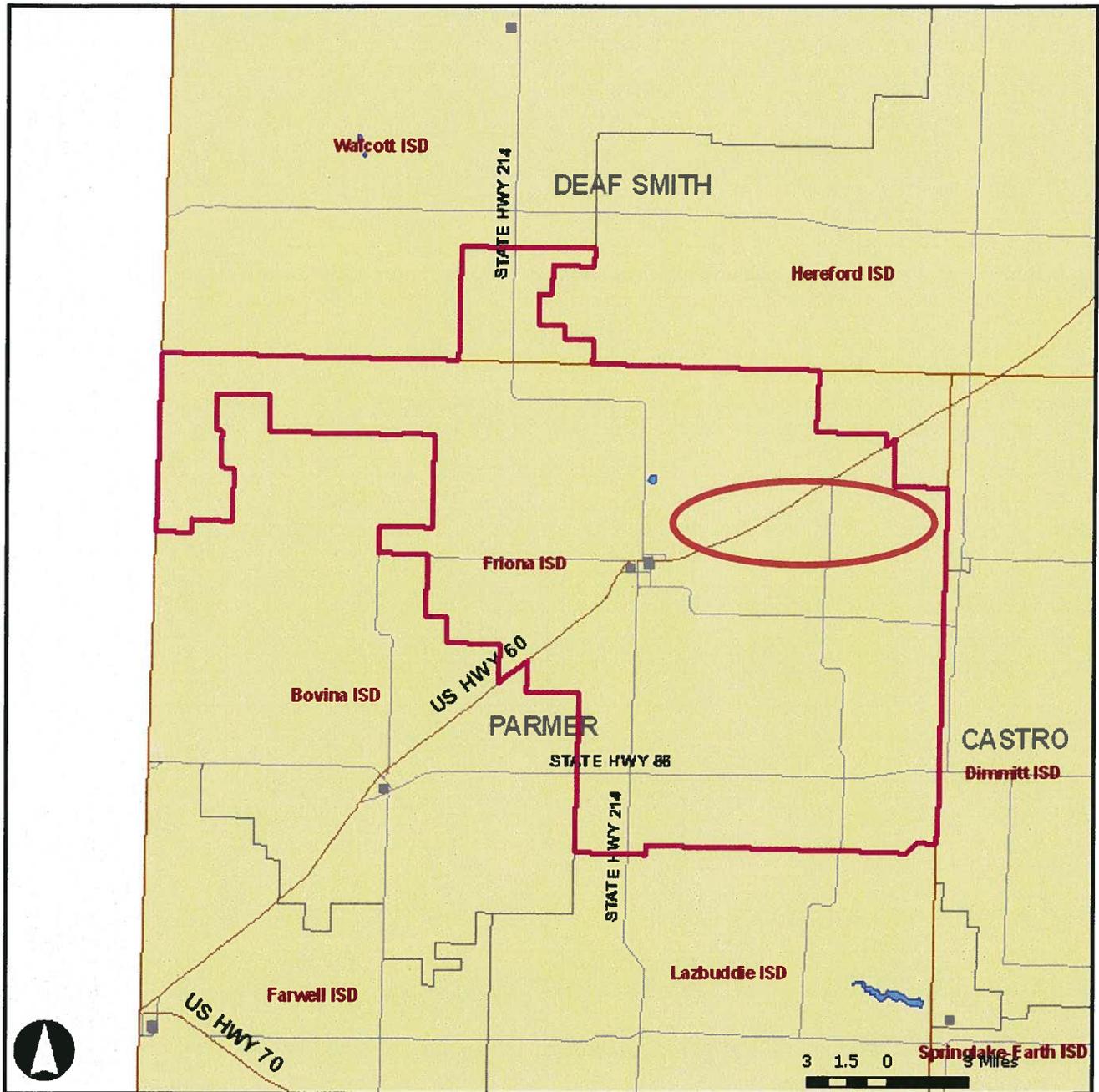
ABILITY OF APPLICANT TO RELOCATE:

The Mariah Renewable Energy Center is made possible by world renowned solar and wind energy companies who have implemented successful renewable energy projects in South Africa, Norway, Sweden, and the United States. This unique attribute gives flexibility and ample opportunity to invest in a variety of regions in Texas and throughout the world.

ATTACHMENT 05

Project location within school district

FRIONA ISD BOUNDARY MAP



Schools4

- Schools

HigherEd

- ★ Universities

Hwys2

— Other

== A11

== A15

== A17

— A21

Hwys2 (continued)

— A25

— A27

— A60

Gulf



Counties1

□ Counties

Counties3

FRIONA ISD - MARIAH NORTH WEST LLC

Districts2

□ School Districts

□ School Districts

Districts

Texas

□

Gulf

□

□

ATTACHMENT 06

Description of Qualified Investment

DESCRIPTION OF QUALIFIED INVESTMENT:

The Mariah Renewable Energy Center Phase Two project will establish a 368MW nameplate capacity wind farm located within Parmer County Reinvestment Zone #1. Additionally, a solar energy project with a nameplate capacity of 160MW will reside within the Reinvestment Zone. The estimated qualified investment for this project is **\$728 million dollars.**

The Mariah Renewable Energy Center Phase Two project may procure the following tangible property:

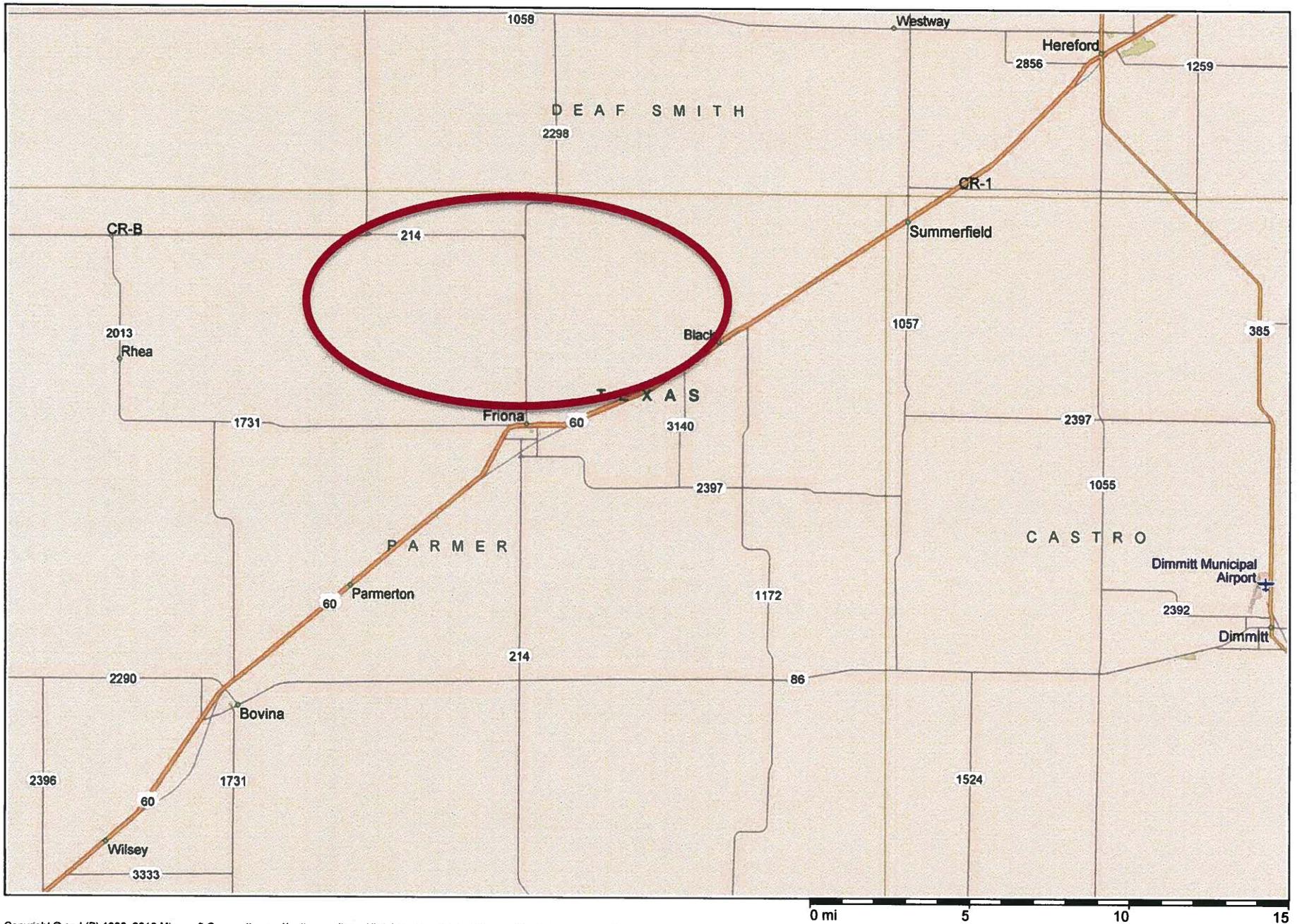
- Wind turbines (rotor blades, nacelles, gearboxes, generators, power cables, towers)
- Transformers
- Brake systems
- Lighting
- Inverters
- Solar panels

Additional infrastructure to support this property will include:

- Roads and crane pads
- Underground collection systems for cable
- Concrete and gravel foundations
- Substations
- Transmission Lines
- Operations and Maintenance Building

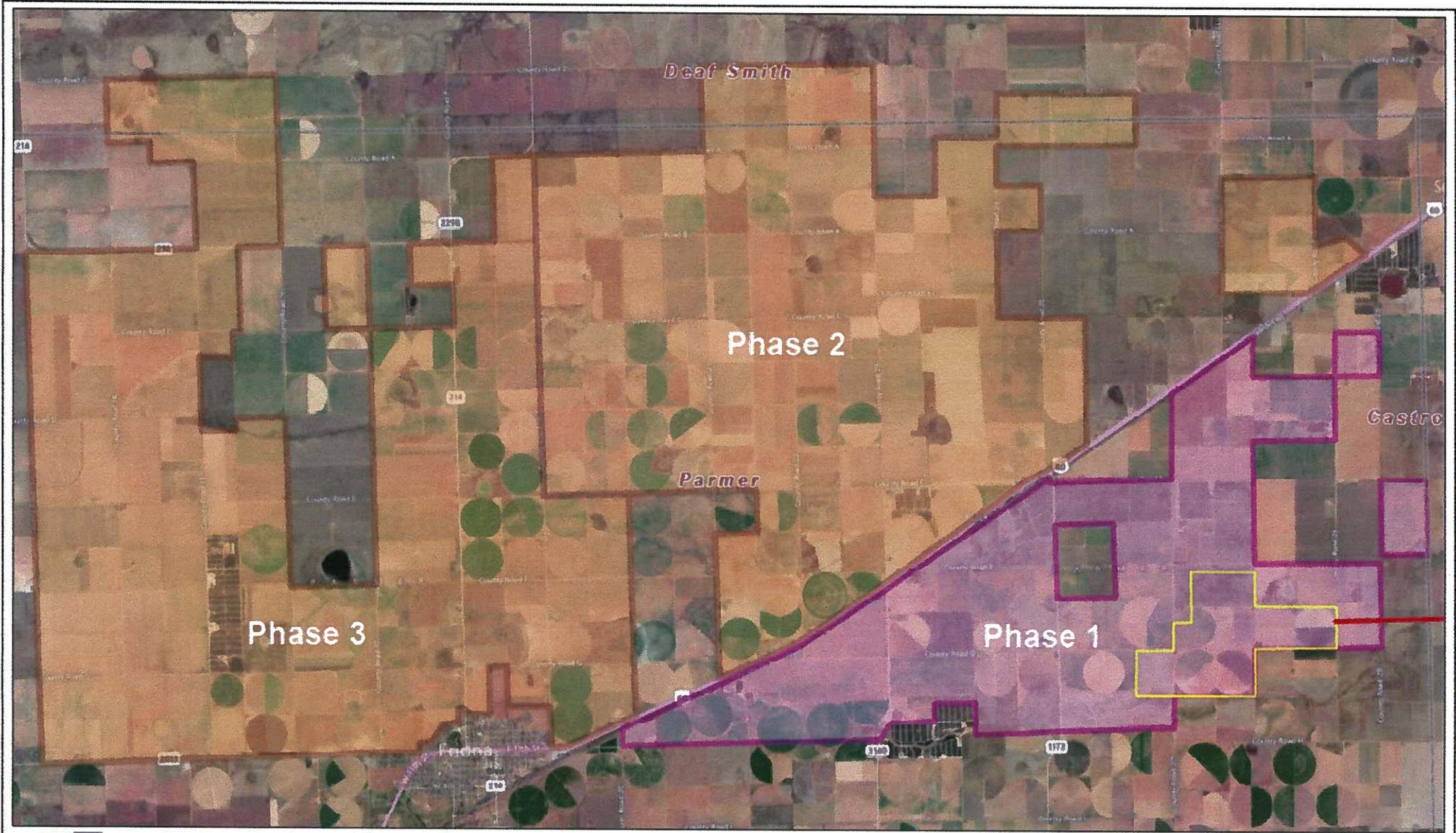
ATTACHMENT 07

Map of Qualified Investment



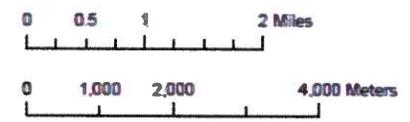
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***SUBJECT TO CHANGE**



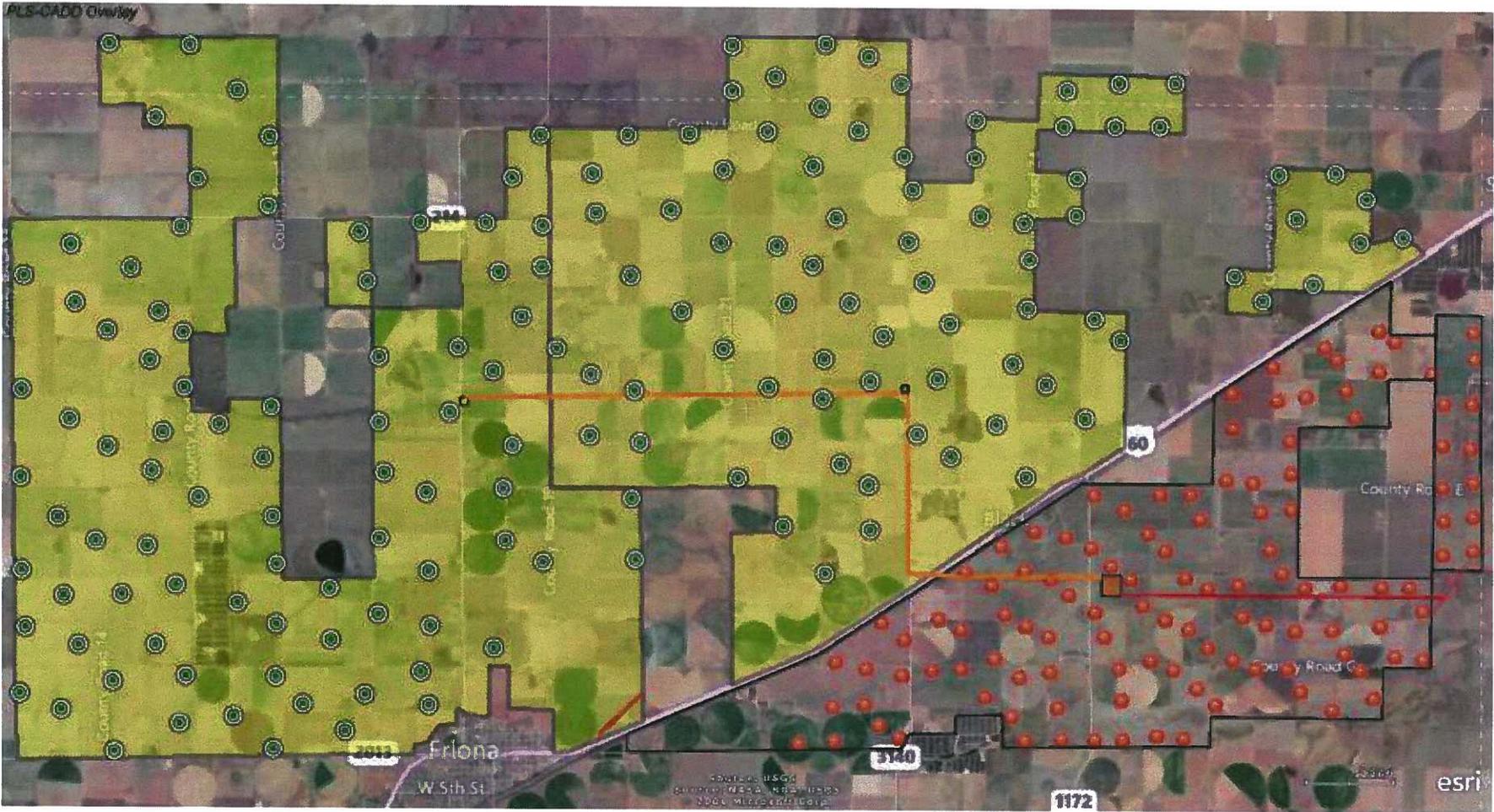
Phases 2 & 3 collectively called "Phase Two"
Mariah
 Phases 1, 2, & 3 (600 MW Total)

-  Proposed Transmission Line
-  Mariah Phase 1 Solar
-  Mariah Phase 1 Boundary
-  Mariah (Phases 2 & 3)



Confidential. Map is Property of Scatec Energy, do not distribute.

