

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



July 22, 2014

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OF THE  
RIO GRANDE CITY CONSOLIDATED INDEPENDENT  
SCHOOL DISTRICT BOARD OF TRUSTEES  
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CONSOLIDATED INDEPENDENT SCHOOL DISTRICT  
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HIDALGO WIND FARM LLC

STATE OF TEXAS §

COUNTY OF STARR §

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

On December 17, 2013, the Superintendent of Schools of the Rio Grande City Consolidated Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received an Application from Hidalgo Wind for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Hidalgo Wind (Texas Taxpayer Id. 32042891542), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be in good standing with the Texas Comptroller of Public Accounts. See **Attachment B**.

Board Findings of the Rio Grande City Consolidated Independent School District

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

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

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on March 19, 2014. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

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

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

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

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

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

**Board Finding Number 1.**

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

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Hidalgo Wind Farm LLC project requires appear to be in line with the focus and themes of the plan. Texas identified renewable energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the renewable energy industry.

**Board Finding Number 2.**

**The economic condition of Rio Grande City, Texas is in need of long-term improvement, based on the state's analysis of Starr County data.**

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

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

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

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

**Board Finding Number 3.**

**The average salary level of qualifying jobs is expected to be at least \$30,987 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional average manufacturing wage. Hidalgo Wind indicates that total employment will be approximately one (1) new job, which will be a qualifying job.**

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

After construction, the project will create one new job when fully operational. The job will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Texas Development Council Region, where Starr County is located was \$28,170 in 2013. The annual average manufacturing wage for 2012-2013 for Starr County is \$18,577. That same year, the county annual average wage for all industries was \$20,189. In addition to an annual average salary of \$30,987 each qualifying position will receive benefits such as medical, dental, vision, vacation time, sick leave and life insurance.

**Board Finding Number 4.**

**The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$72.7 million on the basis of the goal of one (1) new qualifying position for the entire Hidalgo Wind project.**

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

The project's total investment is \$72.7 million, resulting in a relative level of investment per qualifying job of \$72.7 million.

**Board Finding Number 5.**

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

**Board Finding Number 6.**

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

Table 1 depicts Hidalgo Wind Farm 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 Hidalgo Wind Farm LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	\$0	\$0	\$0
2015	0	0	0	\$0	\$0	\$0
2016	39	34	73	\$1,360,833	\$2,667,167	\$4,028,000
2017	1	1	2	\$30,987	\$579,013	\$610,000
2018	1	(1)	0	\$30,987	\$91,013	\$122,000
2019	1	(1)	0	\$30,987	\$213,013	\$244,000
2020	1	(1)	0	\$30,987	\$213,013	\$244,000
2021	1	(1)	0	\$30,987	\$91,013	\$122,000
2022	1	1	2	\$30,987	\$91,013	\$122,000
2023	1	1	2	\$30,987	-\$30,987	\$0
2024	1	(1)	0	\$30,987	\$91,013	\$122,000
2025	1	3	4	\$30,987	-\$274,987	-\$244,000
2026	1	(1)	0	\$30,987	-\$152,987	-\$122,000
2027	1	1	2	\$30,987	\$213,013	\$244,000
2028	1	3	4	\$30,987	-\$30,987	\$0
2029	1	(3)	-2	\$30,987	\$213,013	\$244,000

Source: CPA, REMI, Hidalgo Wind Farm LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Rio Grande City CISD's ad valorem tax base in 2012-2013 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Rio Grande City CISD's estimated wealth per WADA was \$80,813. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Starr County, the County Memorial Hospital District, South Texas Community College, and the County Drainage District with all property tax incentives sought being granted using estimated market value from Hidalgo Wind Farm LLC's application. Hidalgo Wind Farm 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 Hidalgo Wind Farm LLC project on the region if all taxes are assessed.

Board Findings of the Rio Grande City Consolidated Independent School District

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Rio Grande City ISD I&S Levy	Rio Grande City ISD M&O Levy	Rio Grande City ISD M&O and I&S Tax Levies (Before Credit Credited)	Rio Grande City ISD M&O and I&S Tax Levies (After Credit Credited)	Starr County Tax Levy	Starr County Memorial Hospital District Tax Levy	South Texas Community College District Tax Levy	Starr County Drainage District Tax Levy	Estimated Total Property Taxes
			0.2726	1.1700				0.7792	0.2512	0.1570	0.0200	
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$55,000,000	\$10,000,000	\$149,930	\$117,000	\$266,930	\$266,930	\$0	\$138,181	\$86,350	\$11,000	\$502,461	
2018	\$52,250,000	\$10,000,000	\$142,434	\$117,000	\$259,434	\$259,434	\$0	\$131,272	\$82,033	\$10,450	\$483,188	
2019	\$49,500,000	\$10,000,000	\$134,937	\$117,000	\$251,937	\$251,937	\$0	\$124,363	\$77,715	\$9,900	\$463,915	
2020	\$46,750,000	\$10,000,000	\$127,441	\$117,000	\$244,441	\$244,441	\$0	\$117,454	\$73,398	\$9,350	\$444,642	
2021	\$44,000,000	\$10,000,000	\$119,944	\$117,000	\$236,944	\$236,944	\$0	\$110,545	\$69,080	\$8,800	\$425,369	
2022	\$41,250,000	\$10,000,000	\$112,448	\$117,000	\$229,448	\$229,448	\$0	\$103,636	\$64,763	\$8,250	\$406,096	
2023	\$38,500,000	\$10,000,000	\$104,951	\$117,000	\$221,951	\$221,951	\$0	\$96,727	\$60,445	\$7,700	\$386,823	
2024	\$36,575,000	\$10,000,000	\$99,703	\$117,000	\$216,703	\$216,703	\$0	\$91,890	\$57,423	\$7,315	\$373,331	
2025	\$33,000,000	\$33,000,000	\$89,958	\$386,100	\$476,058	\$476,058	\$0	\$82,909	\$51,810	\$6,600	\$617,377	
2026	\$30,250,000	\$30,250,000	\$82,462	\$353,925	\$436,387	\$436,387	\$0	\$75,999	\$47,493	\$6,050	\$565,928	
2027	\$27,500,000	\$27,500,000	\$74,965	\$321,750	\$396,715	\$396,715	\$214,280	\$69,090	\$43,175	\$5,500	\$728,760	
2028	\$24,750,000	\$24,750,000	\$67,469	\$289,575	\$357,044	\$357,044	\$192,852	\$62,181	\$38,858	\$4,950	\$655,884	
2029	\$22,000,000	\$22,000,000	\$59,972	\$257,400	\$317,372	\$317,372	\$171,424	\$55,272	\$34,540	\$4,400	\$583,008	
					<b>Total</b>	<b>\$3,911,362</b>	<b>\$578,556</b>	<b>\$1,259,519</b>	<b>\$787,080</b>	<b>\$100,265</b>	<b>\$6,636,782</b>	

Assumes School Value Limitation and Tax Abatements with the County, County Hospital District, South Texas Community College and Abatement with the County.