Mariah Phase 2/3 Preliminary Map



*SUBJECT TO CHANGE

ATTACHMENT 08

Description of Qualified Property

DESCRIPTION OF QUALIFIED PROPERTY:

The Mariah Renewable Energy Center Phase Two project will establish a 368MW nameplate capacity wind farm located within Parmer County Reinvestment Zone #1. Additionally, a solar energy project with a nameplate capacity of 160MW will reside within the Reinvestment Zone. The estimated qualified investment for this project is **\$728 million dollars.**

The Mariah Renewable Energy Center Phase Two project may procure the following tangible property:

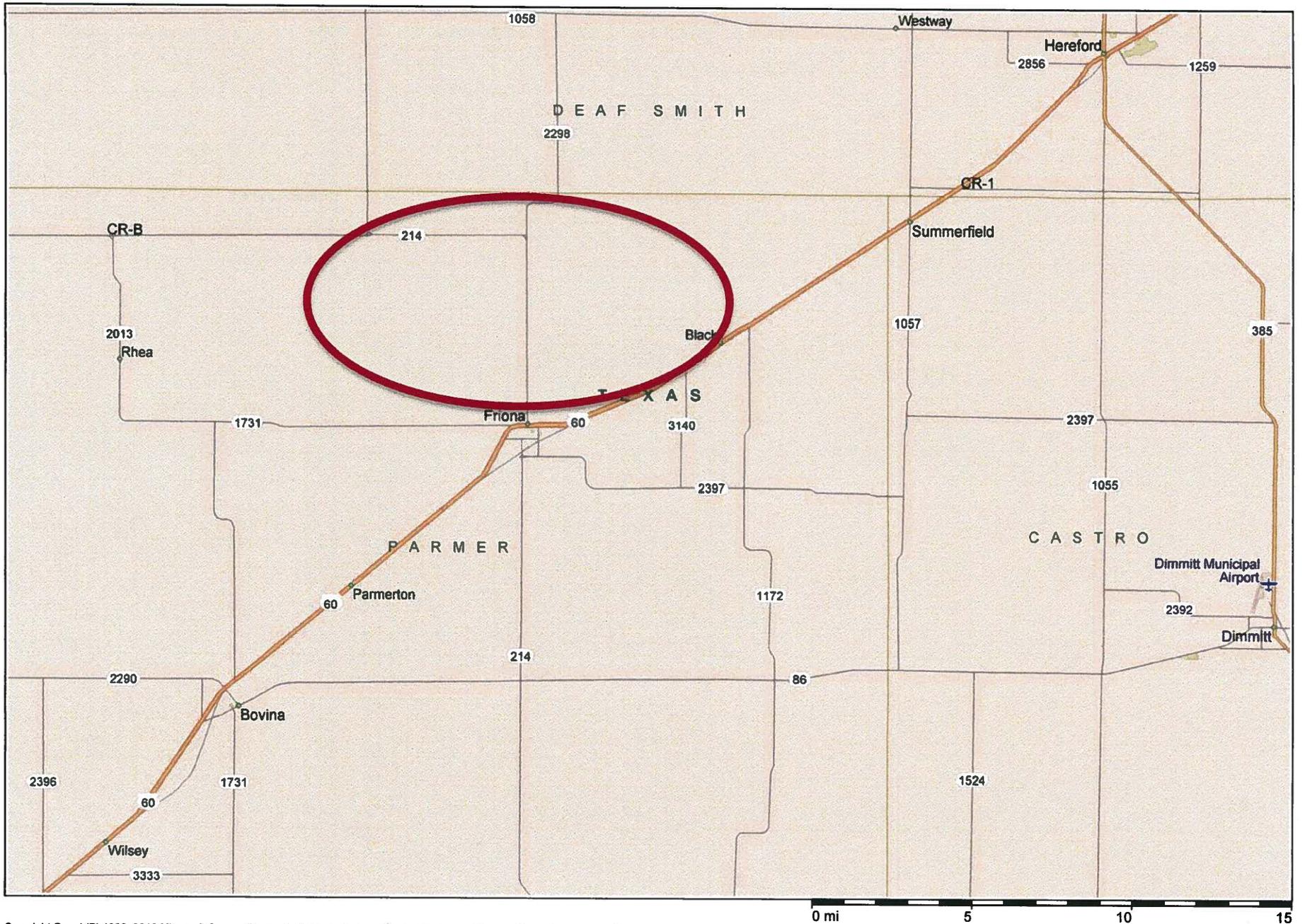
- Wind turbines (rotor blades, nacelles, gearboxes, generators, power cables, towers)
- Transformers
- Brake systems
- Lighting
- Inverters
- Solar panels

Additional infrastructure to support this property will include:

- Roads and crane pads
- Underground collection systems for cable
- Concrete and gravel foundations
- Substations
- Transmission Lines
- Operations and Maintenance Building

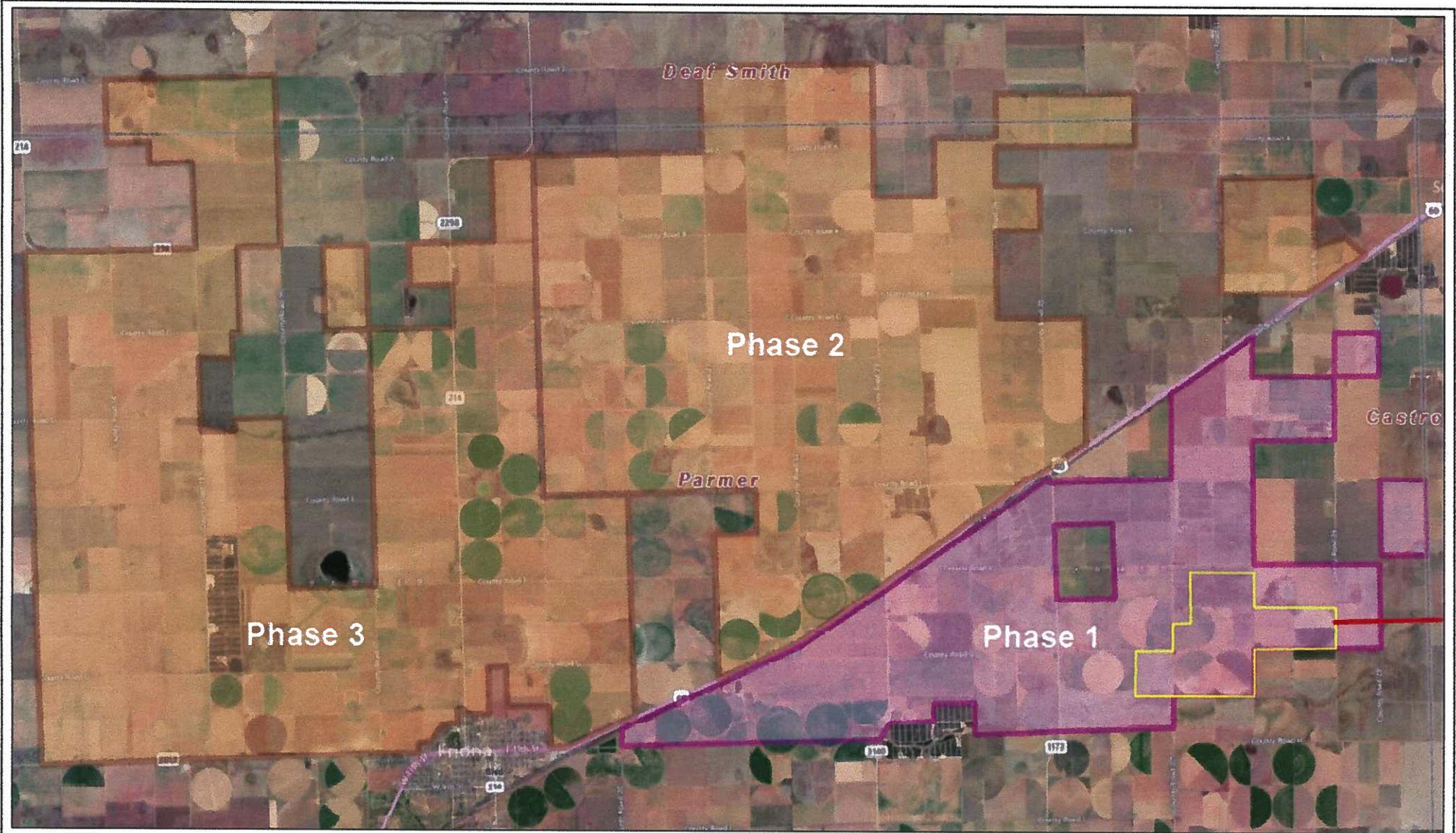
ATTACHMENT 09

Map of Qualified Property



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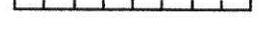
***SUBJECT TO CHANGE**



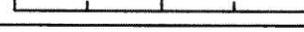
Phases 2 & 3 collectively called "Phase Two"
Mariah
 Phases 1, 2, & 3 (600 MW Total)

- Proposed Transmission Line
- Mariah Phase 1 Solar
- Mariah Phase 1 Boundary
- Mariah (Phases 2 & 3)

0 0.5 1 2 Miles

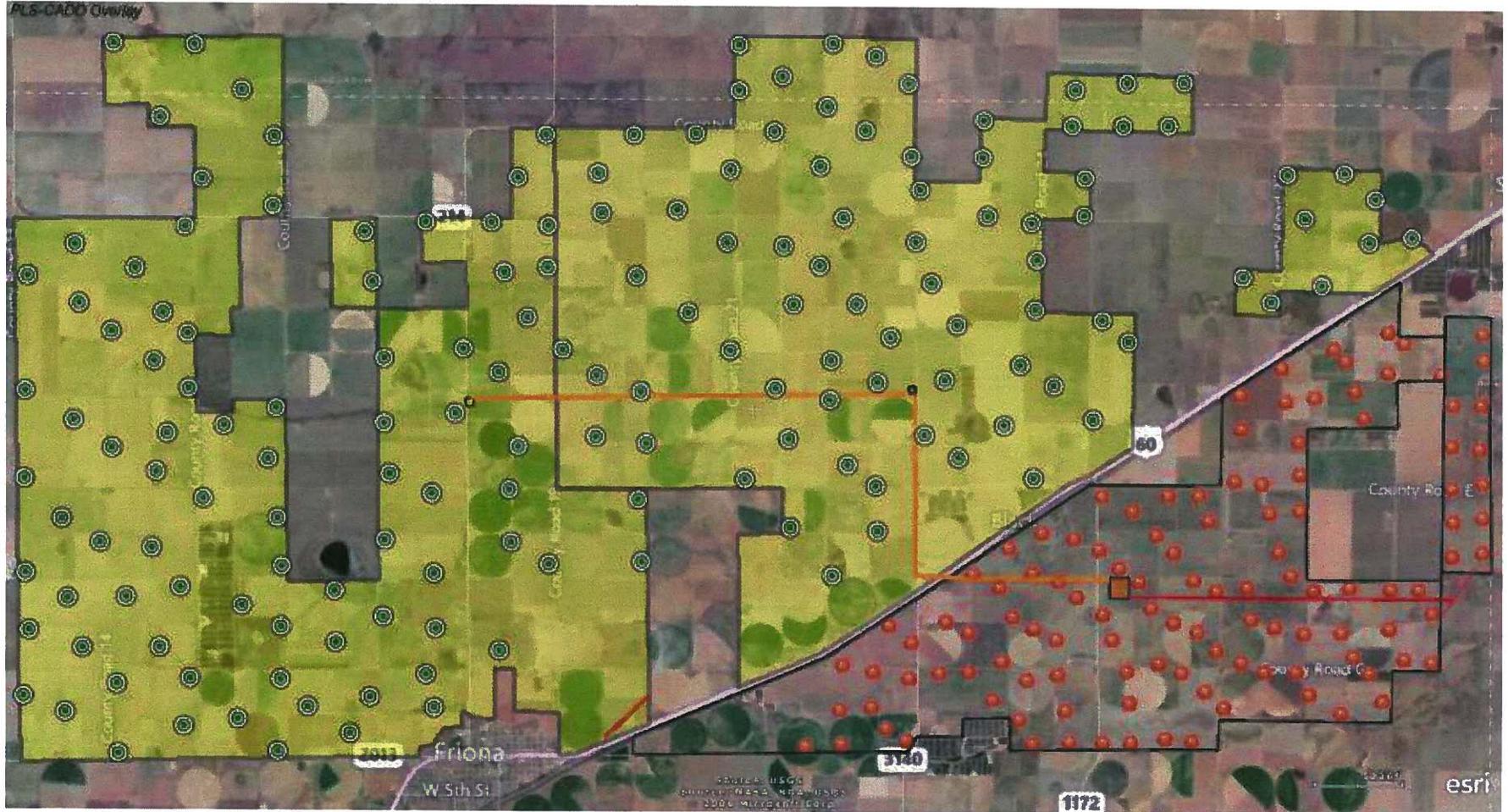


0 1,000 2,000 4,000 Meters



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Mariah Phase 2/3 Preliminary Map



***SUBJECT TO CHANGE**

ATTACHMENT 10

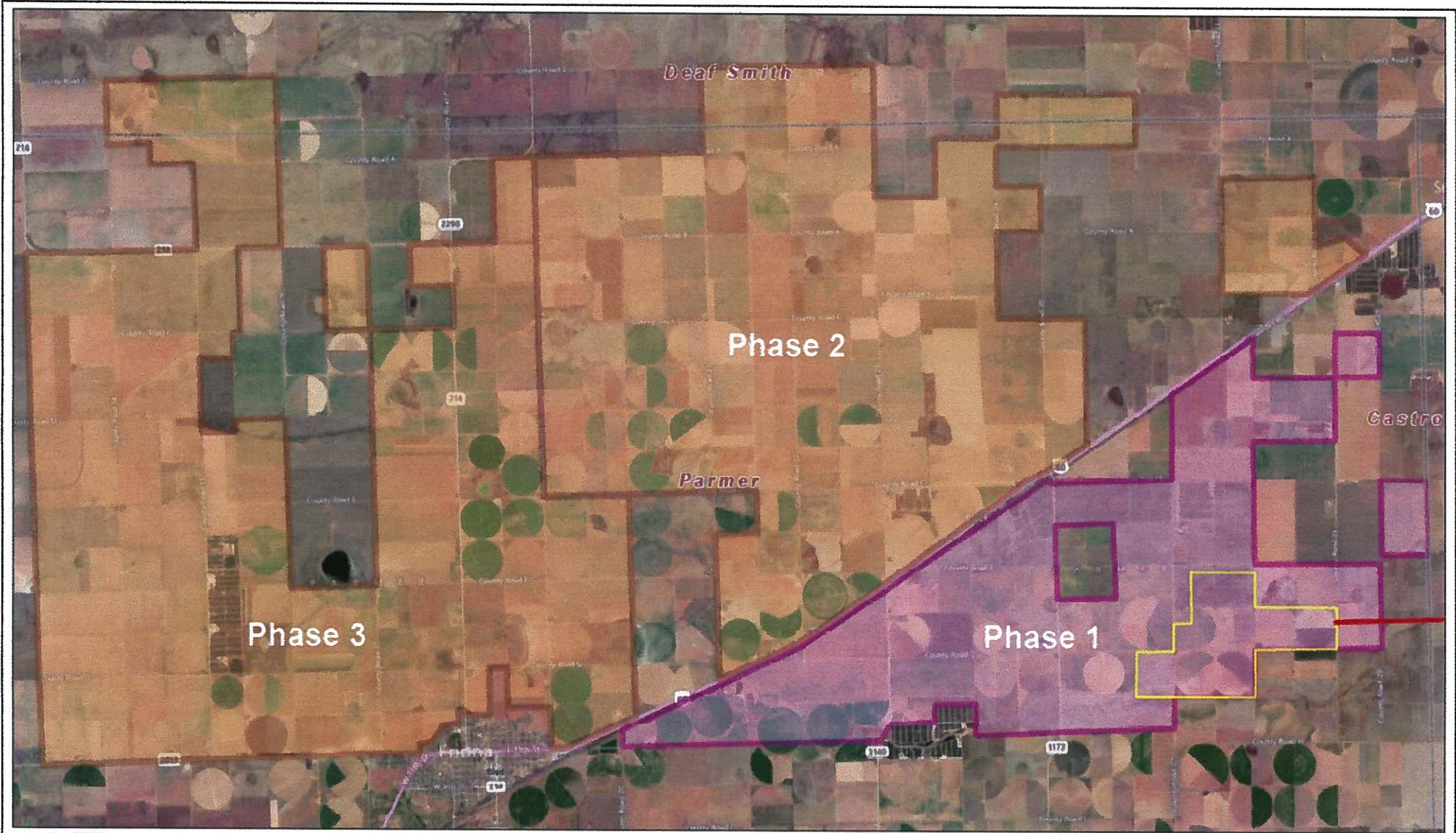
Description of Land

DESCRIPTION OF LAND:

The Land properties associated with the Mariah Renewable Energy Center is described as rural farm land located exclusively in Parmer County, Texas. The legal description of the Land within the Parmer County Reinvestment Zone #1 can be found in Attachment 23. Currently, no structures or components related to the Phase Two project reside on the designated land.

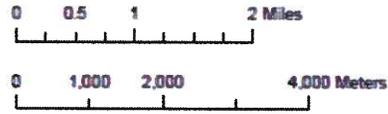
ATTACHMENT 11

Detailed map



Phases 2 & 3 collectively called "Phase Two"
Mariah
 Phases 1, 2, & 3 (600 MW Total)

- Proposed Transmission Line
- Mariah Phase 1 Solar
- Mariah Phase 1 Boundary
- Mariah (Phases 2 & 3)



Confidential! Map is Property of Scatec Energy, do not distribute.

ATTACHMENT 12

Description of any Existing Improvements

-There are no Existing Improvements on the proposed site.-

ATTACHMENT 13

Request for Waiver of Job Creation Requirement

-Not Applicable-

ATTACHMENT 14

Calculation of three possible Wage Requirements

Employment and Wage Calculations

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2013	1st	Parmer	Private	All Industries	\$ 732
2013	2nd	Parmer	Private	All Industries	\$ 746
2012	3rd	Parmer	Private	All Industries	\$ 670
2012	4th	Parmer	Private	All Industries	\$ 657

(Mean Avg.) \$ 701.25
110%

\$ 771.38 110% of County Average Weekly Wage for All Jobs

Year	Quarter	County	Ownership	Industry	Avg. Weekly Wages
2013	1st	Parmer	Private	Manufacturing	\$ 1,151
2013	2nd	Parmer	Private	Manufacturing	\$ 944
2012	3rd	Parmer	Private	Manufacturing	\$ 893
2012	4th	Parmer	Private	Manufacturing	\$ 900

(Mean Avg.) \$ 972.00
110%

\$ 1,069.20 110% of County Average Weekly Wage for Manufacturing Jobs

***Avg Weekly Wage figures related to Animal Food Manufacturing**

Panhandle Regional Planning Commission Annual Wage (as of July 2013) \$ 41,850

110%

\$ 46,035.00 110% of County Average Annual Wage for Manufacturing Jobs

\$ 885.29 110% of County Average Weekly Wage for Manufacturing Jobs

*Note: All data was taken from the Texas Workforce Commission TRACER database.

Quarterly Employment and Wages (QCEW)

Back

D.PERIODYEAR

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	1st Qtr	Parmer County	Private	00	0	10	Total, All Industries	\$732
2013	2nd Qtr	Parmer County	Private	00	0	10	Total, All Industries	\$746
2012	1st Qtr	Parmer County	Private	00	0	10	Total, All Industries	\$636
2012	2nd Qtr	Parmer County	Private	00	0	10	Total, All Industries	\$667
2012	3rd Qtr	Parmer County	Private	00	0	10	Total, All Industries	\$670
2012	4th Qtr	Parmer County	Private	00	0	10	Total, All Industries	\$657

Quarterly Employment and Wages (QCEW)

Back

D.PERIODYEAR

Page 1 of 1 (40 results/page)

 Year	 Period	 Area	 Ownership	 Division	 Level	 Ind Code	 Industry	 Avg Weekly Wages
2013	1st Qtr	Parmer County	Private	31	4	3111	Animal Food Manufacturing	\$1,151
2013	2nd Qtr	Parmer County	Private	31	4	3111	Animal Food Manufacturing	\$944
2012	2nd Qtr	Parmer County	Private	31	4	3111	Animal Food Manufacturing	\$868
2012	3rd Qtr	Parmer County	Private	31	4	3111	Animal Food Manufacturing	\$893
2012	4th Qtr	Parmer County	Private	31	4	3111	Animal Food Manufacturing	\$900

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

Source: Texas Occupational Employment and Wages

Data published: July 2013

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

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

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

Data intended for TAC 313 purposes only.