Source: CPA, Hidalgo Wind Farm LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Rio Grande City ISD I&S Levy	Rio Grande City ISD M&O Levy	Rio Grande City ISD M&O and I&S Tax Levies	Starr County Tax Levy	Starr County Memorial Hospital District Tax Levy	South Texas Community College District Tax Levy	Starr County Drainage District Tax Levy	Estimated Total Property Taxes
			0.2726	1.1700			0.7792	0.2512	0.1570	0.0200	
2014	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$55,000,000	\$55,000,000	\$149,930	\$643,500	\$793,430	\$428,560	\$138,181	\$86,350	\$11,000	\$1,457,521	
2018	\$52,250,000	\$52,250,000	\$142,434	\$611,325	\$753,759	\$407,132	\$131,272	\$82,033	\$10,450	\$1,384,645	
2019	\$49,500,000	\$49,500,000	\$134,937	\$579,150	\$714,087	\$385,704	\$124,363	\$77,715	\$9,900	\$1,311,769	
2020	\$46,750,000	\$46,750,000	\$127,441	\$546,975	\$674,416	\$364,276	\$117,454	\$73,398	\$9,350	\$1,238,893	
2021	\$44,000,000	\$44,000,000	\$119,944	\$514,800	\$634,744	\$342,848	\$110,545	\$69,080	\$8,800	\$1,166,017	
2022	\$41,250,000	\$41,250,000	\$112,448	\$482,625	\$595,073	\$321,420	\$103,636	\$64,763	\$8,250	\$1,093,141	
2023	\$38,500,000	\$38,500,000	\$104,951	\$450,450	\$555,401	\$299,992	\$96,727	\$60,445	\$7,700	\$1,020,265	
2024	\$36,575,000	\$36,575,000	\$99,703	\$427,928	\$527,631	\$284,992	\$91,890	\$57,423	\$7,315	\$969,251	
2025	\$33,000,000	\$33,000,000	\$89,958	\$386,100	\$476,058	\$257,136	\$82,909	\$51,810	\$6,600	\$874,513	
2026	\$30,250,000	\$30,250,000	\$82,462	\$353,925	\$436,387	\$235,708	\$75,999	\$47,493	\$6,050	\$801,636	
2027	\$27,500,000	\$27,500,000	\$74,965	\$321,750	\$396,715	\$214,280	\$69,090	\$43,175	\$5,500	\$728,760	
2028	\$24,750,000	\$24,750,000	\$67,469	\$289,575	\$357,044	\$192,852	\$62,181	\$38,858	\$4,950	\$655,884	
2029	\$22,000,000	\$22,000,000	\$59,972	\$257,400	\$317,372	\$171,424	\$55,272	\$34,540	\$4,400	\$583,008	
					<b>Total</b>	<b>\$7,232,114</b>	<b>\$3,906,324</b>	<b>\$1,259,519</b>	<b>\$787,080</b>	<b>\$100,265</b>	<b>\$13,285,303</b>

Source: CPA, Hidalgo Wind Farm LLC

<sup>1</sup>Tax Rate per \$100 Valuation

**Board Finding Number 7.**

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add \$55 million to the tax base for debt service purposes at the peak investment level for the 2017-18 school year. The Hidalgo Wind project remains fully taxable for debt services taxes, with Rio Grande City Consolidated ISD recently adopting a \$0.2726 per \$100 I&S rate. While the value of the Hidalgo Wind project is expected to depreciate over the life of the agreement and beyond, full access to the additional value will add to the District's I&S tax base, although this benefit is limited to the initial year the project appears on the local tax roll. Even with the addition of the Hidalgo Wind project, the District's wealth per ADA will be below the guaranteed revenue level provided by the Instructional Facility Allotment (IFA) and Existing Debt Allotment (EDA) programs.

**Board Finding Number 8.**

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

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

**Board Finding Number 9.**

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

Board Findings of the Rio Grande City Consolidated Independent School District

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

According to Hidalgo Wind Farm LLC's application, "Hidalgo Wind Farm LLC can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets for potential construction throughout the U.S.

**Board Finding Number 10.**

**During the past two years, four projects in the South Texas Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.**

**Board Finding Number 11.**

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

**Board Finding Number 12.**

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

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2013 Preliminary Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2013 industrial value for Rio Grande City Consolidated ISD is \$28.1 million. Rio Grande City Consolidated ISD is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Rio Grande City Consolidated ISD is classified as a "rural" district due to its population characteristics. Given that the value of industrial property in Rio Grande City Consolidated

Board Findings of the Rio Grande City Consolidated Independent School District

ISD is more than \$1 million but less than \$90 million, it is classified as a Category II district which can offer a minimum value limitation of \$10 million.

**Board Finding Number 13.**

**The Applicant (Taxpayer Id. 32042891542) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its “good standing” certification as a franchise-tax paying entity.**

**Board Finding Number 14.**

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

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

**Board Finding Number 15.**

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

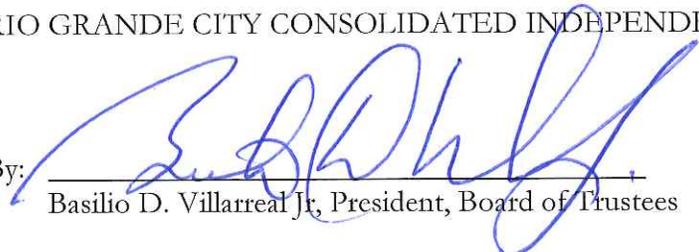
It is therefore ORDERED that the Agreement attached hereto as **Attachment G** is approved and hereby authorized to be executed and delivered by and on behalf of the Rio Grande City Consolidated Independent School District. It is further ORDERED that these findings and the Attachments referred to herein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

Board Findings of the Rio Grande City Consolidated Independent School District

Dated the 22<sup>nd</sup> day of July 2014.

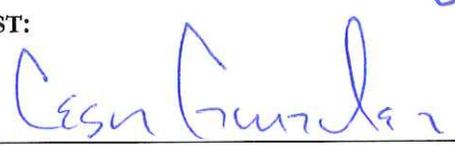
RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT

By: \_\_\_\_\_

  
Basilio D. Villarreal Jr, President, Board of Trustees

**ATTEST:**

By: \_\_\_\_\_

  
Cesar Gonzalez, Secretary, Board of Trustees



LYNN M. MOAK, PARTNER

DANIEL T. CASEY, PARTNER

July 22, 2014

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

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

Dear President Villarreal Jr. and Members of the Board of Trustees:

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

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

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

Sincerely,

A handwritten signature in blue ink that reads "Daniel T. Casey". The signature is written in a cursive style.

Daniel T. Casey

[www.moakcasey.com](http://www.moakcasey.com)

Phone 512-485-7878

400 W. 15<sup>th</sup> Street★Suite 1410★Austin, TX 78701-1648

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# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

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**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

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

**JUSTIN DEMERATH**

July 22, 2014

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

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

Dear President Villarreal Jr. and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Rio Grande City Consolidated Independent School District, with respect to the pending Application of Hidalgo Wind Farm, LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, to be effected by an agreement with a first qualifying time year of 2015. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Hidalgo Wind Farm, LLC Based upon our review we have drawn the following conclusions:

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

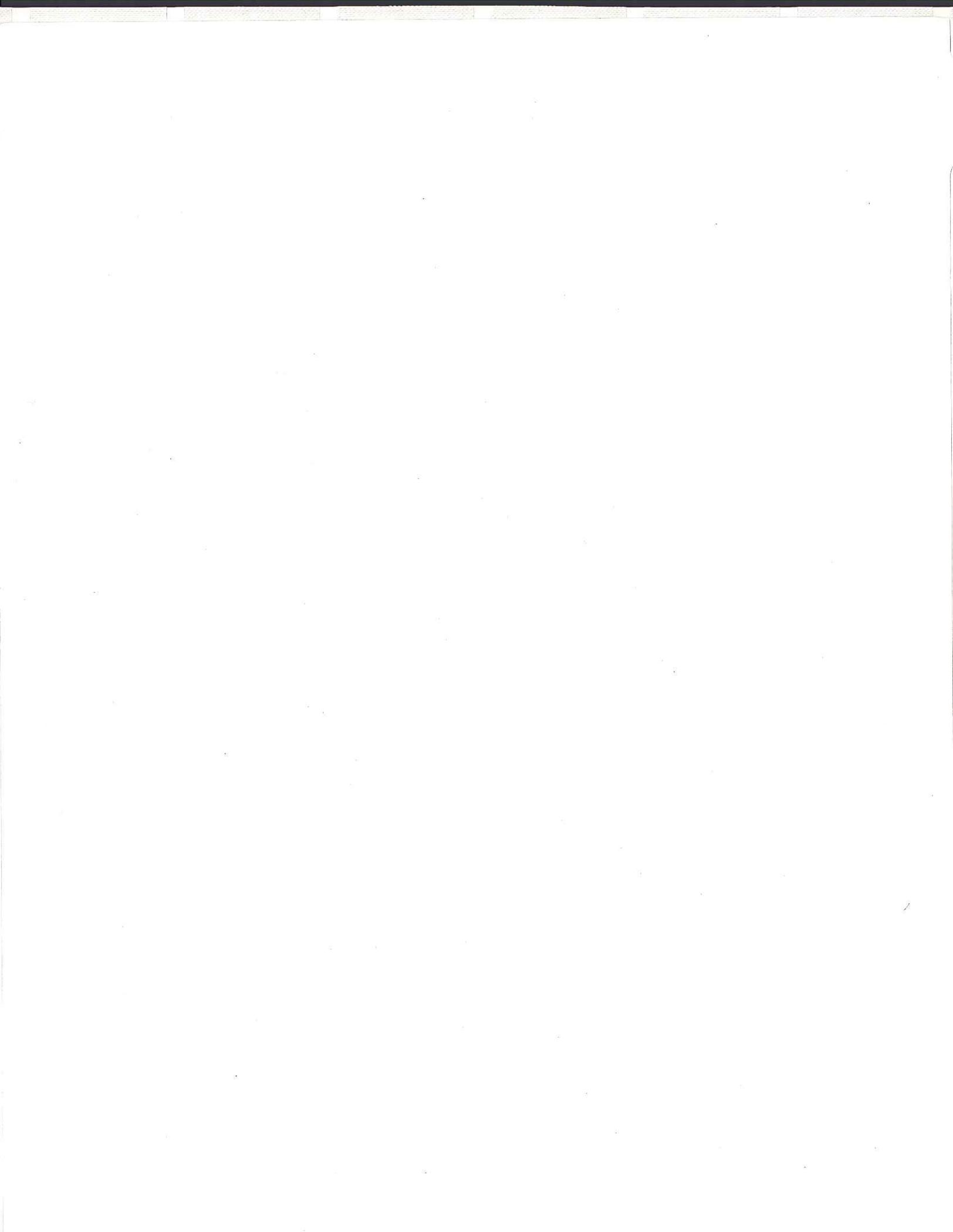
4. All applicable school finance implications arising from the contemplated Agreement have been explored.
5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