ATTACHMENT 15

Description of Benefits

DESCRIPTION OF BENEFITS:

Mariah North West LLC offers the following benefits:

- Medical coverage
- Dental plans
- Vision plans
- 401(K) retirement savings plans
- Life insurance
- Short and Long Term Disability Insurance
- Education Assistance
- Scholarship Programs
- Paid Holidays and Vacation
- Wellness programs

ATTACHMENT 16

Economic Impact Study

-Pending, Not Attached-

ATTACHMENTS 17 - 20

Schedules A - D, completed and signed

Schedule A (Rev. May 2010): Investment

Applicant Name **MARIAH NORTH WEST LLC**
 ISD Name **FRIONA INDEPENDENT SCHOOL DISTRICT**

Form 50-296

PROPERTY INVESTMENT AMOUNTS

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

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Investment that is not qualified investment but investment affecting economic impact and total value	Other	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)								\$ -
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)								\$ -
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)		2014-2015	2014	\$ 14,000,000.00		\$ 14,000,000.00		\$ 14,000,000.00
Complete tax years of qualifying time period	1	2015-2016	2015	\$ 474,000,000.00		\$ 474,000,000.00		\$ 474,000,000.00	
	2	2016-2017	2016	\$ 240,000,000.00		\$ 240,000,000.00		\$ 240,000,000.00	
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ -				\$ -
		4	2018-2019	2018	\$ -				\$ -
		5	2019-2020	2019	\$ -				\$ -
		6	2020-2021	2020	\$ -				\$ -
		7	2021-2022	2021	\$ -				\$ -
		8	2022-2023	2022	\$ -				\$ -
		9	2023-2024	2023	\$ -				\$ -
		10	2024-2025	2024	\$ -				\$ -
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -				\$ -
		12	2026-2027	2026	\$ -				\$ -
		13	2027-2028	2027	\$ -				\$ -
Post-Settle-Up Period		14	2028-2029	2028	\$ -			\$ -	
Post-Settle-Up Period		15	2029-2030	2029	\$ -			\$ -	

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

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

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

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

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

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

For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

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

 James Swift

11/20/2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name
ISD Name

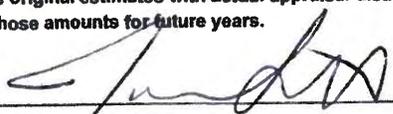
MARIAH NORTH WEST LLC
FRIONA INDEPENDENT SCHOOL DISTRICT

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value		
					Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O - after all reductions	
		pre-year 1	2014-2015	2014	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
	Complete tax years of qualifying time period	1	2015-2016	2015	\$ -	\$ -	\$ 14,000,000	\$ -	\$ 14,000,000	\$ 14,000,000	
		2	2016-2017	2016	\$ -	\$ -	\$ 488,000,000	\$ -	\$ 488,000,000	\$ 488,000,000	
	Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ -	\$ -	\$ 655,200,000	\$ -	\$ 655,200,000	\$ 20,000,000
			4	2018-2019	2018	\$ -	\$ -	\$ 618,800,000	\$ -	\$ 618,800,000	\$ 20,000,000
			5	2019-2020	2019	\$ -	\$ -	\$ 582,400,000	\$ -	\$ 582,400,000	\$ 20,000,000
			6	2020-2021	2020	\$ -	\$ -	\$ 546,000,000	\$ -	\$ 546,000,000	\$ 20,000,000
			7	2021-2022	2021	\$ -	\$ -	\$ 509,600,000	\$ -	\$ 509,600,000	\$ 20,000,000
			8	2022-2023	2022	\$ -	\$ -	\$ 473,200,000	\$ -	\$ 473,200,000	\$ 20,000,000
			9	2023-2024	2023	\$ -	\$ -	\$ 436,800,000	\$ -	\$ 436,800,000	\$ 20,000,000
			10	2024-2025	2024	\$ -	\$ -	\$ 400,400,000	\$ -	\$ 400,400,000	\$ 20,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ -	\$ -	\$ 364,000,000	\$ -	\$ 364,000,000	\$ 364,000,000	
		12	2026-2027	2026	\$ -	\$ -	\$ 364,000,000	\$ -	\$ 364,000,000	\$ 364,000,000	
		13	2027-2028	2027	\$ -	\$ -	\$ 364,000,000	\$ -	\$ 364,000,000	\$ 364,000,000	
Post-Settle-Up Period		14	2028-2029	2028	\$ -	\$ -	\$ 364,000,000	\$ -	\$ 364,000,000	\$ 364,000,000	
Post-Settle-Up Period		15	2029-2030	2029	\$ -	\$ -	\$ 364,000,000	\$ -	\$ 364,000,000	\$ 364,000,000	

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

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


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

James Scott, CEO

11/20/2013
DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

MARIAH NORTH WEST LLC
FRIONA INDEPENDENT SCHOOL DISTRICT

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs			
					Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs		
		pre-year 1	2014-2015	2014	8,783 hrs	\$25/hr	0	\$ -	0	\$ -		
	Complete tax years of qualifying time period	1	2015-2016	2015	297,365 hrs	\$25/hr	10	\$ 46,035.00	10	\$ 46,035.00		
		2	2016-2017	2016	150,565 hrs	\$25/hr	10	\$ 46,035.00	10	\$ 46,035.00		
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017			10	\$ 46,035.00	10	\$ 46,035.00		
		4	2018-2019	2018			10	\$ 46,035.00	10	\$ 46,035.00		
		5	2019-2020	2019			10	\$ 46,035.00	10	\$ 46,035.00		
		6	2020-2021	2020			10	\$ 46,035.00	10	\$ 46,035.00		
		7	2021-2022	2021			10	\$ 46,035.00	10	\$ 46,035.00		
		8	2022-2023	2022			10	\$ 46,035.00	10	\$ 46,035.00		
		9	2023-2024	2023			10	\$ 46,035.00	10	\$ 46,035.00		
		10	2024-2025	2024			10	\$ 46,035.00	10	\$ 46,035.00		
		Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025			10	\$ 46,035.00	10	\$ 46,035.00
				12	2026-2027	2026			10	\$ 46,035.00	10	\$ 46,035.00
13	2027-2028			2027			10	\$ 46,035.00	10	\$ 46,035.00		
Post- Settle-Up Period		14	2028-2029	2028			10	\$ 46,035.00	10	\$ 46,035.00		
Post- Settle-Up Period		15	2029-2030	2029			10	\$ 46,035.00	10	\$ 46,035.00		

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

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


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

James Scott, CEO

11/20/2013
DATE

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

Applicant

Name MARIAH NORTH WEST LLC

ISD Name

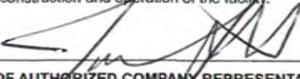
FRIONA INDEPENDENT SCHOOL DISTRICT

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital*	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2014-2015	2014	\$ 50,000	\$ 100,050,000	\$ 5,300,000				
Complete tax years of qualifying time period	1	2015-2016	2015	\$ 100,000	\$ -	\$ 5,300,000					
	2	2016-2017	2016	\$ 100,000	\$ -	\$ 5,300,000	100		100		
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017	\$ 100,000	\$ -	\$ 5,300,000	100		100	
		4	2018-2019	2018	\$ 100,000	\$ -	\$ 5,300,000	100		100	
		5	2019-2020	2019	\$ 100,000	\$ -	\$ 5,300,000	100		100	
		6	2020-2021	2020	\$ 100,000	\$ -	\$ 5,300,000	100		100	
		7	2021-2022	2021	\$ 100,000	\$ -	\$ 5,300,000	90		90	
		8	2022-2023	2022	\$ 100,000	\$ -	\$ 5,300,000	80		80	
		9	2023-2024	2023	\$ 100,000	\$ -	\$ 5,300,000	70		70	
		10	2024-2025	2024	\$ 100,000	\$ -	\$ 5,300,000	60		60	
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	\$ 100,000	\$ -	\$ 5,300,000	50		50	
		12	2026-2027	2026	\$ 100,000	\$ -	\$ 5,300,000				
		13	2027-2028	2027	\$ 100,000	\$ -	\$ 5,300,000				
Post- Settle-Up Period	14	2028-2029	2028	\$ 100,000	\$ -	\$ 5,300,000					
Post- Settle-Up Period	15	2029-2030	2029	\$ 100,000	\$ -	\$ 5,300,000					

*For planning, construction and operation of the facility.

*Estimated Parmer County Hospital District percentages. Percentages have not yet been requested by the Applicant.


SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

~~2014~~ 3.4.2014
DATE

ATTACHMENT 21

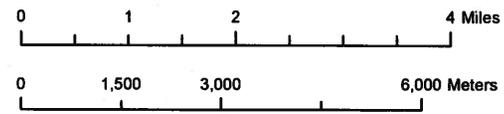
Map of Reinvestment Zone



**Mariah Project -
Parmer County
Reinvestment Zone**

Confidential: Map is Property of Scatec Energy, do not distribute.

- Parmer County Reinvestment Zone
- County Boundary



ATTACHMENT 22

Order, Resolution, or Ordinance Establishing
Reinvestment Zone

**RESOLUTION OF THE COMMISSIONERS COURT
OF PARMER COUNTY, TEXAS
DESIGNATING REINVESTMENT ZONE #1**

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

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

WHEREAS, on January 28, 2013, a hearing before the Commissioners Court of Parmer County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Parmer County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

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

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

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

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

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

- (a) That the public hearing on adoption of the proposed reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and

- (b) That the boundaries of the proposed reinvestment zone should be the area described in the attached Exhibit A and depicted in the map in Exhibit B, which are incorporated herein by reference for all purposes; and,
- (c) That creation of the proposed reinvestment zone will result in benefits to Parmer County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The proposed reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Parmer County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Parmer County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, Parmer County Commissioner's Court hereby creates Parmer County Reinvestment Zone Number #1; a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit A and depicted in the map in Exhibit B, and such reinvestment zone is hereby designated and shall hereafter be referred to as Parmer County Reinvestment Zone Number #1.

SECTION 4. That Parmer County Reinvestment Zone Number #1 shall take effect on January 28, 2013 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

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

SECTION 6. That it is hereby found, determined and declared that a sufficient notice of the date, hour, place and subject, of the meeting of the Parmer County Commissioners Court at which this Resolution was adopted was posted at a place convenient and readily accessible at all times as required by the Texas Open Government Act, Texas Government Code, Chapter 551, as amended, and that a public hearing was held prior to the designation of such reinvestment zone and that proper notice of the hearing was published in the official newspaper of general circulation within the County, and furthermore, such notice was in fact delivered to the presiding officer of any affected taxing entity as prescribed by the Property Redevelopment and Tax Abatement Act.

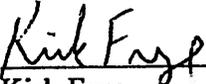
PASSED, APPROVED AND ADOPTED on this the 28th day of January, 2013.

Parmer County Commissioners Court

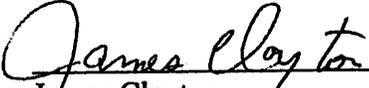


Trey Ellis
Parmer County Judge

Date: JANUARY 28, 2013



Kirk Frye
Precinct 1 Commissioner



James Clayton
Precinct 2 Commissioner



Kenny White
Precinct 3 Commissioner



Lloyd Bradshaw
Precinct 4 Commissioner

Attest:


Colleen Stover, Parmer County Clerk

ATTACHMENT 23

Legal Description of Reinvestment Zone

EXHIBIT A
LEGAL DESCRIPTION OF
PARMER COUNTY
REINVESTMENT ZONE #1

All those certain lots, tracts or parcels of land lying and being situated in Parmer County, Texas and being more particularly described as follows:

Township 2N, Range 3E
Sections 25 – 29
Sections 32 – 36

Township 1N, Range 3E
Sections 1 – 5, 10 – 15, 22 – 27, 34 – 36

Township 2N, Range 4E
Sections 26 – 35

Township 1N, Range 4E
Sections 1 – 36

Township 1N, Range 5E
Sections 17, 19, 20, 29 – 32

Harding Subdivision
Sections 1 – 3, 10 – 15, 22 – 27, 34 – 36

Davis Subdivision
Sections 1 – 10

Harrah Subdivision
Sections 2 – 19

JB McMinn Survey
Sections 16, 17

JB McMinn Survey, Block B
Sections 18, 19

JN English Survey
All

Gregg County School Land
Sections 1 -9

Odell Survey
Sections 1 -4

Block B
Sections 1 -5, 8 -11, 21, 22

ATTACHMENT 24

Guidelines and Criteria for Reinvestment Zone

STATE OF TEXAS

PARMER COUNTY

TAX ABATEMENT GUIDELINES AND CRITERIA

Parmer County (the "County") is committed to the promotion of quality development in all parts of Parmer County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider providing Tax Abatements (as defined below) to stimulate economic development. It is the policy of the County that such an incentive will be provided in accord with the guidelines and criteria outlined in this document. All applicants for Tax Abatements shall be considered on an individual basis.

In order to be eligible for designation as a Reinvestment Zone and receive Tax Abatement, the planned improvement:

1. must be an Eligible Facility (as defined below);
2. must add at least One Million Dollars (\$1,000,000.00) to the tax roll of eligible property;
3. must create no less than five (5) new, permanent, full-time jobs;
4. must be reasonably expected to have an increase in positive net economic benefit to Parmer County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement; and
5. must not be expected to solely or primarily have the effect of transferring employment from one part of Parmer County to another.

In addition to the criteria set forth above, the Parmer County Commissioners Court (the "Commissioners Court") reserves the right to negotiate a Tax Abatement Agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property that is a direct result of the development, redevelopment, and improvement specified in the Agreement will be eligible for Abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the applicant located within the jurisdiction creating the reinvestment zone.

All Tax Abatement Agreements will be no longer than allowed by law.

It is the goal of the County to grant Tax Abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Commissioners Court to consider, adopt, modify or decline any Tax Abatement request.

This policy is effective as of the date of adoption, shall at all times be kept current with regard to the needs of Parmer County and reflective of the official views of the Commissioners Court, and shall be reviewed every two (2) years.

The adoption of these guidelines and criteria by the Commissioners Court does not:

1. limit the discretion of the governing body to decide whether to enter into a specific Tax Abatement Agreement;
2. limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for Tax Abatement; or
3. create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for Tax Abatement.

SECTION I. DEFINITIONS

A. "Abatement" or "Tax Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated for economic development purposes.

B. "Agreement" or "Abatement Agreement" means a contractual Agreement between a property owner and/or lessee and the County.

C. "Base Year Value" means the assessed value on the eligible property as of January 1 preceding the execution of the Agreement.

D. "Deferred Maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology.

E. "Eligible Facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting the Abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Parmer County, but does not include facilities such as, but not limited to, restaurants and retail sales establishments which are intended to provide goods or services primarily to residents or existing businesses located in Parmer County. Eligible facilities may include, but shall not be limited to a(n):

aquaculture/agriculture facility;
distribution center facility;
manufacturing facility;
office building;

regional entertainment/tourism facility;
research service facility;
regional service facility;
historic building in a designated area;
wind energy facility; or
other basic industrial facility.

F. **"Expansion"** means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

G. **"Facility"** means property improvement(s) completed or in the process of construction which together comprise an interregional whole.

H. **"Modernization"** means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of buildings, structures, machinery, or equipment.

I. **"New Facility"** means a property previously undeveloped which is placed into service by means other than or in conjunction with Expansion or Modernization.

J. **"Productive Life"** means the number of years property improvement(s) is/are expected to be in service in a facility.

SECTION II. ABATEMENT AUTHORIZED

A. **Eligible Facilities.** Upon application, Eligible Facilities shall be considered for Tax Abatement as hereinafter provided.

B. **Creation of New Values.** Abatement may only be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

C. **New and Existing Facilities.** Abatement may be granted for the additional value of eligible property improvement(s) made subsequent to and specified in an Abatement Agreement between the County and the property owner or lessee, subject to such limitations as the County may require.

D. **Eligible Property.** Abatement may be extended to the value of new, expanded, or modernized buildings, structures, fixed machinery and equipment, site improvements, and related fixed improvements necessary to the operation and administration of the facility, and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code.

E. **Ineligible Property.** The following types of property shall be fully taxable and ineligible for Tax Abatement: land; animals; inventories, supplies; tools; furnishings; vehicles;

vessels; aircraft; deferred maintenance investments; housing and property to be rented or leased, except as provided in Section II(F); property owned or used by the State of Texas.

F. Owned/Leased Facilities. If a leased facility is granted Abatement, the Agreement shall be executed with the lessor and the lessee. If the land is leased, but the facility constructed or installed thereon is owned by the lessee, the lessee shall execute the Agreement.

G. Economic Qualifications. In order to be eligible for designation as a reinvestment zone and receive Tax Abatement, the planned improvement:

- (1) must be an Eligible Facility;
- (2) must add at least One Million Dollars (\$1,000,000.00) to the tax roll of eligible property;
- (3) must create no less than five (5) new, permanent, full-time jobs;
- (4) must be reasonably expected to have an increase in positive net economic benefit to Parmer County of at least One Million Dollars (\$1,000,000.00) over the life of the Abatement, computed to include (but not limited to) new sustaining payroll and/or capital improvement. The creation of (number and type) of new jobs will also factor into the decision to grant an Abatement; and
- (5) must not be expected to solely or primarily have the effect of transferring employment from one part of Parmer County to another.

H. Standards for Tax Abatement. The following factors, among others, will be considered in determining whether to grant Tax Abatement:

- (1) value of existing improvements, if any;
- (2) type and value of proposed improvements;
- (3) productive life of proposed improvements;
- (4) number of existing jobs to be retained by proposed improvements;
- (5) number and type of new jobs to be created by proposed improvements;
- (6) amount of local payroll to be created;
- (7) whether the new jobs to be created will be filled by persons residing or projected to reside within the affected taxing jurisdiction;
- (8) amount by which property tax base valuation will be increased during the term of Abatement and after Abatement, which shall include a definitive commitment

that such valuation shall not, in any case, be less than Five Hundred Thousand Dollars (\$500,000.00);

(9) expenses to be incurred in providing facilities directly resulting from the new improvements;

(10) the amount of ad valorem taxes to be paid to the County during the Abatement period considering (a) the existing values, (b) the percentage of new value abated, (c) the Abatement period, and (d) the value after expiration of the Abatement period;

(11) the population growth of Parmer County that occurs directly as a result of new improvements;

(12) the types and values of public improvements, if any, to be made by applicant seeking Abatement;

(13) whether the proposed improvements compete with existing businesses to the detriment of the local economy;

(14) the impact on the business opportunities of existing business;

(15) the attraction of other new businesses to the area;

(16) the overall compatibility with the zoning ordinances and comprehensive plan for the area; and

(17) whether the project obtains all necessary permits from the applicable environmental agencies.

Each Eligible Facility shall be reviewed on its merits utilizing the factors provided above. After such review, Abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement. An Abatement Agreement shall not be authorized if it is determined that:

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

(2) the applicant has insufficient financial capacity;

(3) violation of other codes or laws; or

(4) any other reason deemed appropriate by the County.

J. Taxability. From the execution of the Abatement to the end of the Agreement period, taxes shall be payable as follows:

- (1) the value of ineligible property as provided in Section II(E) shall be fully taxable;
- (2) the base year value of existing eligible property as determined each year shall be fully taxable; and
- (3) the additional value of new eligible property shall be fully taxable at the end of the Abatement period.

SECTION III. APPLICATION

A. Any present or potential owner of taxable property in the County may request Tax Abatement by filing a written application with the Commissioners Court.

B. The application shall consist of a general description of the new improvements to be undertaken; a descriptive list of the improvements for which an Abatement is requested; a list of the kind, number and location of all proposed improvements of a property; a map and property description; and a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application. The Commissioners Court may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the applicant, to be attached to the application. The completed application must be accompanied by the payment of a non-refundable application fee for administrative costs and legal fees associated with the processing of the Tax Abatement request. All checks in payment of the administrative fee shall be made payable to the County. The fee for Abatement requests shall be One Thousand and No/100 Dollars (\$1,000.00).

C. The County shall give notice as provided by the Property Tax Code, including written notice to the presiding officer of the governing body of each taxing unit in which the property to be subject to the Agreement is located, not later than seven (7) days before acting upon the application.

D. The application process described in Section III(A) hereof shall be followed regardless of whether a particular reinvestment zone is created by Parmer County or a taxing entity within Parmer County. No other notice or hearing shall be required except compliance with the open meetings act, unless the Commissioners Court deem them necessary in a particular case.