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

Sincerely,

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

Kevin O'Hanlon  
For the Firm



Attachment A

Application

# O'HANLON, McCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE  
AUSTIN, TEXAS 78701  
TELEPHONE: (512) 494-9949  
FACSIMILE: (512) 494-9919

**KEVIN O'HANLON**  
CERTIFIED, CIVIL APPELLATE  
CERTIFIED, CIVIL TRIAL

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

**JUSTIN DEMERATH**

December 17, 2013

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

RE: Application to the Rio Grande City Independent School District from Hidalgo  
Wind Farm LLC

**(First Qualifying Year 2015)**

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Rio Grande City Independent School District is notifying Hidalgo Wind Farm LLC of its intent to consider the application for appraised value limitation on qualified property. The Applicant submitted the Application to the school district on December 17, 2013. The Board voted to accept the application on December 17, 2013. The application has been determined complete as of December 17, 2013. Please prepare the economic impact report.

The Applicant has made a request to keep confidential certain information regarding the preliminary layout and construction timeline of the wind farm and corporate structure. These items have been submitted separately with a letter detailing the nature of the claim of confidentiality. In order to avoid the inadvertent disclosure of those items, they have not been transmitted electronically with this letter. Please keep these materials segregated from the remainder of the application, and please do not publish these items.

The school district has determined that the wage information included in the application represents the most recent wage data available at the time of the application.

The project is located entirely within and Enterprise Zone. No reinvestment zone materials will be provided.

Letter to Local Government Assistance & Economic Analysis Division  
December 17, 2013  
Page 2 of 2

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

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

Sincerely,

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

Kevin O'Hanlon  
School District Consultant

Cc: Starr County Appraisal District

Hidalgo Wind Farm LLC



renewables

December 16, 2013

Mr. Roel A. Gonzalez  
Superintendent of Rio Grande City Consolidated Independent School District (RGCCISD)  
Fort Ringgold  
Rio Grande City, Texas 78582

Ref: CHAPTER 313 APPLICATION FOR HIDALGO WIND FARM LLC FOR RIO GRANDE CITY CISD

Dear Mr. Gonzalez,

The 313 Application for Rio Grande City CISD for the Hidalgo Wind Farm LLC project has been completed for your review.

In addition to the one new qualifying job that Hidalgo Wind Farm LLC commits to create in connection with this project, the project will create 2-3 full-time positions with one of the applicant's contractors. These positions are not being counted as new qualifying jobs in this application at this time because it is not yet certain whether Hidalgo Wind Farm LLC will have a significant degree of control over the job description and job characteristics or performance as required by Comptroller Rule 9.1051(14).

We would request that maps provided with this Application and any landowner information containing legal real property descriptions remain confidential.