SECTION IV. AGREEMENT

A. After approval, the Commissioners Court shall formally pass a resolution and execute an Agreement with the owner of the facility and lessee as required which shall:

- (1) include a list of the kind, number and location of all proposed improvements to the property;
- (2) provide access to and authorize inspection of the property by the taxing unit to insure compliance with the Agreement;
- (3) limit the use of the property consistent with the taxing unit's development goals;
- (4) provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the Agreement;
- (5) include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the Agreement to each taxing unit; and
- (6) allow the taxing unit to cancel or modify the Agreement at any time if the property owner fails to comply with the terms of the Agreement.

SECTION V. RECAPTURE

A. In the event that the applicant or its assignee (1) allows its ad valorem taxes owed to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or content; or (2) violates any of the terms and conditions of the Abatement Agreement and fails to cure during the cure period, the Agreement then may be terminated and all taxes previously abated by virtue of the Agreement will be recaptured and paid within thirty (30) days of the termination.

B. Should the County determine that the applicant or its assignee is in default according to the terms and conditions of its Agreement, the County shall notify the company or individual in writing at the address stated in the Agreement, and if such is not cured within the time set forth in such notice (the "Cure Period"), then the Agreement may be terminated.

SECTION VI. ADMINISTRATION

A. The Chief Appraiser of the Farmer County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving Abatement shall furnish the appraiser with such information as may be necessary for the Abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of the amount of the assessment.

B. The County may execute a contract with any other jurisdiction(s) to inspect the facility to determine if the terms and conditions of the Abatement Agreement are being met. The Abatement Agreement shall stipulate that employees and/or designated representatives of the

County will have access to the reinvestment zone during the term of the Abatement to inspect the facility to determine if the terms and conditions of the Agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

C. Upon completion of construction, a designated representative of the County shall annually evaluate each facility receiving Abatement to insure compliance with the Agreement and shall formally report such evaluations to the Commissioners Court.

SECTION VII. ASSIGNMENT

The Abatement Agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility either upon the approval by resolution of the Commissioners Court, or in accordance with the terms of an existing Tax Abatement Agreement. No assignment or transfer shall be approved if the parties to the existing Agreement, the new owner, or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably delayed or withheld. Notice shall be given to the Commissioners Court at least twenty (20) days in advance of any transfer or assignment.

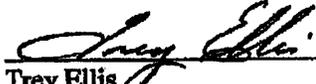
SECTION VIII. SUNSET PROVISION

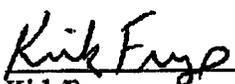
These guidelines and criteria are effective upon the date of their adoption, and shall supersede and replace any and all prior guidelines and criteria for Tax Abatement in the County. These guidelines and criteria shall remain in force for two (2) years, unless amended by three-quarters vote of the Commissioners Court, at which time all reinvestment zones and Tax Abatement Agreements created pursuant to these provisions will be reviewed to determine whether the goals have been achieved. Based on such review, the guidelines and criteria will be modified, renewed or eliminated; provided, however, that no modification or elimination of the Guidelines and Criteria shall affect Tax Abatement Agreements that have been previously approved until the parties thereto shall agree to amend such Agreements.

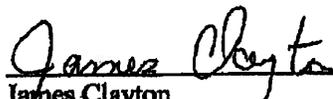
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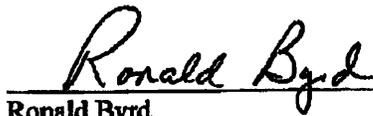
Adopted on this the 10th day of December, 2012.

Parmer County Commissioners Court

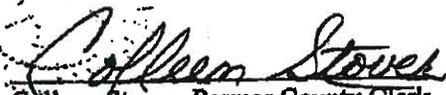

Trey Ellis
Parmer County Judge


Kirk Frye
Precinct 1 Commissioner


James Clayton
Precinct 2 Commissioner


Ronald Byrd
Precinct 3 Commissioner


Lloyd Bradshaw
Precinct 4 Commissioner


Attest:

Colleen Stover, Parmer County Clerk



Franchise Tax Account Status

As of: 06/23/2014 05:40:50 PM

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

MARIAH NORTH WEST LLC DBA MARIAH WIND NORTH WEST LLC	
Texas Taxpayer Number	32041670004
Mailing Address	217 E 7TH AVE DENVER, CO 80203-3504
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	04/16/2010
Texas SOS File Number	0801257675
Registered Agent Name	JAMES R. SWAFFORD
Registered Office Street Address	1000 8TH ST. PO BOX 874 BOVINA, TX 79009

S U S A N
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 6, 2014

Kenny Austin
Superintendent
Friona Independent School District
909 E. 11th
Friona, Texas 79035

Dear Superintendent Austin:

On Dec. 13, 2013, the Comptroller received the completed application (Application #381) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in November 2013 to the Friona Independent School District (the school district) by Mariah North West 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 2 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 (\$728 million) is consistent with the proposed appraised value limitation sought (\$20 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 Parmer 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.

Note that any new building or other improvement existing as of the application review start date of Dec. 13, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

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

- 1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
- 2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
- 3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
- 4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Mariah North West LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind & Solar
School District	Friona ISD
2011-12 Enrollment in School District	1,204
County	Parmer
Total Investment in District	\$728,000,000
Qualified Investment	\$728,000,000
Limitation Amount	\$20,000,000
Number of total jobs committed to by applicant	10
Number of qualifying jobs committed to by applicant	10
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$885
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$885
Minimum Annual Wage committed to by applicant for qualified jobs	\$46,035
Investment per Qualifying Job	\$72,800,000
Estimated 15 year M&O levy without any limit or credit:	\$60,208,480
Estimated gross 15 year M&O tax benefit	\$41,211,680
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):	\$35,519,970
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$3,837,600
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$24,688,510
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	59.0%
Percentage of tax benefit due to the limitation	90.7%
Percentage of tax benefit due to the credit	9.3%

This presents the Comptroller's economic impact evaluation of Mariah North West LLC (the project) applying to Friona 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 ten new jobs when fully operational. All ten jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Parmer County is located was \$41,850 in 2012. The annual average manufacturing wage for 2012 for Parmer County is \$50,544. That same year, the county annual average wage for all industries was \$36,465. In addition to a salary of \$46,035, each qualifying position will receive the following benefits: medical coverage, dental plans, vision plans, 401(k) retirement savings plans, life insurance, short and long term disability insurance, education assistance, scholarship programs, paid holidays and vacation, and wellness programs. The project's total investment is \$728 million, resulting in a relative level of investment per qualifying job of \$72.8 million.

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

According to Mariah North West LLC's application, "The Mariah Renewable Energy Center is made possible by world renowned solar and wind energy companies who have implemented successful renewable energy projects in South Africa, Norway, Sweden, and the United States. This unique attribute gives flexibility and ample opportunity to invest in a variety of regions in Texas and throughout the world."

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

During the past two years, 30 projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

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

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

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	4	6	10	\$219,575	\$268,425	\$488,000
2015	153	153	306	\$7,894,475	\$10,105,525	\$18,000,000
2016	82	84	166	\$4,224,475	\$7,775,525	\$12,000,000
2017	10	13	23	\$460,350	\$2,539,650	\$3,000,000
2018	10	21	31	\$460,350	\$2,539,650	\$3,000,000
2019	10	23	33	\$460,350	\$2,539,650	\$3,000,000
2020	10	25	35	\$460,350	\$3,539,650	\$4,000,000
2021	10	27	37	\$460,350	\$3,539,650	\$4,000,000
2022	10	25	35	\$460,350	\$3,539,650	\$4,000,000
2023	10	31	41	\$460,350	\$3,539,650	\$4,000,000
2024	10	23	33	\$460,350	\$3,539,650	\$4,000,000
2025	10	31	41	\$460,350	\$3,539,650	\$4,000,000
2026	10	17	27	\$460,350	\$2,539,650	\$3,000,000
2027	10	15	25	\$460,350	\$2,539,650	\$3,000,000
2028	10	11	21	\$460,350	\$1,539,650	\$2,000,000
2029	10	8	18	\$460,350	\$1,539,650	\$2,000,000

Source: CPA, REMI, Mariah North West LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Friona ISD's ad valorem tax base in 2012-2013 was \$306.1 million. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Friona ISD's estimated wealth per WADA was \$172,689. 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, Parmer County, Parmer County Hospital District, and High Plains Underground Water Conservation District #1, with all property tax incentives sought being granted using estimated market value from Mariah North West LLC's application. Mariah North West 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 Mariah North West LLC project on the region if all taxes are assessed.

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "TABLE II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$52,658,880. The estimated gross 13 year M&O tax benefit, or levy loss, is \$41,211,680.

Attachment 3 is an economic overview of Parmer County.

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

Attachments

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

Attachment 1

Schedule A (Rev. May 2010): Investment

Form 90-298

Applicant Name: MARIAH NORTH WEST LLC
 ESD Name: FRIONA INDEPENDENT SCHOOL DISTRICT

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment to each year. Do not put estimates in totals.)									
	School Year (YYYY-YYYY)	Tax Year (File in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)		
Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment) Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property) Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) Complete tax years of qualifying time period Value Limitation Period Continues to Maintain Viable Presence Post- Settle-Up Period Post- Settle-Up Period	1	2014	\$ 14,000,000.00		\$ 14,000,000.00		\$ 14,000,000.00		
	2	2015-2016	\$ 474,000,000.00		\$ 474,000,000.00		\$ 474,000,000.00		
	3	2016-2017	\$ 240,000,000.00		\$ 240,000,000.00		\$ 240,000,000.00		
	4	2017-2018							
	5	2018-2019							
	6	2019-2020							
	7	2020-2021							
	8	2021-2022							
	9	2022-2023							
	10	2023-2024							
	11	2024-2025							
	12	2025-2026							
	13	2026-2027							
	14	2027-2028							
	15	2028-2029							

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D) Column A:

Column B: For the purposes of investment, please list amount invested each year, not cumulative totals. (For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property) include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

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

Column 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 these amounts for future years.

Signature: *[Handwritten Signature]* JAMES SCOTT
 DATE: 11/20/2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Form 50-296

Applicant Name: **MARIAH NORTH WEST LLC**
 ISD Name: **FRIONA INDEPENDENT SCHOOL DISTRICT**

Applicant Name ISD Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value	Estimated Taxable Value	
				Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"		Exempted Value	Final taxable value for I&S - after all reductions
	pre-year 1	2014-2015	2014	\$ -	\$ -	\$ -	-	\$ -	\$ -
	1	2015-2016	2015	\$ -	\$ -	\$ 14,000,000	-	\$ 14,000,000	\$ 14,000,000
	2	2016-2017	2016	\$ -	\$ -	\$ 488,000,000	-	\$ 488,000,000	\$ 488,000,000
	3	2017-2018	2017	\$ -	\$ -	\$ 655,200,000	-	\$ 655,200,000	\$ 20,000,000
	4	2018-2019	2018	\$ -	\$ -	\$ 618,800,000	-	\$ 618,800,000	\$ 20,000,000
	5	2019-2020	2019	\$ -	\$ -	\$ 582,400,000	-	\$ 582,400,000	\$ 20,000,000
	6	2020-2021	2020	\$ -	\$ -	\$ 546,000,000	-	\$ 546,000,000	\$ 20,000,000
	7	2021-2022	2021	\$ -	\$ -	\$ 509,600,000	-	\$ 509,600,000	\$ 20,000,000
	8	2022-2023	2022	\$ -	\$ -	\$ 473,200,000	-	\$ 473,200,000	\$ 20,000,000
	9	2023-2024	2023	\$ -	\$ -	\$ 436,800,000	-	\$ 436,800,000	\$ 20,000,000
	10	2024-2025	2024	\$ -	\$ -	\$ 400,400,000	-	\$ 400,400,000	\$ 20,000,000
	11	2025-2026	2025	\$ -	\$ -	\$ 364,000,000	-	\$ 364,000,000	\$ 364,000,000
	12	2026-2027	2026	\$ -	\$ -	\$ 364,000,000	-	\$ 364,000,000	\$ 364,000,000
	13	2027-2028	2027	\$ -	\$ -	\$ 364,000,000	-	\$ 364,000,000	\$ 364,000,000
	14	2028-2029	2028	\$ -	\$ -	\$ 364,000,000	-	\$ 364,000,000	\$ 364,000,000
	15	2029-2030	2029	\$ -	\$ -	\$ 364,000,000	-	\$ 364,000,000	\$ 364,000,000

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


 James Scott, CEO
 11/20/2013
 DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Schedule C- Application: Employment Information

Applicant Name: **MARIAH NORTHWEST LLC**
 ISD Name: **FRIONA INDEPENDENT SCHOOL DISTRICT**

Form 50-286

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs	
				Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
	pre-year 1	2014-2015	2014	8,783 hrs	\$25/hr	0	\$ -	0	\$ -
	1	2015-2016	2015	287,365 hrs	\$25/hr	10	\$ 46,035.00	10	\$ 46,035.00
	2	2016-2017	2016	150,665 hrs	\$25/hr	10	\$ 46,035.00	10	\$ 46,035.00
	3	2017-2018	2017			10	\$ 46,035.00	10	\$ 46,035.00
	4	2018-2019	2018			10	\$ 46,035.00	10	\$ 46,035.00
	5	2019-2020	2019			10	\$ 46,035.00	10	\$ 46,035.00
	6	2020-2021	2020			10	\$ 46,035.00	10	\$ 46,035.00
	7	2021-2022	2021			10	\$ 46,035.00	10	\$ 46,035.00
	8	2022-2023	2022			10	\$ 46,035.00	10	\$ 46,035.00
	9	2023-2024	2023			10	\$ 46,035.00	10	\$ 46,035.00
	10	2024-2025	2024			10	\$ 46,035.00	10	\$ 46,035.00
	11	2025-2026	2025			10	\$ 46,035.00	10	\$ 46,035.00
	12	2026-2027	2026			10	\$ 46,035.00	10	\$ 46,035.00
	13	2027-2028	2027			10	\$ 46,035.00	10	\$ 46,035.00
	14	2028-2029	2028			10	\$ 46,035.00	10	\$ 46,035.00
	15	2029-2030	2028			10	\$ 46,035.00	10	\$ 46,035.00
Tax Credit Period (with 50% cap on credit)									
Value Limitation Period									
Credit Settle-Up Period	Continue to Maintain Viable Presence								
Post-Settle-Up Period									
Post-Settle-Up Period									

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

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


 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE
 James Scott, CEO
 11/20/2013
 DATE

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

Applicant Name: **MARIAH NORTHWEST LLC** ISD Name: **FRIONA INDEPENDENT SCHOOL DISTRICT** Form 50-296
 Franchise Tax: **Other Property Tax Abatements Sought**

	Year	School Year (YYYY-YYYY)	Tax/ Calendar Year (YYYY-YYYY)	Sales Tax Information		Franchise Tax						
				Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	County	City	Hospital*	Other		
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)		2014-2015	2014	\$ 50,000	\$ 100,050,000	\$ 5,300,000						
Complete tax years of qualifying time period	1	2015-2016	2015	\$ 100,000	\$ -	\$ 5,300,000						
	2	2016-2017	2016	\$ 100,000	\$ -	\$ 5,300,000	100					
	3	2017-2018	2017	\$ 100,000	\$ -	\$ 5,300,000	100					
	4	2018-2019	2018	\$ 100,000	\$ -	\$ 5,300,000	100					
	5	2019-2020	2019	\$ 100,000	\$ -	\$ 5,300,000	100					
	6	2020-2021	2020	\$ 100,000	\$ -	\$ 5,300,000	100					
	7	2021-2022	2021	\$ 100,000	\$ -	\$ 5,300,000	90					
	8	2022-2023	2022	\$ 100,000	\$ -	\$ 5,300,000	80					
	9	2023-2024	2023	\$ 100,000	\$ -	\$ 5,300,000	70					
	10	2024-2025	2024	\$ 100,000	\$ -	\$ 5,300,000	60					
	11	2025-2026	2025	\$ 100,000	\$ -	\$ 5,300,000	50					
	12	2026-2027	2026	\$ 100,000	\$ -	\$ 5,300,000						
	13	2027-2028	2027	\$ 100,000	\$ -	\$ 5,300,000						
	14	2028-2029	2028	\$ 100,000	\$ -	\$ 5,300,000						
	15	2029-2030	2029	\$ 100,000	\$ -	\$ 5,300,000						

*For planning, construction and operation of the facility. **Estimated Parmer County Hospital District Percentages.** Percentages have not yet been requested by the Applicant.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE:  DATE: **3-4-2014**

Attachment 2



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

Michael Williams
Commissioner

March 3, 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 Mariah North West LLC project for the Friona Independent School District (FISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by McDowell & Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Mariah North West LLC project on FISD are correct.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk



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

Michael Williams
Commissioner

March 3, 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 Mariah North West LLC project on the number and size of school facilities in Friona Independent School District (FISD). Based on the analysis prepared by McDowell & Brown for the school district and a conversation with the FISD business manager, Diana Wright, the TEA has found that the Mariah North West LLC project would not have a significant impact on the number or size of school facilities in FISD.

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

Sincerely,

A handwritten signature in blue ink, appearing to read "Al McKenzie".

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Friona ISD Financial Impact of Chapter 313 Agreement

Summary of the District's Financial Impact of Chapter 313 Agreement with Mariah North West II, LLC

Prepared by

Randy McDowell, RTSBA

&

Neal Brown

School Finance Consultants

Friona ISD Financial Impact of Chapter 313 Agreement

Summary of Friona ISD Financial Impact of the Limited Appraised Value Application from Mariah North West II, LLC

Introduction

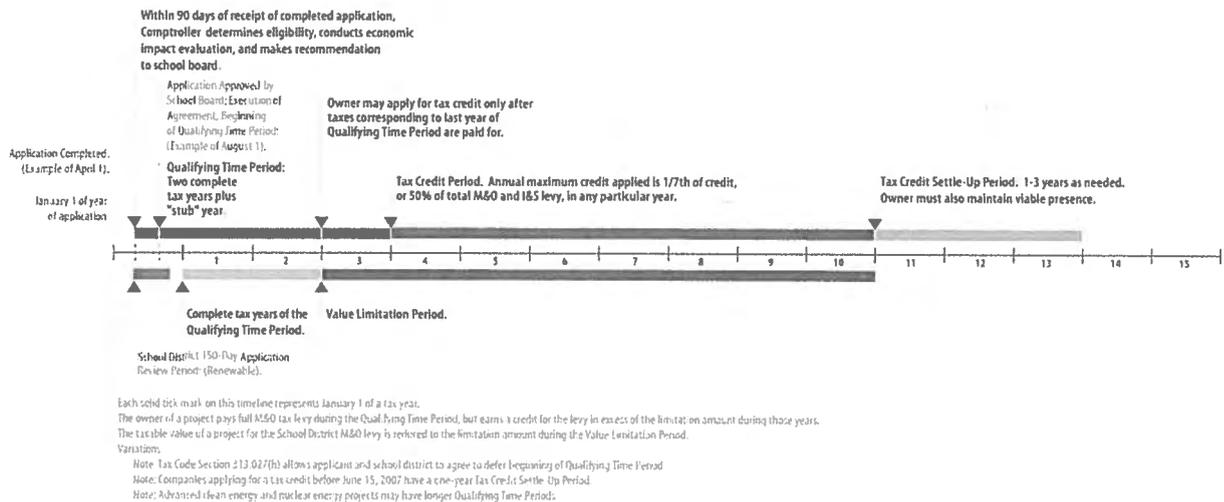
Mariah North West II, LLC applied for a property value limitation from Friona Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 19, 2013 and subsequently approved for consideration by the Friona ISD Board of Trustees. Mariah North West II, LLC ("Mariah NW II"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

Friona ISD Financial Impact of Chapter 313 Agreement

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



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

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Friona ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$90 million but less than \$200 million, thus Friona ISD has a minimum qualified investment amount of \$20 million. A qualifying entity’s taxable

Friona ISD Financial Impact of Chapter 313 Agreement

value would be reduced to \$20 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Friona ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The “Additional Value from Mariah NW II” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$20,000,000 minimum qualified investment of Friona ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Mariah NW II	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	14,000,000	n/a	0	14,000,000
Jan. 1, 2016	488,000,000	n/a	0	488,000,000
Jan. 1, 2017	655,200,000	(20,000,000)	635,200,000	20,000,000
Jan. 1, 2018	618,800,000	(20,000,000)	598,800,000	20,000,000
Jan. 1, 2019	582,400,000	(20,000,000)	562,400,000	20,000,000
Jan. 1, 2020	546,000,000	(20,000,000)	526,000,000	20,000,000
Jan. 1, 2021	509,600,000	(20,000,000)	489,600,000	20,000,000
Jan. 1, 2022	473,200,000	(20,000,000)	453,200,000	20,000,000
Jan. 1, 2023	436,800,000	(20,000,000)	416,800,000	20,000,000
Jan. 1, 2024	400,400,000	(20,000,000)	380,400,000	20,000,000
Jan. 1, 2025	364,000,000	n/a	0	364,000,000
Jan. 1, 2026	364,000,000	n/a	0	364,000,000
Jan. 1, 2027	364,000,000	n/a	0	364,000,000

Friona ISD Financial Impact of Chapter 313 Agreement

Mariah North West's Tax Benefit from Agreement

The projected amount of the net tax savings for Mariah NW II is \$35.52 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

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

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$.92 for the life of this agreement. The M&O rate for 2016-2017 and 2025-2026 is projected to decrease to \$.82 due to the rollback tax rate calculation.
- The district has outstanding bonds that are scheduled to payoff in 2027 with annual debt payments of approximately \$300,000 and currently have a \$.09 I&S tax rate. The I&S rates displayed below reflect the impact of the increased property values from the wind project. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	0.9200	0.089	128,800	0	n/a	0	0
2016-2017	0.8200	0.037	4,001,600	0	n/a	0	0
2017-2018	0.9200	0.031	6,027,840	5,843,840	n/a	(5,691,710)	152,130
2018-2019	0.9200	0.032	5,692,960	5,508,960	191,008	0	5,699,968
2019-2020	0.9200	0.033	5,358,080	5,174,080	188,096	0	5,362,176
2020-2021	0.9200	0.035	5,023,200	4,839,200	187,550	0	5,026,750
2021-2022	0.9200	0.037	4,688,320	4,504,320	186,276	0	4,690,596
2022-2023	0.9200	0.038	4,353,440	4,169,440	181,908	0	4,351,348
2023-2024	0.9200	0.040	4,018,560	3,834,560	179,360	0	4,013,920
2024-2025	0.9200	0.042	3,683,680	3,499,680	176,084	0	3,675,764
2025-2026	0.8200	0.044	2,984,800	0	2,547,318	0	2,547,318
2026-2027	0.9200	0.044	3,348,800	0	0	0	0
2027-2028	0.9200	0.000	3,348,800	0	0	0	0
Totals			52,658,880	37,374,080	3,837,600	(5,691,710)	35,519,970

Friona ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

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

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2013 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was decreased by .25% per year for the life of the agreement.

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

Friona ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

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

TABLE III – District Revenues *without* Mariah North West II, LLC:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
		Compressed Rate	State Revenue				
2015-2016	325,663,713	2,540,177	5,760,496	0	8,300,673	1,124,304	9,424,978
2016-2017	328,920,350	2,565,579	5,714,343	0	8,279,922	1,125,673	9,405,595
2017-2018	332,209,553	2,591,235	4,622,204	0	7,213,439	1,122,496	8,335,935
2018-2019	335,531,649	2,617,147	4,579,977	0	7,197,124	1,119,332	8,316,456
2019-2020	338,886,965	2,643,318	4,533,478	0	7,176,796	1,116,180	8,292,976
2020-2021	342,275,835	2,669,752	4,490,728	0	7,160,479	1,113,040	8,273,519
2021-2022	345,698,593	2,696,449	4,447,709	0	7,144,158	1,109,912	8,254,070
2022-2023	349,155,579	2,723,414	4,400,409	0	7,123,823	1,106,797	8,230,619
2023-2024	352,647,135	2,750,648	4,356,848	0	7,107,495	1,103,693	8,211,188
2024-2025	356,173,606	2,778,154	4,313,013	0	7,091,167	1,100,602	8,191,769
2025-2026	359,735,342	2,805,936	4,264,888	0	7,070,824	1,097,522	8,168,345
2026-2027	363,332,696	2,833,995	4,220,493	0	7,054,488	1,094,454	8,148,942
2027-2028	366,966,023	2,862,335	4,175,802	0	7,038,137	1,091,397	8,129,534

Friona ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Mariah North West II, LLC without Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	339,663,713	2,649,377	5,651,296	0	8,300,673	1,171,045	9,471,719
2016-2017	816,920,350	6,371,979	4,489,179	0	10,861,158	1,039,328	11,900,485
2017-2018	987,409,553	7,701,795	713,593	236,746	8,178,642	1,561,272	9,739,914
2018-2019	954,331,649	7,443,787	456,382	1,126,819	6,773,350	1,378,038	8,151,387
2019-2020	921,286,965	7,186,038	451,306	868,859	6,768,485	1,350,111	8,118,596
2020-2021	888,275,835	6,928,552	449,686	611,666	6,766,571	1,322,184	8,088,754
2021-2022	855,298,593	6,671,329	462,574	355,302	6,778,601	1,294,253	8,072,855
2022-2023	822,355,579	6,414,374	447,677	221,352	6,640,699	1,266,316	7,907,015
2023-2024	789,447,135	6,157,688	597,747	197,031	6,558,403	1,238,368	7,796,771
2024-2025	756,573,606	5,901,274	843,511	172,767	6,572,018	1,210,404	7,782,422
2025-2026	723,735,342	5,645,136	1,084,984	148,565	6,581,555	1,182,418	7,763,973
2026-2027	727,332,696	5,673,195	1,324,509	131,400	6,866,304	1,214,259	8,080,563
2027-2028	730,966,023	5,701,535	1,279,829	135,364	6,846,000	1,215,488	8,061,488

TABLE V – District Revenues with Mariah North West II, LLC with Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold	M&O Taxes	Payment	Total District Revenue
					Harmless Revenue	> Comp Rate	for District Losses	
2015-2016	339,663,713	2,649,377	5,651,296	0	8,300,673	1,171,045	0	9,471,719
2016-2017	816,920,350	6,371,979	4,489,179	0	10,861,158	1,039,328	0	11,900,485
2017-2018	352,209,553	2,747,235	812,684	79,777	3,480,141	568,063	5,691,710	9,739,914
2018-2019	355,531,649	2,773,147	4,420,857	0	7,194,004	1,116,689	0	8,310,693
2019-2020	358,886,965	2,799,318	4,374,358	0	7,173,676	1,113,588	0	8,287,264
2020-2021	362,275,835	2,825,752	4,331,608	0	7,157,359	1,110,498	0	8,267,858
2021-2022	365,698,593	2,852,449	4,288,589	0	7,141,038	1,107,420	0	8,248,457
2022-2023	369,155,579	2,879,414	4,241,289	0	7,120,703	1,104,352	0	8,225,055
2023-2024	372,647,135	2,906,648	4,197,728	0	7,104,375	1,101,296	0	8,205,671
2024-2025	376,173,606	2,934,154	4,153,893	0	7,088,047	1,098,250	0	8,186,297
2025-2026	723,735,342	5,645,136	4,062,443	0	9,707,579	814,456	0	10,522,035
2026-2027	727,332,696	5,673,195	1,324,509	131,400	6,866,304	1,214,259	0	8,080,563
2027-2028	730,966,023	5,701,535	1,279,829	135,364	6,846,000	1,215,488	0	8,061,488

Friona ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses in year three of the LAVA offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Friona ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Mariah North West II, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Friona ISD by Mariah NW II, the projected amount of these payments over the life of the agreement is \$1,394,393 of the \$35.52 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

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

Fiscal Year	Net Tax Savings	Friona ISD \$100/ADA	Mariah NW II's Share
2015-2016	0	108,879	(108,879)
2016-2017	0	108,607	(108,607)
2017-2018	152,130	108,336	43,795
2018-2019	5,699,968	108,065	5,591,903
2019-2020	5,362,176	107,795	5,254,381
2020-2021	5,026,750	107,525	4,919,225
2021-2022	4,690,596	107,256	4,583,340
2022-2023	4,351,348	106,988	4,244,360
2023-2024	4,013,920	106,721	3,907,199
2024-2025	3,675,764	106,454	3,569,310
2025-2026	2,547,318	106,188	2,441,130
2026-2027	0	105,922	(105,922)
2027-2028	0	105,657	(105,657)
Totals	35,519,970	1,394,393	34,125,577

Friona ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Friona Primary	EE thru 1	18	360	279	81
Friona Elementary	2-5	33	660	327	333
Friona Jr. High	6-8	23	414	261	153
Friona High	9-12	31	558	341	217
Total		105	1,992	1,208	784

The building capacities are based on 20 students per classroom for the elementary campuses, 18 students for the middle and high school. Friona ISD is a early education through 12th grade district.

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

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

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

Friona ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Mariah North West II, LLC, would be beneficial to both Mariah NW II and Friona ISD under the current school finance system.

Mariah North West II, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Mariah NW II is projected to benefit from a 90% tax savings over the first eleven year period of this agreement. Mariah NW II also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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

Attachment 3

Parmer County

Population

- Total county population in 2010 for Parmer County: 9,340 , up 1.5 percent from 2009. State population increased 1.8 percent in the same time period.
- Parmer County was the state's 172th largest county in population in 2010 and the 66 th fastest growing county from 2009 to 2010.
- Parmer County's population in 2009 was 40.0 percent Anglo (below the state average of 46.7 percent), 1.5 percent African-American (below the state average of 11.3 percent) and 57.3 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Parmer County:

Friona:	3,538	Bovina:	1,716
Farwell:	1,252		

Economy and Income

Employment

- September 2011 total employment in Parmer County: 4,532 , up 1.7 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Parmer County unemployment rate: 5.1 percent, up from 4.4 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

- Parmer County's ranking in per capita personal income in 2009: 174th with an average per capita income of \$30,260, down 4.5 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 Parmer County averaged \$491.23 million annually from 2007 to 2010. County total agricultural values in 2010 were up 33.5 percent from 2009. Major agriculture related commodities in Parmer County during 2010 included:
 - Wheat
 - Ensilage
 - Corn
 - Other Beef
 - Fed Beef
- 2011 oil and gas production in Parmer County: barrels of oil and Mcf of gas. In September 2011, there were 0 producing oil wells and 0 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 Parmer County during the fourth quarter 2010: \$4.96 million, up 8.9 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Friona:	\$2.91 million, up 7.2 percent from the same quarter in 2009.
Bovina:	\$461,898.00, up 4.2 percent from the same quarter in 2009.
Farwell:	\$971,217.00, up 4.6 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 Parmer County through the fourth quarter of 2010: \$19.01 million, up 1.0 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Friona:	\$11.23 million, up 1.2 percent from the same period in 2009.
Bovina:	\$1.77 million, up 0.9 percent from the same period in 2009.
Farwell:	\$3.97 million, up 8.0 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Parmer County during 2010: \$19.01 million, up 1.0 percent from 2009.
- Parmer County sent an estimated \$1.19 million (or 0.01 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Friona:	\$11.23 million, up 1.2 percent from 2009.
Bovina:	\$1.77 million, up 0.9 percent from 2009.

Farwell: \$3.97 million, up 8.0 percent from 2009.

Sales Tax – Local Sales Tax Allocations

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

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Parmer County based on the sales activity month of August 2011: \$47,828.47, up 17.8 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 - Friona: \$33,053.61, up 24.9 percent from August 2010.
 - Bovina: \$7,125.86, up 8.2 percent from August 2010.
 - Farwell: \$7,649.00, up 1.4 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Parmer County based on sales activity months from September 2010 through August 2011: \$563,096.87, up 13.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 - Friona: \$374,298.16, up 18.5 percent from fiscal 2010.
 - Bovina: \$93,210.32, up 12.4 percent from fiscal 2010.
 - Farwell: \$95,588.39, down 0.1 percent from fiscal 2010.

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

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Parmer County based on sales activity months through August 2011: \$369,377.18, up 13.9 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Friona: \$245,944.88, up 16.7 percent from the same period in 2010.
 - Bovina: \$60,771.65, up 12.4 percent from the same period in 2010.
 - Farwell: \$62,660.65, up 5.3 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Parmer County based on sales activity in the 12 months ending in August 2011: \$563,096.87, up 13.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Friona: \$374,298.16, up 18.5 percent from the previous 12-month period.
 - Bovina: \$93,210.32, up 12.4 percent from the previous 12-month period.
 - Farwell: \$95,588.39, down 0.1 percent from the previous 12-month period.

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

- Payment to the cities from January 2011 through October 2011:
 - Friona: \$311,126.74, up 18.7 percent from the same period in 2010.
 - Bovina: \$78,872.66, up 15.8 percent from the same period in 2010.
 - Farwell: \$80,323.34, up 6.1 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 Parmer County based on sales activity months in 2010: \$518,071.45, up 6.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Friona: \$339,173.43, up 9.2 percent from 2009.
 - Bovina: \$86,486.52, up 7.5 percent from 2009.
 - Farwell: \$92,411.50, down 1.4 percent from 2009.

Property Tax

- As of January 2009, property values in Parmer County: \$903.59 million, up 6.3 percent from January 2008 values. The property tax base per person in Parmer County is \$97,265, above the statewide average of \$85,809. About 0.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Parmer County's ranking in state expenditures by county in fiscal year 2010: 205th. State expenditures in the county for FY2010: \$17.09 million, down 0.4 percent from FY2009.
- In Parmer County, 3 state agencies provide a total of 20 jobs and \$166,366.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - AgriLife Extension Service

Higher Education

- Community colleges in Parmer County fall 2010 enrollment:
 - None.
- Parmer County is in the service area of the following:
 - Amarillo College with a fall 2010 enrollment of 11,540. Counties in the service area include:
 - Carson County
 - Castro County
 - Deaf Smith County
 - Moore County
 - Oldham County
 - Parmer County
 - Potter County
 - Randall County
 - Swisher County
- Institutions of higher education in Parmer County fall 2010 enrollment:
 - None.

School Districts

- Parmer County had 4 school districts with 11 schools and 2,400 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.)
 - Bovina ISD had 510 students in the 2009-10 school year. The average teacher salary was \$39,247. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.
 - Farwell ISD had 538 students in the 2009-10 school year. The average teacher salary was \$40,231. The percentage of students meeting the 2010 TAKS passing standard for all tests was 80 percent.
 - Friona ISD had 1,212 students in the 2009-10 school year. The average teacher salary was \$42,516. The percentage of students meeting the 2010 TAKS passing standard for all tests was 73 percent.
 - Lazbuddie ISD had 140 students in the 2009-10 school year. The average teacher salary was \$37,669. The percentage of students meeting the 2010 TAKS passing standard for all tests was 70 percent.

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Mariah North West II, LLC**

Prepared by

Randy McDowell, RTSBA

&

Neal Brown

School Finance Consultants

Friona ISD Financial Impact of Chapter 313 Agreement

Summary of Friona ISD Financial Impact of the Limited Appraised Value Application from Mariah North West II, LLC

Introduction

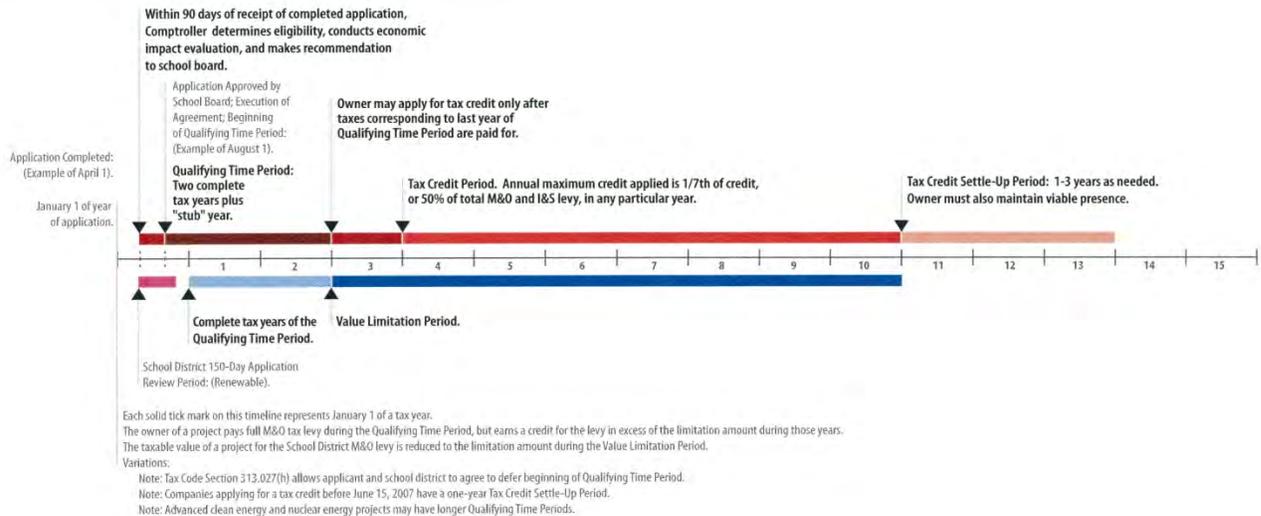
Mariah North West II, LLC applied for a property value limitation from Friona Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 19, 2013 and subsequently approved for consideration by the Friona ISD Board of Trustees. Mariah North West II, LLC (“Mariah NW II”), is requesting the property value limitation as a “renewable energy electric generation” project as listed in Sec. 313.024.(b) of the Tax Code.