Respectfully,

John P. Taylor  
Property Tax Manager  
713-356-2531 direct  
713-408-6699 cell

[john.taylor@edpr.com](mailto:john.taylor@edpr.com)



# Application for Appraised Value Limitation on Qualified Property

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

**Form 50-296**  
(Revised July 2013)

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

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

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

This notice must include:

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

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

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

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

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

Please visit the Comptroller's website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION

<b>Authorized School District Representative</b>		Date Application Received by District
First Name Mr. Roel A.	Last Name Gonzalez	
Title Superintendent of Rio Grande City Consolidated Independent School District		
School District Name Rio Grande City CISD		
Street Address Fort Ringgold		
Mailing Address		
City Rio Grande City	State Texas	ZIP 78582
Phone Number 956-716-6702	Fax Number 956-487-8506	
Mobile Number (optional)	Email Address rgonzalez@rgccisd.org	

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

Will consultant be primary contact?  Yes  No

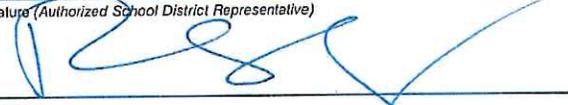


SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name Mr. Kevin		Last Name O'Hanlon	
Title Partner			
Firm Name O'Hanlon, McCollom, & Demerath			
Street Address 808 West Ave.			
Mailing Address (same)			
City Austin	State Texas	ZIP 78701	
Phone Number 512-494-9949	Fax Number 512-494-9919		
Mobile Number (Optional)	Email Address Kohanlon@808west.com		

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

Signature (Authorized School District Representative) 	Date 12/17/13
--	------------------

Has the district determined this application complete? .....  Yes  No

If yes, date determined complete. .... 12/17/13

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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



**APPLICANT INFORMATION – CERTIFICATION OF APPLICATION**

**Authorized Business Representative (Applicant)**

First Name Mr. John P.		Last Name Taylor	
Title Property Tax Manager			
Organization EDP Renewables North America L.L.C.			
Street Address 808 Travis St., Suite 700			
Mailing Address (same)			
City Houston	State Texas	ZIP 77002	
Phone Number 713-356-2531	Fax Number 713-265-0365		
Mobile Number (optional)	Business Email Address John.Taylor@edpr.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 Ms. Danielle		Last Name Thurber	
Title Senior Property Tax Analyst			
Organization EDP Renewables North America L.L.C.			
Street Address 808 Travis St., Suite 700			
Mailing Address (same)			
City Houston	State Texas	ZIP 77002	
Phone Number 713-356-2576	Fax Number 713-265-0365		
Mobile Number (optional)	Email Address Danielle.Thurber@edpr.com		

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

Will consultant be primary contact?  Yes  No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

First Name Mr. Renn G.	Last Name Neilson	
Title Partner		
Firm Name Baker Botts L.L.P.		
Street Address One Shell Plaza, 910 Louisiana Street		
Mailing Address (same)		
City Houston	State Texas	ZIP 77002-4995
Phone Number 713-229-1671	Fax Number 713-229-7971	
Business Email Address Renn.Neilson@bakerbotts.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))

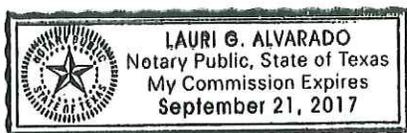


John Taylor, Property Tax Manager  
EDP Renewables NA LLC  
713-356-2531-o 904-477-9661-c

Date

12/9/2013

GIVEN under my hand and seal of office this 9th day of December



(Notary Seal)

Lauri G. Alvarado  
Notary Public, State of Texas

My commission expires 9/21/17

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



**FEES AND PAYMENTS**

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

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

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)?  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  
Hidalgo Wind Farm LLC

Texas Taxpayer I.D. Number of Entity Subject to Tax Code, Chapter 171 (11 digits)  
32042891542

NAICS Code  
221119

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

If yes, please list name of school district and year of agreement.  
A Chapter 313 Application was submitted in September 2013 to Edinburg CISD. The Comptroller's Office recommende approving the application in November 2013. We are negotiating Chapter 313 agreements with Edinburg CISD.

**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.)

Empty text box for providing explanation or documentation for question 3.



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? [checked] 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 [checked] No
(2) research and development [ ] Yes [checked] No
(3) a clean coal project... [ ] Yes [checked] No
(4) an advanced clean energy project... [ ] Yes [checked] No
(5) renewable energy electric generation [checked] Yes [ ] No
(6) electric power generation using integrated gasification... [ ] Yes [checked] No
(7) nuclear electric power generation [ ] Yes [checked] No
(8) a computer center that is used as an integral part or as a necessary auxiliary part...