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

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

Friona ISD Financial Impact of Chapter 313 Agreement

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



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

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Friona ISD is considered a Rural category 2 District as categorized with total taxable value of industrial property of at least \$90 million but less than \$200 million, thus Friona ISD has a minimum qualified investment amount of \$20 million. A qualifying entity’s taxable

Friona ISD Financial Impact of Chapter 313 Agreement

value would be reduced to \$20 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Friona ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The “Additional Value from Mariah NW II” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$20,000,000 minimum qualified investment of Friona ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Mariah NW II	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	14,000,000	n/a	0	14,000,000
Jan. 1, 2016	488,000,000	n/a	0	488,000,000
Jan. 1, 2017	655,200,000	(20,000,000)	635,200,000	20,000,000
Jan. 1, 2018	618,800,000	(20,000,000)	598,800,000	20,000,000
Jan. 1, 2019	582,400,000	(20,000,000)	562,400,000	20,000,000
Jan. 1, 2020	546,000,000	(20,000,000)	526,000,000	20,000,000
Jan. 1, 2021	509,600,000	(20,000,000)	489,600,000	20,000,000
Jan. 1, 2022	473,200,000	(20,000,000)	453,200,000	20,000,000
Jan. 1, 2023	436,800,000	(20,000,000)	416,800,000	20,000,000
Jan. 1, 2024	400,400,000	(20,000,000)	380,400,000	20,000,000
Jan. 1, 2025	364,000,000	n/a	0	364,000,000
Jan. 1, 2026	364,000,000	n/a	0	364,000,000
Jan. 1, 2027	364,000,000	n/a	0	364,000,000

Friona ISD Financial Impact of Chapter 313 Agreement

Mariah North West’s Tax Benefit from Agreement

The projected amount of the net tax savings for Mariah NW II is \$35.52 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

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

- The District has not held a tax ratification election and the study projects that it will maintain an M&O tax rate of \$.92 for the life of this agreement. The M&O rate for 2016-2017 and 2025-2026 is projected to decrease to \$.82 due to the rollback tax rate calculation.
- The district has outstanding bonds that are scheduled to payoff in 2027 with annual debt payments of approximately \$300,000 and currently have a \$.09 I&S tax rate. The I&S rates displayed below reflect the impact of the increased property values from the wind project. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District’s Revenue Losses	Net Tax Savings
2015-2016	0.9200	0.089	128,800	0	n/a	0	0
2016-2017	0.8200	0.037	4,001,600	0	n/a	0	0
2017-2018	0.9200	0.031	6,027,840	5,843,840	n/a	(5,691,710)	152,130
2018-2019	0.9200	0.032	5,692,960	5,508,960	191,008	0	5,699,968
2019-2020	0.9200	0.033	5,358,080	5,174,080	188,096	0	5,362,176
2020-2021	0.9200	0.035	5,023,200	4,839,200	187,550	0	5,026,750
2021-2022	0.9200	0.037	4,688,320	4,504,320	186,276	0	4,690,596
2022-2023	0.9200	0.038	4,353,440	4,169,440	181,908	0	4,351,348
2023-2024	0.9200	0.040	4,018,560	3,834,560	179,360	0	4,013,920
2024-2025	0.9200	0.042	3,683,680	3,499,680	176,084	0	3,675,764
2025-2026	0.8200	0.044	2,984,800	0	2,547,318	0	2,547,318
2026-2027	0.9200	0.044	3,348,800	0	0	0	0
2027-2028	0.9200	0.000	3,348,800	0	0	0	0
Totals			52,658,880	37,374,080	3,837,600	(5,691,710)	35,519,970

Friona ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

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

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district’s tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district’s taxable value, except as it related to the requested LAVA. The district’s 2013 taxable value was used as a baseline for all projections
- The district’s enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was decreased by .25% per year for the life of the agreement.

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

Friona ISD Financial Impact of Chapter 313 Agreement

Calculation of LAVA Impact on District's Finances

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

TABLE III – District Revenues *without* Mariah North West II, LLC:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	325,663,713	2,540,177	5,760,496	0	8,300,673	1,124,304	9,424,978
2016-2017	328,920,350	2,565,579	5,714,343	0	8,279,922	1,125,673	9,405,595
2017-2018	332,209,553	2,591,235	4,622,204	0	7,213,439	1,122,496	8,335,935
2018-2019	335,531,649	2,617,147	4,579,977	0	7,197,124	1,119,332	8,316,456
2019-2020	338,886,965	2,643,318	4,533,478	0	7,176,796	1,116,180	8,292,976
2020-2021	342,275,835	2,669,752	4,490,728	0	7,160,479	1,113,040	8,273,519
2021-2022	345,698,593	2,696,449	4,447,709	0	7,144,158	1,109,912	8,254,070
2022-2023	349,155,579	2,723,414	4,400,409	0	7,123,823	1,106,797	8,230,619
2023-2024	352,647,135	2,750,648	4,356,848	0	7,107,495	1,103,693	8,211,188
2024-2025	356,173,606	2,778,154	4,313,013	0	7,091,167	1,100,602	8,191,769
2025-2026	359,735,342	2,805,936	4,264,888	0	7,070,824	1,097,522	8,168,345
2026-2027	363,332,696	2,833,995	4,220,493	0	7,054,488	1,094,454	8,148,942
2027-2028	366,966,023	2,862,335	4,175,802	0	7,038,137	1,091,397	8,129,534

Friona ISD Financial Impact of Chapter 313 Agreement

TABLE IV- District Revenues with Mariah North West II, LLC without Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O	Total District Revenue
		Compressed Rate	State Revenue		Harmless Revenue	Taxes > Comp Rate	
2015-2016	339,663,713	2,649,377	5,651,296	0	8,300,673	1,171,045	9,471,719
2016-2017	816,920,350	6,371,979	4,489,179	0	10,861,158	1,039,328	11,900,485
2017-2018	987,409,553	7,701,795	713,593	236,746	8,178,642	1,561,272	9,739,914
2018-2019	954,331,649	7,443,787	456,382	1,126,819	6,773,350	1,378,038	8,151,387
2019-2020	921,286,965	7,186,038	451,306	868,859	6,768,485	1,350,111	8,118,596
2020-2021	888,275,835	6,928,552	449,686	611,666	6,766,571	1,322,184	8,088,754
2021-2022	855,298,593	6,671,329	462,574	355,302	6,778,601	1,294,253	8,072,855
2022-2023	822,355,579	6,414,374	447,677	221,352	6,640,699	1,266,316	7,907,015
2023-2024	789,447,135	6,157,688	597,747	197,031	6,558,403	1,238,368	7,796,771
2024-2025	756,573,606	5,901,274	843,511	172,767	6,572,018	1,210,404	7,782,422
2025-2026	723,735,342	5,645,136	1,084,984	148,565	6,581,555	1,182,418	7,763,973
2026-2027	727,332,696	5,673,195	1,324,509	131,400	6,866,304	1,214,259	8,080,563
2027-2028	730,966,023	5,701,535	1,279,829	135,364	6,846,000	1,215,488	8,061,488

TABLE V – District Revenues with Mariah North West II, LLC with Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes		Recapture Amount	Hold	M&O Taxes	Payment	Total District Revenue
		Comp Rate	State Revenue		Harmless Revenue	> Comp Rate	for District Losses	
2015-2016	339,663,713	2,649,377	5,651,296	0	8,300,673	1,171,045	0	9,471,719
2016-2017	816,920,350	6,371,979	4,489,179	0	10,861,158	1,039,328	0	11,900,485
2017-2018	352,209,553	2,747,235	812,684	79,777	3,480,141	568,063	5,691,710	9,739,914
2018-2019	355,531,649	2,773,147	4,420,857	0	7,194,004	1,116,689	0	8,310,693
2019-2020	358,886,965	2,799,318	4,374,358	0	7,173,676	1,113,588	0	8,287,264
2020-2021	362,275,835	2,825,752	4,331,608	0	7,157,359	1,110,498	0	8,267,858
2021-2022	365,698,593	2,852,449	4,288,589	0	7,141,038	1,107,420	0	8,248,457
2022-2023	369,155,579	2,879,414	4,241,289	0	7,120,703	1,104,352	0	8,225,055
2023-2024	372,647,135	2,906,648	4,197,728	0	7,104,375	1,101,296	0	8,205,671
2024-2025	376,173,606	2,934,154	4,153,893	0	7,088,047	1,098,250	0	8,186,297
2025-2026	723,735,342	5,645,136	4,062,443	0	9,707,579	814,456	0	10,522,035
2026-2027	727,332,696	5,673,195	1,324,509	131,400	6,866,304	1,214,259	0	8,080,563
2027-2028	730,966,023	5,701,535	1,279,829	135,364	6,846,000	1,215,488	0	8,061,488

Friona ISD Financial Impact of Chapter 313 Agreement

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses in year three of the LAVA offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Friona ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Mariah North West II, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) will be paid to Friona ISD by Mariah NW II, the projected amount of these payments over the life of the agreement is \$1,394,393 of the \$35.52 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

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

Fiscal Year	Net Tax Savings	Friona ISD \$100/ADA	Mariah NW II's Share
2015-2016	0	108,879	(108,879)
2016-2017	0	108,607	(108,607)
2017-2018	152,130	108,336	43,795
2018-2019	5,699,968	108,065	5,591,903
2019-2020	5,362,176	107,795	5,254,381
2020-2021	5,026,750	107,525	4,919,225
2021-2022	4,690,596	107,256	4,583,340
2022-2023	4,351,348	106,988	4,244,360
2023-2024	4,013,920	106,721	3,907,199
2024-2025	3,675,764	106,454	3,569,310
2025-2026	2,547,318	106,188	2,441,130
2026-2027	0	105,922	(105,922)
2027-2028	0	105,657	(105,657)
Totals	35,519,970	1,394,393	34,125,577

Friona ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth On District Facilities

TABLE VII – Campus Capacity and Available Growth

Campus Name	Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
Friona Primary	EE thru 1	18	360	279	81
Friona Elementary	2-5	33	660	327	333
Friona Jr. High	6-8	23	414	261	153
Friona High	9-12	31	558	341	217
Total		105	1,992	1,208	784

The building capacities are based on 20 students per classroom for the elementary campuses, 18 students for the middle and high school. Friona ISD is a early education through 12th grade district.

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

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

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

Friona ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Mariah North West II, LLC, would be beneficial to both Mariah NW II and Friona ISD under the current school finance system.

Mariah North West II, LLC would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Mariah NW II is projected to benefit from a 90% tax savings over the first eleven year period of this agreement. Mariah NW II also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

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



Window on State Government

Susan Combs Texas Comptroller of Public Accounts

2013 ISD Summary Worksheet

059/Deaf Smith

185-903/Friona ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	32,900	N/A	32,900	32,900
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	1,535,204	N/A	1,535,204	1,535,204
D2. Real Prop Farm & Ranch	47,700	N/A	47,700	47,700
E. Real Prop NonQual Acres	367,500	N/A	367,500	367,500
F1. Commercial Real	700	N/A	700	700
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	49,800	N/A	49,800	49,800
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	2,033,804		2,033,804	2,033,804
Less Total Deductions	51,300		51,300	51,300
Total Taxable Value	1,982,504		1,982,504	1,982,504 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
2,002,504	1,982,504	2,002,504	1,982,504	1,982,504	1,982,504

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
20,000	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
2,002,504	1,982,504	2,002,504	1,982,504	1,982,504	1,982,504

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

185/Parmer

185-903/Friona ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	68,789,225	N/A	68,789,225	68,789,225
B. Multi-Family Residences	1,338,972	N/A	1,338,972	1,338,972
C1. Vacant Lots	357,660	N/A	357,660	357,660
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	39,396,606	N/A	39,396,606	39,396,606
D2. Real Prop Farm & Ranch	4,307,889	N/A	4,307,889	4,307,889

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
E. Real Prop NonQual Acres	23,148,895	N/A	23,148,895	23,148,895
F1. Commercial Real	7,312,282	N/A	7,312,282	7,312,282
F2. Industrial Real	50,381,401	N/A	50,381,401	50,381,401
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	31,385,972	N/A	31,385,972	31,385,972
L1. Commercial Personal	14,788,042	N/A	14,788,042	14,788,042
L2. Industrial Personal	107,417,604	N/A	107,417,604	107,417,604
M. Other Personal	208,062	N/A	208,062	208,062
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	808,134	N/A	808,134	808,134
Subtotal	349,640,744		349,640,744	349,640,744
Less Total Deductions	30,385,676		30,385,676	30,385,676
Total Taxable Value	319,255,068		319,255,068	319,255,068 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
329,026,025	319,255,068	329,026,025	319,255,068	319,255,068	319,255,068

Loss To the Additional \$10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
9,770,957	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
329,026,025	319,255,068	329,026,025	319,255,068	319,255,068	319,255,068

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

185-903/Friona ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	68,822,125	N/A	68,822,125	68,822,125
B. Multi-Family Residences	1,338,972	N/A	1,338,972	1,338,972
C1. Vacant Lots	357,660	N/A	357,660	357,660
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	40,931,810	N/A	40,931,810	40,931,810
D2. Real Prop Farm & Ranch	4,355,589	N/A	4,355,589	4,355,589
E. Real Prop NonQual Acres	23,516,395	N/A	23,516,395	23,516,395
F1. Commercial Real	7,312,982	N/A	7,312,982	7,312,982
F2. Industrial Real	50,381,401	N/A	50,381,401	50,381,401
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	31,435,772	N/A	31,435,772	31,435,772
L1. Commercial Personal	14,788,042	N/A	14,788,042	14,788,042
L2. Industrial Personal	107,417,604	N/A	107,417,604	107,417,604
M. Other Personal	208,062	N/A	208,062	208,062
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	808,134	N/A	808,134	808,134
Subtotal	351,674,548		351,674,548	351,674,548
Less Total Deductions	30,436,976		30,436,976	30,436,976
Total Taxable Value	321,237,572		321,237,572	321,237,572 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

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

by and between

FRIONA INDEPENDENT SCHOOL DISTRICT

and

MARIAH NORTH WEST, LLC

(Texas Taxpayer ID # 32041670004)

TEXAS COMPTROLLER'S APPLICATION NO. 381

Dated

June 30, 2014

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

STATE OF TEXAS §

COUNTY OF PARMER §

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, (“Agreement”) is executed and delivered by and between **FRIONA INDEPENDENT SCHOOL DISTRICT** (the “District”), with its central administrative office located in Parmer County, Texas (“County”), a lawfully created independent school district of the State of Texas operating under and subject to the TEXAS EDUCATION CODE (“TEC”), and **MARIAH NORTH WEST, LLC**, a Texas limited liability company, Texas Taxpayer Identification Number 32041670004 (“Applicant”) and relates to a limitation of the Appraised Value of property for the District’s maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the “Code”). The District and Applicant are collectively referred to herein as the “Parties” and each individually as a “Party.”

RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District’s Board of Trustees (“Board of Trustees”), timely received from Applicant an Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053 (“Application”), on or about November 19, 2013; and,

WHEREAS, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL), and agreed to consider the Application on or about November 21, 2013, the date it was determined to be complete by the District (the “Completed Application Date”); and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts (“Comptroller”) on or about November 22, 2013, for its review pursuant to §313.025(a-1) and (b) of the Code. The Comptroller deemed the Application complete and thereafter began its analysis of the Application on December 13, 2013 (the “Application Review Start Date”). Thereafter, the Applicant submitted a revised Schedule D on or about March 5, 2014; and,

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE §9.1054, the Application was delivered for review to the Parmer County Appraisal District established in Parmer County, Texas (the “Parmer County Appraisal District”), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Comptroller conducted an economic impact evaluation of the Application pursuant to Section 313.025(b) of the TEXAS TAX CODE; and,

WHEREAS, pursuant to Section 313.025(d) of the TEXAS TAX CODE, the Board of Trustees timely received the March 6, 2014 recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code Sections 313.001, *et seq.*, and that the Application be approved (the “Recommendation”); and,

WHEREAS, District’s Board of Trustees, by resolution dated April 14, 2014, granted Applicant’s request to extend the statutory deadline by which the District must consider its Application until July 12, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d); and,

WHEREAS, on June 30, 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;

WHEREAS, on June 30, 2014, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant’s Qualified Property; (iii) the limitation on appraised value is a determining factor in Applicant’s decision to invest capital and construct the project in this state; and (iv) this Agreement is in the best interest of District and the State of Texas;

WHEREAS, on June , 2014, the Texas Comptroller’s Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

WHEREAS, on June 30, 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 Trustees whose signatures appear below to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I **DEFINITIONS**

Section 1.1 DEFINITIONS. Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning. Words or terms defined in 34 TEXAS ADMIN. CODE §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE §9.1051.

“*Act*” means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended, and as applicable to Applicant’s Application, which was filed

before January 1, 2014.

“Agreement” means this Agreement, as the same may be modified, amended, restated, or supplemented as approved pursuant to Section 11.2 of this Agreement.

“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 District, and the Constitution and general laws of the State applicable to the 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 Applicant’s ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement, or that could impact or alter any calculation of payment from Applicant to the District under Articles IV, V or VI of this Agreement.

“Applicant” means Mariah North West, LLC (Texas Taxpayer ID #32041670004), the company listed in the Preamble of this Agreement and that is listed as the Applicant on the Application, as of the Application Approval Date. The term “Applicant” shall also include Applicant’s permitted assigns and successors-in-interest as approved according to Section 11.2 of this Agreement.

“Applicant’s Qualified Investment” means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of this Agreement.

“Application” means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with District by Applicant on November 19, 2013. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

“Application Approval Date” means the date that the Application is approved by the Board of Trustees of District and as further identified in Section 2.3.B of this Agreement.

“Application Review Start Date” means the later date of either the date on which District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that Applicant has submitted a completed application and as further identified in Section 2.3.A of this Agreement.

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

“Appraisal District” means the Parmer County Appraisal District.

“Board of Trustees” means the Board of Trustees of the Friona Independent School District.

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

“Comptroller’s Rules” means the applicable rules and regulations of Comptroller set forth in Chapter 34 Texas Administrative Code, Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

“County” means Parmer County, Texas.

“District” or “School District” means the Friona Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries. 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 Applicant’s Qualified Property or the Applicant’s Qualified Investment.

“Final Termination Date” means the last date of the final year in which Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

“Land” means the real property described on **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes.

“Maintain Viable Presence” means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the applicable term of this Agreement, as defined in Section 2.3 below, of not fewer than the number of Qualifying Jobs required by the Code, or as found by the District’s Board of Trustees if the number of such jobs required by the Texas Tax Code exceeds the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence following an event of force majeure that halts facility operations so long as Applicant commences repairs and/or reconstruction of the damage within one hundred eighty (180) days after the event of force majeure. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

“M&O Amount” shall have the meaning assigned to such term in Section 4.2 of the Agreement.

“Maintenance and Operations Revenue” or “M&O Revenue” means (i) those revenues

which District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Section 45.002 of the TEXAS EDUCATION CODE 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 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 Savings” means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for all years during the term of this Agreement, plus (B) any and all payments due to the District under Article IV of this Agreement. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 6.2 shall mean an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement for such year; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for such year, plus (B) any and all payments due to the District under Article IV of this Agreement for such year.

“New Jobs” means the jobs defined by 34 TEX. ADMIN. CODE §9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under the applicable provisions of TEXAS TAX CODE, Chapter 313, effective as of the Application Review Start Date, Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

“New Qualifying Jobs” means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of a Qualifying Job as defined in the applicable provisions of Chapter 313 of the TEXAS TAX CODE, and as interpreted by the Comptroller’s rules effective as of the Application Review Start Date.

“Qualified Investment” has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller’s Rules, applicable as of the Application Review Start Date.

“Qualified Property” has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller’s Rules and the Texas Attorney General, as these provisions existed as of the Application Review Start Date.

“Qualifying Time Period” means the period that begins on the date of approval of this Agreement by District’s Board of Trustees and ends on December 31st of the second Full Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the Qualified Property is to be located in the amount required by the Act, the Comptroller’s rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

“Reinvestment Zone” means the District’s Reinvestment Zones created pursuant to Section 312.0025 of the TEXAS TAX CODE by action of the Board of Trustees or by the County and as further described by the description and/or depiction of said Reinvestment Zones attached hereto as **EXHIBIT 2**, which is incorporated herein by reference for all purposes.

“Revenue Protection Amount” means the amount calculated pursuant to Section 4.2 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 District or 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 Chapter 313 of the TEXAS TAX CODE. 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, and any school district written finding or report filed with the comptroller as required under Chapter 313 of the TEXAS TAX CODE.

“Supplemental Payment” has the meaning as set forth in Article VI of this Agreement.

“Tax Credit” means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 TEX. ADMIN. CODE §9.1056 applicable as of the Application Review Start Date, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the TEXAS TAX CODE and 34 TEX. ADMIN. CODE §9.1054.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Applicant’s Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE, applicable as of

the Application Review Start Date.

“Tax Limitation Period” means the Tax Years for which the Applicant’s Qualified Property is subject to the Tax Limitation Amount and as further identified in Section 2.3.D of this Agreement.

“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), and as set out in **EXHIBIT 1** attached hereto.

“Taxable Value” shall have the meaning assigned to such term in Section 1.04(10) of the TEXAS TAX CODE.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by District as its written agreement with Applicant pursuant to the provisions and authority granted to District under the TEXAS TAX CODE.

Section 2.2. PURPOSE. In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified throughout this Agreement, the value of Applicant’s Qualified Property listed and assessed by the County Appraiser(s) for District’s operation and maintenance ad valorem property tax shall be the Tax Limitation Amount as set forth in Section 2.4 of this Agreement during the Tax Limitation Period.

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is December 13, 2013, which will determine Applicant’s Qualified Property, the applicable wage standard and the applicable provisions of the Texas Tax Code.

B. The Application Approval Date for this Agreement is June 30, 2014, which will determine the start of Applicant’s Qualifying Time Period.

C. The Qualifying Time Period for this Agreement:

1. Starts on June 30, 2014, the Application Approval Date; and,
2. Ends on December 31, 2016.

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017; and,
2. Ends on December 31, 2024, the tenth full calendar year of this Agreement, as set out in **Exhibit 1** attached hereto.

E. The Final Termination Date for this Agreement is December 31, 2027.

F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Subsection 2.3.B above. This Agreement, and the obligation and responsibilities created by this Agreement, terminate on the Final Termination Date identified in Subsection 2.3.E above, unless extended by the express terms of this Agreement.

Section 2.4. TAX LIMITATION. So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, during the Qualifying Time Period, and unless this Agreement has been terminated as provided herein before such Tax Year, on January 1 of each Tax Year of the Tax Limitation Period, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

- A. the Market Value of the Applicant's Qualified Property; or
- B. Twenty Million Dollars (\$20,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District, set out in Chapter 313 of the TEXAS TAX CODE, as of the Application Review Start Date.

Section 2.5. QUALIFIED INVESTMENT FOR TAX LIMITATION ELIGIBILITY. In order to be eligible and entitled to receive the value limitation identified in 2.4 for the Qualified Property identified in Article III, Applicant shall:

- A. Have completed the Qualified Investment in the amount of \$20,000,000 by the end of the Qualifying Time Period;
- B. Have created and maintained the number of Qualifying Jobs specified in the Application; and,
- C. Be paying the applicable weekly wage for such Qualifying Jobs, as required by Chapter 313 of the TEXAS TAX CODE effective as of the Application Review Start Date.

Section 2.6. TAX LIMITATION OBLIGATIONS. In order to receive and maintain the limitation authorized by 2.4, Applicant shall:

- A. Provide payments to District sufficient to protect the future District M&O Revenues through payment of revenue offsets and other mechanisms as set out in Article IV;
- B. Provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V;
- C. Provide such supplemental payments as set out in Article VI; and

D. Create and Maintain Viable Presence and perform additional obligations as set out in Article VII of this Agreement.

ARTICLE III **QUALIFIED PROPERTY**

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated at the time of this Agreement either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described on **EXHIBIT 3**, which is attached hereto and 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 3** unless amended pursuant to the provisions of Section 11.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE and the Comptroller's rules (applicable as of the Application Review Start Date), and Section 11.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. If at any time after the Application Approval Date there is a material change in the Qualified Property described in **EXHIBIT 4** and located on the Land described in **EXHIBIT 3**, or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office 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 Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS

TAX CODE as a renewable energy electric generation facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), **IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT.** Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the Revenue Protection Amount to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 7.1 and 7.2, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of his 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:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

- i. "Original M&O Revenue" means the Maintenance and Operations Revenue that 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 Qualified Property had been subject to the full ad valorem maintenance and operations tax without any limitation on value.
- ii. "New M&O Revenue" means the Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount required by this Section 4.2 of this Agreement:

- 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 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 4.2 of this Agreement results in a negative number for the M&O Amount, the negative number will be considered to be zero.
- iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.
- v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its reimbursement payment of funds to the State or another school district, pursuant to Chapter 41 of the TEXAS EDUCATION CODE, because of its participation in this Agreement, Applicant shall make payments to District, up to the revenue protection amount limit set forth in Section 7.1, that are necessary to offset any negative impact on 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 District.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled pursuant to Chapter 313 of the TEXAS TAX CODE for which the District does not receive reimbursement from the State, whether pursuant to Section 42.2515 of the TEXAS EDUCATION CODE or otherwise; (b) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (c) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly, including any costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property, subject to the limitation provided in Section 2.4 herein.

Section 4.5. THIRD PARTY CALCULATIONS. All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties (“Consultant”) selected by the District, with Applicant’s consent, which consent shall not be unreasonably withheld, delayed, or conditioned. If a Consultant cannot be agreed to by the Parties, one shall be selected by the senior state district court judge of a court in the judicial district where the District’s central administrative office is located. Applicant will be solely responsible for the payment of Consultant’s fees up to Six Thousand Five Hundred Dollars, (\$6,500.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect “near final” or “actual” data for the applicable year as the data becomes available.

Section 4.6. DATA FOR CALCULATIONS. The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the TEXAS TAX CODE in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District’s tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Parmer County Appraisal District to the District’s certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

Section 4.7. DELIVERY OF CALCULATIONS.

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

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

Section 4.8. PAYMENT BY APPLICANT. On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District (subject to final settle up), all amounts billed by the Consultant pursuant to Section

4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. Provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise under the Texas Public Information Act (GOVERNMENT CODE Section 552.001 *et seq*).

Section 4.9. CHALLENGING CALCULATION RESULTS. The Applicant may appeal the Consultant's results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 days of its receipt, pursuant to District Policy GK (LOCAL).

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT. In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article IV of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

Section 4.11. EFFECT STATUTORY OR OTHER LEGAL CHANGES. If the District will receive less M&O Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas, or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limit on the revenue protection amount set forth in Article VII below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of M&O Revenue not less than that which the District would have received had the District not entered into this Agreement.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for the following:

A. All non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable

classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project;

B. Any other loss of District revenues or funds which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary; and,

C. Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

ARTICLE VI **SUPPLEMENTAL PAYMENTS**

Section 6.1. SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS. In addition to payment of the amounts set forth under Articles IV and V of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for supplemental payments, as set forth in this Article VI. Any and all obligations for any supplemental payments shall be separate and independent of Applicant's obligations under Articles IV and V of this Agreement.

Section 6.2. CALCULATION OF SUPPLEMENTAL PAYMENTS.

A. Notwithstanding the foregoing, the total annual supplemental payment made to the District pursuant to this Article shall:

- i. be in an amount equal to the greater of One Hundred Dollars (\$100.00) per student in Average Daily Attendance (ADA), as determined for that particular year in ADA, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or such other higher amount as permitted by applicable provisions of TEXAS TAX CODE § 313.027(i), as it currently exists or may be hereafter amended or replaced; and
- ii. only be made during the period starting with the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation does not apply to amounts described by Section 313.027(f)(1)-(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

C. In the event Chapter 313 is modified or amended to allow the District to receive supplemental payments in excess of the foregoing limitation, Applicant agrees to cooperate with District to amend this Agreement to allow District to receive the maximum amount of supplemental payments as allowed by law; provided however, the total supplemental payments for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or the amount calculated as set out in Section 6.2.A.i above, as determined for that school year. This Section shall only apply if Chapter 313 of the TEXAS TAX CODE is amended so that the District is permitted to receive payments in lieu of taxation greater than as described in Section 6.2.A.i. above; otherwise,

Section 6.2.A.i shall apply.

D. Payment of amounts due under this Article shall be made as set forth in Section 4.8 of this Agreement and is subject to the limitations contained in Section 7.1.

Section 6.3. SUPPLEMENTAL PAYMENT AND LIMITATION BASED ON NET TAX SAVINGS.

A. If during years one (1) and two (2) of this Agreement, the amount of the supplemental payments calculated in Section 6.2 exceeds Applicant's Net Tax Savings, the difference between the amount of the supplemental payments and Applicant's Net Tax Savings shall be carried forward from year-to-year (the "deferred payments"). Beginning in year three (3) of the Agreement, and in addition to the supplemental payment for that year, all deferred payments owed to the District shall be paid by Applicant to the extent all payments from Applicant to the District for that year do not exceed Applicant's Net Tax Savings. Any amount of deferred payments that remain unpaid shall be carried forward from year to year until paid in full.

B. Should Applicant fail to make the minimum Qualified Investment during the Qualifying Time Period causing this Agreement to become null and void as set out in Section 10.1.B herein, Applicant's obligation to make any deferred Payments that was carried over by operation of Section 6.3.A. shall be cancelled.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to years four (4) through ten (10) of this Agreement, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using 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 6.2 of this Agreement, 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 Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from Applicant to District during years four through ten under Articles IV, V, and VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this

Agreement. Applicant may exercise such option to terminate this Agreement by notifying 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 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 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.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

A. 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 District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII **TAX CREDITS**

Section 8.1. TAX CREDIT DESCRIPTION AND ELIGIBILITY.

A. Upon the Applicant's compliance with all requirements of Chapter 313 of the TEXAS TAX CODE and the Comptroller's rules applicable as of the Application Review Start Date, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Section 2.4 above, the Applicant shall be entitled to pursue a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period, subject to any limitation or reduction required by law.

B. The application for a Tax Credit as described in this Article VIII shall be made in accordance with Section 313.103 of the TEXAS TAX CODE effective as of the Application Review Start Date, and is solely the Applicant's responsibility.

Section 8.2. DISTRICT OBLIGATIONS REGARDING TAX CREDITS.

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

B. The Board of Trustees shall grant Applicant's application for the tax credit as

provided in Section 313.104 of the TEXAS TAX CODE effective as of the Application Review Start Date, as well as Comptroller and/or TEA rules.

Section 8.3. TAX CREDIT PROTECTION REVENUE LOSS. If the District does not receive aid pursuant to §42.2515 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article VIII, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice, pay to the District the amount of such aid the District did not receive. Conversely, the District shall refund to the Applicant the amount of state aid the District received that was solely attributable to any portion of such state aid paid by Applicant to the District.

ARTICLE IX

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 9.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by force majeure, provided Applicant makes commercially reasonable efforts to preserve and maintain a viable presence at the conclusion of such force majeure.

Section 9.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4, and in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf>;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website <http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf>; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website http://www.texasahead.org/tax_programs/chapter313/forms.php.

Section 9.3. COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 9.4. DATA REQUESTS. During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 9.5. SITE VISITS AND RECORD REVIEW. Applicant shall allow authorized employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

A. All inspections will be made at a mutually agreeable time after giving not less than forty-eight (48) hours prior written notice, and will be conducted in a manner not to unreasonably interfere with either the construction or operation of Applicant's Qualified Property.

B. All inspections may be accompanied by one or more representatives of Applicant, and shall be conducted in accordance with Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide District, Comptroller, or the Appraisal District with any technical or business information that is proprietary, a trade secret, or subject to a confidentiality agreement with any third party.

Section 9.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS. This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and Applicant shall maintain and retain supporting documents adequate to ensure that claims for the Tax Limitation Amount are in accordance with applicable Comptroller and State of Texas requirements. Applicant and District shall maintain all such documents and other records relating to this Agreement and the State's property for a period of four (4) years after the later of:

- i. date of submission of the final payment;
- ii. Final Termination Date; or
- iii. date of resolution of all disputes or payment.

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other

supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all such information as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

Section 9.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any Supplements or Amendments thereto (which are incorporated by reference in this Agreement, the same as if fully set forth herein), without which Comptroller would not have approved this Agreement and District would not have executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 TEX. ADMIN. CODE § 9.1053(f)(2)(L), provided that changes to Applicant's development plans made subsequent to filing the Application to which the District has been informed and agreed to in writing shall not be governed by this provision.

ARTICLE X

MATERIAL BREACH OR EARLY TERMINATION

Section 10.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;

B. Applicant failed to complete its Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of

its Application;

D. Applicant failed to make payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as set out in Article IV of this Agreement;

E. Applicant failed to make payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V of this Agreement;

F. Applicant failed to make such supplemental payments as set out in Article VI of this Agreement;

G. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as set out in Article VIII of this Agreement;

H. Applicant failed to submit the reports required to be submitted by Section 9.2 to the satisfaction of Comptroller on the dates indicated on the form;

I. Applicant failed to provide the District or Comptroller with all information reasonably necessary for District or Comptroller to determine whether Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;

J. Applicant failed to allow authorized employees of District, Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property;

K. Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with the Agreement;

L. Applicant has made 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 for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI, of this Agreement. Voluntary donations made by Applicant to the District after the date of the execution of this Agreement, and not required by this Agreement, are not barred by this provision;

M. Applicant fails to comply in any material respect with any other term of this Agreement; or,

N. Applicant fails to meet its obligations under the applicable Comptroller's Rules or Chapter 313 of the Code.

Section 10.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material way with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 10.3, then District, as payment of damages for breach, 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 10.2.C on such recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI of this Agreement.

B. Notwithstanding Section 10.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to 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 District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 10.2.C. For purposes of this liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 9.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period 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 9.2.A 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 Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 10.3. LIMITED STATUTORY CURE OF MATERIAL BREACH. In accordance with the provisions of Section 313.0275 of the TEXAS TAX CODE, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches

of this Agreement defined in Sections 10.1.C. or 10.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 10.1.C. or 10.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the TEXAS TAX CODE, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

Section 10.4. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 9.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committing a material breach of this Agreement, District shall provide 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 District. After receipt of the notice, Applicant shall be given thirty (30) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or determines that such breach has not been cured, then the Board of Trustees shall, after reasonable notice to 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, Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees in accordance with District Policy GF (LOCAL). 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 10.2.A and B (net of all credits under Section 10.2.A and B), and the amount of any penalty and/or interest under Section 10.2.C that are owed to District.

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

Section 10.5. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 10.4, Applicant shall have thirty (30) 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 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 sixty (60) days after the

Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 10.4, 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 residing in the county where the District's administrative office is located. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) District shall bear one-half of such mediator's fees and expenses and 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.

B. In the event that mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, District shall have the remedies for the collection of the amounts determined under Section 10.2 and as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that 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 Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to the attorneys representing District pursuant to Section 6.30 of the TEXAS TAX CODE.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required in this Section above, either District or 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 10.6. 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, District's damages for such a default or breach shall under no circumstances exceed the greater of either any amounts calculated under Sections 10.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, 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 10.6 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 10.7. BINDING ON SUCCESSORS. In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE XI.
MISCELLANEOUS PROVISIONS

Section 11.1. INFORMATION AND NOTICES.

A. 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 overnight 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 of the Party addressed following the date of such electronic receipt.

B. Notices to District shall be addressed to District’s Authorized Representative as follows:

To the District:

Friona Independent School District
Attn: Kenny Austin, Superintendent
(or the successor Superintendent)
909 E. 11th
Friona, TX 79035
Phone #: (806) 250-2747
Fax #: (806) 250-3805
Email: kaustin@frionaisd.com

With a copy to:

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

C. Notices to Applicant shall be addressed to its Authorized Representative as follows:

Mariah North West, LLC
Attn: James Scott, CFO
217 East 7th Ave.
Denver, CO 80203
Phone #: (303) 996-8982
Fax #: (781) 380-3650
Email: james.scott@scatecenergy.com

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

Section 11.2. AMENDMENTS TO AGREEMENT; WAIVERS.

A. This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of subsection B hereof. 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.

B. By official action of the District's Board of Trustees, this Agreement may only be amended according to the following:

- i. Applicant shall submit to District, with notice to the Comptroller:
 - a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller; and,
 - c. and any additional information requested by District necessary for it to evaluate the Amendment or modification.

C. Any Amendment of the Agreement to add or replace Qualified Property pursuant to this Section 11.2 of this Agreement shall:

- i. require that all property added by an Amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE; and,
- ii. clearly identify the property, investment, and employment information added by an Amendment from the property, investment, and employment information in the original Agreement.

D. This Agreement may not be amended to extend the value limitation time period beyond its statutory term.

Section 11.3. ASSIGNMENT. Any assignment of the interests of Applicant in this Agreement is considered an Amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 11.2 regarding Amendments to the Agreement.

Section 11.4. 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 11.5. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS. When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District where such Qualified Property is located shall determine the Market Value thereof and

include both such Market Value and the appropriate limitation valuation under this Agreement in its appraisal records.

Section 11.6. 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 state district court in the judicial district where the District's central administrative office is located.

Section 11.7. 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 11.8. 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 an acceptable manner so as to effect the original intent of the Parties as closely as possible to effectuate the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 11.8, 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 11.9. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, 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.

Section 11.10. 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 11.11. 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 11.12. PUBLICATION OF DOCUMENTS. The Parties acknowledge that District is required to publish the Application and its required schedules, or any Amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any Amendment thereto, as follows:

A. Within seven (7) days of such document, the school district shall submit a copy to Comptroller for Publication on Comptroller's Internet website;

B. District shall provide on its website a link to the location of those documents posted on Comptroller's website;

C. This Section does not require the publication of information that is confidential under Section 313.028 of the Texas Tax Code.

Section 11.13. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

Section 11.14. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Agreement.

[the remainder of this page is intentionally left blank]

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 30th day of June, 2014.