Are you requesting that any of the land be classified as qualified investment? [ ] Yes [checked] No
Will any of the proposed qualified investment be leased under a capitalized lease? [ ] Yes [checked] No
Will any of the proposed qualified investment be leased under an operating lease? [ ] Yes [checked] No
Are you including property that is owned by a person other than the applicant? [ ] Yes [checked] 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 [checked] 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 4, Description of the project.

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

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

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction April 2016 Begin Hiring New Employees June 2016
Construction Complete December 2016 Fully Operational December 2016
Purchase Machinery & Equipment April 2015 - December 2016

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)? [checked] Yes [ ] No

Note: Improvements made before that time may not be considered qualified property.
When do you anticipate the new buildings or improvements will be placed in service? December 2016



**ECONOMIC INCENTIVES**

Identify state programs the project will apply for:

State Source	Amount
Not Applicable _____	Not Applicable _____
_____	_____
_____	_____
Total	_____

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

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

The project company plans to enter into a 312 agreement with Starr County. Ms. Rose Benavidez, head of the Starr County Industrial Foundation contact information is 956-487-2709 and email: rbenavidez@starrcounty.org. We have not received an application or proposal for the 312 Starr county abatement because the 312 abatements are awarded on a case by case basis.

**THE PROPERTY**

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

Central Appraisal District (CAD) that will be responsible for appraising the property Starr County 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: Starr County-100% City: N/A  
(Name and percent of project) (Name and percent of project)

Hospital District: Starr County Memorial Hopsital District-100 Water District: Starr County Drainage District-100%  
(Name and percent of project) (Name and percent of project)

Other (describe): Starr Farm Road-100% Other (describe): South Texas Community College District  
(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.

Not Applicable



INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at www.texasahead.org/tax\_programs/chapter313/.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$10,000,000
What is the amount of appraised value limitation for which you are applying? \$10,000,000
What is your total estimated qualified investment? \$66.9M

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

What is the anticipated date of application approval? June 30, 2014
What is the anticipated date of the beginning of the qualifying time period? June 30, 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? \$72.7M

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? [X] 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? [X] 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? [X] Yes [ ] No

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

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

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? [X] 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? [X] 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? Not Applicable

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

Will the project be on leased land? [X] 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. Not Applicable (Market Value) Not Applicable (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)? None

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? None

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

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

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

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? [ ] Yes [x] 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)? [x] Yes [ ] No

If you answered "yes" to the question above, attach evidence documenting that the new job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards. Note: Even if a minimum new job waiver is provided, 80% of all new jobs must be qualifying jobs pursuant to Texas Tax Code, §313.024(d).

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 1

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

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at www.texasahead.org/tax\_programs/chapter313/)

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

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



WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

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

Table with 2 columns: Description of wage calculation and Amount. Rows include 110% of county average weekly wage for all jobs, manufacturing jobs in county, and manufacturing jobs in region.

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? 30,987.00

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? 30,987.00

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? [X] Yes [ ] No
Will each qualifying job require at least 1,600 of work a year? [X] Yes [ ] No
Will any of the qualifying jobs be jobs transferred from one area of the state to another? [ ] Yes [X] No
Will any of the qualifying jobs be retained jobs? [ ] Yes [X] No
Will any of the qualifying jobs be created to replace a previous employee? [ ] Yes [X] No
Will any required qualifying jobs be filled by employees of contractors? [ ] Yes [X] No
If yes, what percent? Not Applicable

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

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

Please reference Attachment 15, Description of Benefits.