MARIAH NORTH WEST, LLC

FRIONA INDEPENDENT SCHOOL DISTRICT

BY: _____

NAME: _____

TITLE: _____

BY: _____

NAME: _____

TITLE: _____

ATTEST:

BY: _____

NAME: _____

TITLE: _____

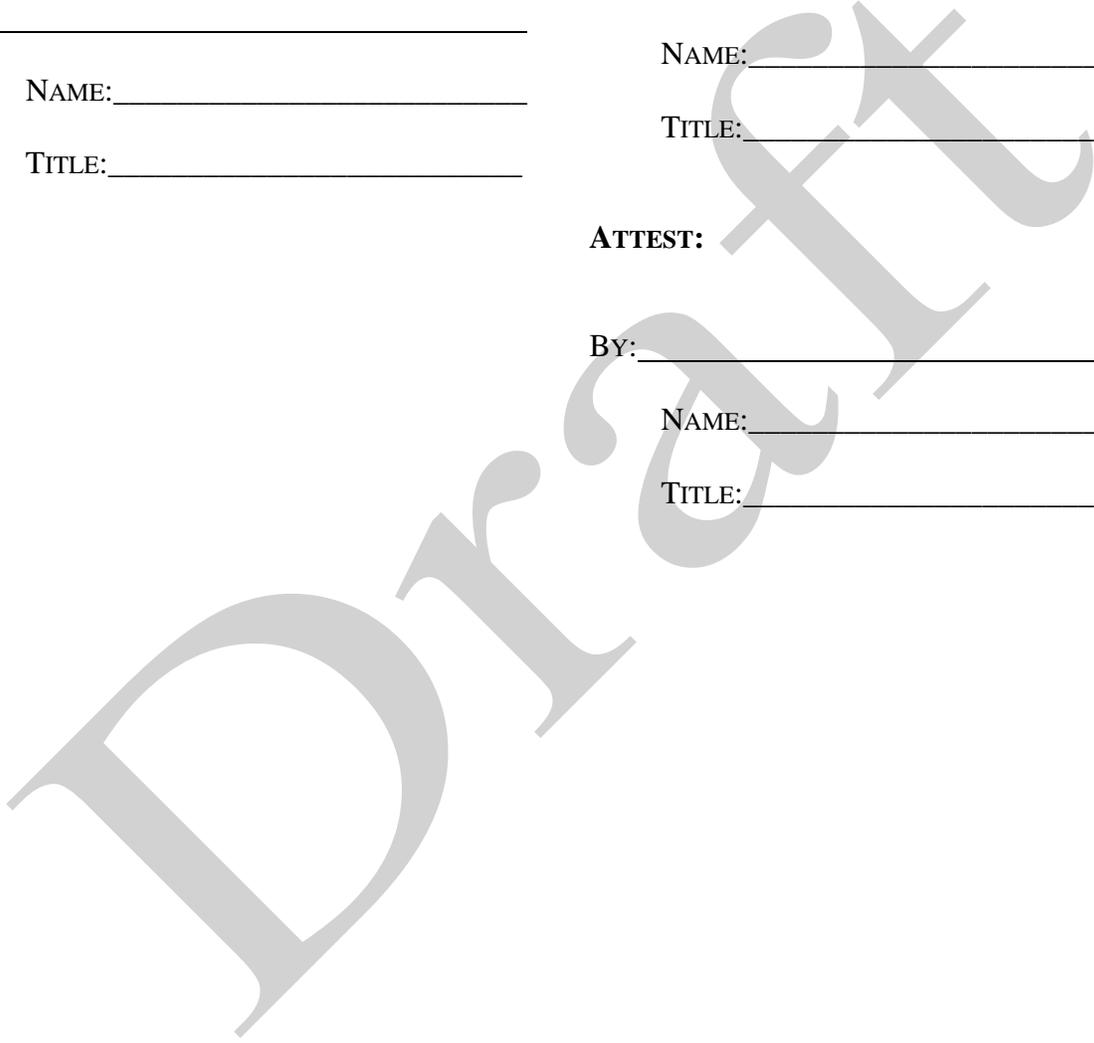


EXHIBIT 1

<u>Year of Agreement</u>	<u>Date of Appraisal</u>	<u>School Year</u>	<u>Tax Year</u>	<u>Summary Description</u>
0	January 1, 2014	2014-15	2014	No appraisal limitation.
1	January 1, 2015	2015-16	2015	No appraisal limitation.
2	January 1, 2016	2016-17	2016	No appraisal limitation.
3	January 1, 2017	2017-18	2017	\$20 million appraisal limitation.
4	January 1, 2018	2018-19	2018	\$20 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2019	2019-20	2019	\$20 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2020	2020-21	2020	\$20 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2021	2021-22	2021	\$20 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2022	2022-23	2022	\$20 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2023	2023-24	2023	\$20 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2024	2024-25	2024	\$20 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2025	2025-26	2025	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2026	2026-27	2026	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2027	2027-28	2027	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

EXHIBIT 2

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Parmer County Commissions Court created Parmer County Reinvestment Zone # 1 on July 28, 2013. The Parmer County Commissions Court created Parmer County Reinvestment Zone #2 on January 27, 2014. Both Zones are more particularly described as follows:

Reinvestment Zone #1:

All those certain lots, tracts or parcels of land lying and being situated in Parmer County, Texas and being more particularly described as follows:

Township 2N, Range 3E

Sections 25 – 29

Sections 32 – 36

Township 1N, Range 3E

Sections 1 – 5, 10 – 15, 22 – 27, 34 – 36

Township 2N, Range 4E

Sections 26 – 35

Township 1N, Range 4E

Sections 1 – 36

Township 1N, Range 5E

Sections 17, 19, 20, 29 – 32

Harding Subdivision

Sections 1 – 3, 10 – 15, 22 – 27, 34 – 36

Davis Subdivision

Sections 1 – 10

Harrah Subdivision

Sections 2 – 19

JB McMinn Survey

Sections 16, 17

JB MeMinu Survey, Block B

Sections 18, 19

JN English Survey

All

Gregg County School Land
Sections 1 – 9

Odell Survey
Sections 1 – 4

Block B
Sections 1 – 5, 8 – 11, 21, 22

Reinvestment Zone #2:

Parmer County Reinvestment Zone #2 is a tract of land located in Parmer County, Texas, generally described as lying East of TX 214 to the Parmer/Castro County line, and lying South of County Road I/County Road H to TX 86 and containing approximately 59,812 acres (more or less) and being more particularly described as follows:

Odell Subdivision (within Parmer County) - Sections 1 and 2

Harrah Subdivision - Sections 2, 3, and 5 (South ½)

JE Roberts - Sections 1, 2, 3, and 4

W Gould-ALL

Township 4½ S, Range 5E - Sections 4, 5, 6, 7, 8, 9, 15, 16, 17, 18, 19, 20, 21, and 22

JE Southward – ALL

LR Snelson – ALL

Township 4S, Range 4E - 1, 2, 3, 4, 5 (south of Highway 60), 6 (south of Highway 60), 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, 28, 29, 30, 31, 32, 33, 34, and 35

Willis Subdivision -All (being Sections 1, 2, 3, and 4)

Sullivan Subdivision - Sections 1, 2, 3, 5, 6, 7, 8, 9, and 10

Oliver Subdivision Block V - Sections 1, 2, 3, 4, 5, 6, 7 (north of Highway 86), and 8 (north of Highway 86)

Township 5S, Range 4E - Sections 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12

Township 5½S, Range 5E- Sections 6, 7, 8, 9 (north of Highway 86), and 10
(north of Highway 86)

In the event of discrepancy between this legal description and the attached map, the map shall control; provided however, the Parmer County Reinvestment Zone #2 shall in no way be deemed to include the City of Friona, Texas or any other municipality.

Draft

Map of Parmer County Reinvestment Zone #1

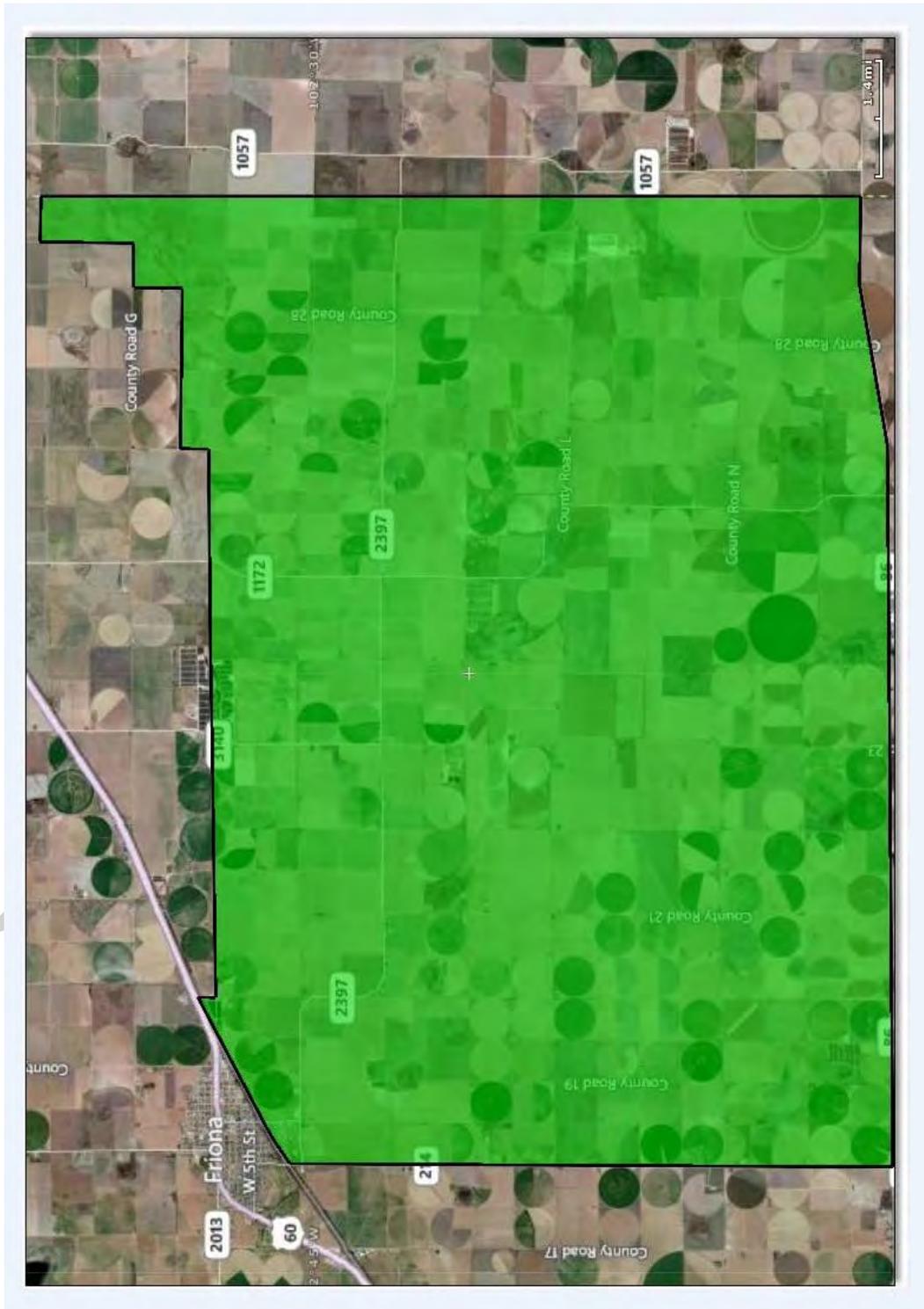


Agreement for Limitation on Appraised Value
Between Friona ISD and Mariah North West, LLC (App No. 381)
June 30, 2014

Texas Economic Development Act Agreement
Comptroller Form 50-286 (January 2014)

EXHIBIT 2

Map of Parmer County Reinvestment Zone #2



Agreement for Limitation on Appraised Value
Between Friona ISD and Mariah North West, LLC (App No. 381)
June 30, 2014

Texas Economic Development Act Agreement
Comptroller Form 50-286 (January 2014)

EXHIBIT 3

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Property owned by the Applicant is located within the boundaries of both the Friona Independent School District and Parmer County Reinvestment Zones #1 and #2. The Land properties associated with the Mariah Renewable Energy Center is described as rural farm land located exclusively in Parmer County, Texas. The legal description of the Land within Parmer County Reinvestment Zones #1 and #2 can be found in Exhibit 2. Currently, no structures or components related to the Phase Two project reside on the designated land.

DRAFT

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

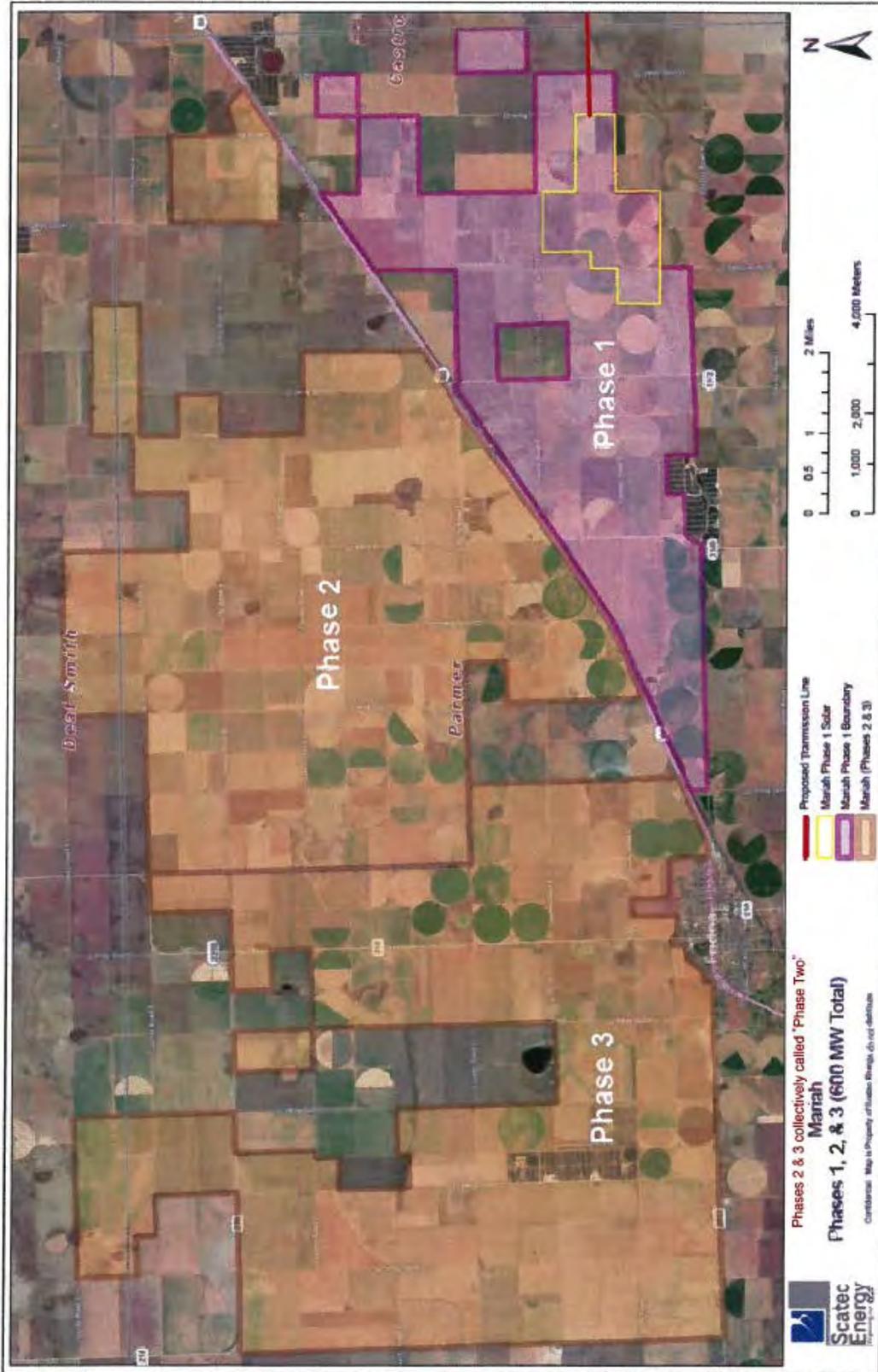
The Mariah Renewable Energy Center Phase Two project will establish a 368MW nameplate capacity wind farm located within Parmer County Reinvestment Zones #1 and #2. Additionally, a solar energy project with a nameplate capacity of 160MW will reside within Reinvestment Zone #1. The estimated qualified investment for this project is **\$728 million dollars**.

The Mariah Renewable Energy Center Phase Two project may procure the following tangible property:

- Wind turbines (rotor blades, nacelles, gearboxes, generators, power cables, towers)
- Transformers
- Brake systems
- Lighting
- Inverters
- Solar panels

Additional infrastructure to support this property will include:

- Roads and crane pads
- Underground collection systems for cable
- Concrete and gravel foundations
- Substations
- Transmission Lines
- Operations and Maintenance Building



Agreement for Limitation on Appraised Value
 Between Friona ISD and Mariah North West, LLC (App No. 381)
 June 30, 2014

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Comptroller Form 50-286 (January 2014)

Mariah Phase 2/3 Preliminary Map



SUBJECT TO CHANGE

Agreement for Limitation on Appraised Value
Between Friona ISD and Mariah North West, LLC (App No. 381)
June 30, 2014

Texas Economic Development Act Agreement
Comptroller Form 50-286 (January 2014)

Insert Comptroller LAVA Review Letter

**RESOLUTION OF THE BOARD OF TRUSTEES
OF
FRIONA INDEPENDENT SCHOOL DISTRICT**

The Board of Trustees of Friona Independent School District (“the District”) does hereby make the following resolution regarding a pending application by Mariah North West, LLC (“Mariah”) for a limitation on appraised value agreement under Texas Tax Code, Chapter 313 on phase 2 of its project:

WHEREAS, on or about November 19, 2013, Mariah submitted to the District an application under Texas Code, Chapter 313 (the “Application”) for a limitation on appraised value agreement (“Agreement”), which was deemed complete by the District on November 21, 2013; and

WHEREAS, on or about November 22, 2013, the Application was submitted to the Texas Comptroller; and,

WHEREAS, on or about December 13, 2013, the Texas Comptroller issued a letter deeming the Application complete, advising that it would move forward with its economic impact evaluation, and triggering the effective filing date of the Application; and

WHEREAS, Texas Tax Code § 313.025(b) requires the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Comptroller (the “Deadline”), unless the Comptroller’s economic impact evaluation has not been received or an extension is agreed to by the Board and the applicant; and,

WHEREAS, due to ongoing negotiations with Mariah, it is likely the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact, and approve and execute such an Agreement before the Deadline; and,

WHEREAS, on April 4, 2014, Mariah submitted a request to the District to extend the Deadline, a copy of which is attached here to as Exhibit “A.”

NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District’s best interest to extend the Deadline as requested, and

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant Mariah’s request, and extend the Deadline for an additional sixty (60) days in order to complete negotiations and allow the Comptroller sufficient time to review and approve the Agreement of the parties; and,

BE IT FURTHER RESOLVED, the superintendent is directed to provide notice to Mariah of the Board's decision to grant its request.

Passed and approved by the Friona Independent School District Board of Trustees on this 14th day of April, 2014.

Friona Independent School District



By: President of the Board of Trustees



By: Secretary of the Board of Trustees

EXHIBIT A

POPP | HUTCHESON_{PLLC}
The Property Tax Firm

April 4, 2014

Kenny Austin, Superintendent
Friona ISD
909 E. 11th
Friona, TX 79035

via email: kaustin@frionaisd.com

Re: Request for Extension to consider Chapter 313 Application

Dear Mr. Austin,

Due to ongoing negotiations regarding the terms of the Limitation on Appraised Value Agreement (the "LAVA"), we do not believe that the LAVA with Mariah North West, LLC for Phase Two will be approved by the Comptroller in time for the parties to execute the LAVA within the 151 day deadline imposed by Texas Tax Code Chapter 313, Section 313.025(b). Accordingly, we ask that Friona ISD extend that deadline by no less than 60 days.

Sincerely,
POPP HUTCHESON PLLC


Trey Novosad
Principal

Cc: Fred Stormer, Underwood Law Firm
James Scott, Mariah North West LLC

Friona Independent School District

"FISD will provide opportunities for all students to maximize potential and experience excellence."

909 East 11th Street · Friona, TX 79035 · Phone (806) 250-2747 · Fax (806) 250-3805



April 15, 2014

Superintendent
Kenny Austin
(806) 250-2747

Trey Novosad
Popp Hutcheson PLLC
1301 S. Mopac, Suite 430
Austin, TX 78746

Business Manager
Dianna Wright
(806) 250-2747

SSA Director
Sue Wells
(806) 250-3315

Re: Request for Extension on Application of Mariah North West, LLC
For a Limited Assessed Valuation Agreement

**Migrant
Coordinator**
Leslie Wilson
Norrell
(806) 250-2740

Dear Mr. Novosad:

Please be advised that at a properly called meeting of the Friona Independent School District Board of Trustees on April 14, 2014, the Board took action on the request for an extension to consider the application of Mariah North West, LLC for a Limited Assessed Valuation Agreement with Friona ISD. The District approved the request, and has granted the extension on the application up to an additional 60 day period (*i.e.*, Saturday, July 12, 2014). *See* enclosed copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

**Technology
Coordinator**
Darla Hutchins
(806) 250-5900

If you have any further questions concerning your extension, please do not hesitate to contact me or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Board Members
Ricky Barnett
Mitchell Smiley
Becky Riethmayer
Wade Schueler
Tracy Bunker
Antonio Rocha
Andy Montana

Sincerely,

A handwritten signature in black ink that reads 'Kenny Austin'.

Kenny Austin, Superintendent