ECONOMIC IMPACT

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

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

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

**CONFIDENTIALITY NOTICE**

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

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

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

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

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

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

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

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

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

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

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

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



## COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

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

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

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

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

**ATTACHMENT 3**

**APPLICANT BUSINESS STRUCTURE-DOCUMENTATION OF THE COMBINED GROUP MEMBERSHIP & CONTACT INFORMATION:**

- 1) Hidalgo Wind Farm LLC is a Texas Limited Liability Company formed on October 10, 2010.
- 2) Hidalgo Wind Farm LLC is part of the Combined Group of Texas tax return as stated (a) for the annual reporting year of 2013. The 2013 annual reporting year was for the 2012 calendar year end.
  - a. EDP Renewables North America LLC-100%

*Reporting Entity Taxpayer No. 32003192591*

- 3) Contact Information for Hidalgo Wind Farm LLC is as follows:

Registered Agent: C T Corporation System

Address: 350 N. St. Paul Street, Suite 2900, Dallas, TX 75201-4234

Texas Franchise Tax Affiliate Schedule

Code 13253 Annual

Reporting entity taxpayer number 32003192591 Report year 2013 Reporting entity taxpayer name EDP RENEWABLES NORTH AMERICA LLC

Reporting entity must be included on Affiliate Schedule. Affiliate reporting period dates must be within combined group's accounting period dates.

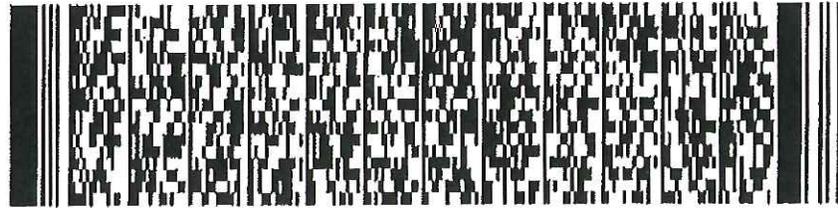
1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax		5. Check box if this affiliate does NOT have NEXUS in Texas		6. Affiliate reporting begin date	
7. Affiliate reporting end date		8. Gross receipts subject to throwback in other states (before eliminations)		9. Gross receipts everywhere (before eliminations)	
10. Gross receipts in Texas (before eliminations)		11. Cost of goods sold or compensation (before eliminations)		Check box if this is a Corporation or Limited Liability Company	
Check box if this is an Entity other than a Corporation or Limited Liability Company		0.00		0.00	

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax		5. Check box if this affiliate does NOT have NEXUS in Texas		6. Affiliate reporting begin date	
7. Affiliate reporting end date		8. Gross receipts subject to throwback in other states (before eliminations)		9. Gross receipts everywhere (before eliminations)	
10. Gross receipts in Texas (before eliminations)		11. Cost of goods sold or compensation (before eliminations)		Check box if this is a Corporation or Limited Liability Company	
Check box if this is an Entity other than a Corporation or Limited Liability Company		0.00		0.00	

1. Legal name of affiliate		2. Affiliate taxpayer number (if none, use FEI number)		3. Affiliate NAICS code	
4. Check box if entity is disregarded for franchise tax		5. Check box if this affiliate does NOT have NEXUS in Texas		6. Affiliate reporting begin date	
7. Affiliate reporting end date		8. Gross receipts subject to throwback in other states (before eliminations)		9. Gross receipts everywhere (before eliminations)	
10. Gross receipts in Texas (before eliminations)		11. Cost of goods sold or compensation (before eliminations)		Check box if this is a Corporation or Limited Liability Company	
Check box if this is an Entity other than a Corporation or Limited Liability Company		0.00		0.00	

The reporting entity of a combined group with a temporary credit for business loss carryforwards preserved for itself and/or affiliates must electronically submit common owner information online at [window.texas.gov/commonowner](http://window.texas.gov/commonowner). This information must be provided to satisfy franchise tax reporting requirements.

An information report (Form 05-102 or Form 05-187) must be filed for each affiliate that is organized in Texas or that has a physical presence in Texas.



VEIDE  FM





Disclosing un-redacted copies of our combined group's Texas Franchise Tax Affiliate Schedule would allow competitors to ascertain certain specific business activities to be conducted on the property covered by this application. Furthermore, this information is confidential and may not be disclosed to the public under Texas Tax Code, Section 171.206.



**CONFIDENTIAL**

Corporations Section  
P.O.Box 13697  
Austin, Texas 78711-3697



Hope Andrade  
Secretary of State

## Office of the Secretary of State

October 25, 2010

CT Corporation System  
701 Brazos, Ste. 720  
Austin, TX 78701 USA

RE: Hidalgo Wind Farm LLC  
File Number: 801334738

-----  
It has been our pleasure to file the application for registration and issue the enclosed certificate of filing evidencing the authority of the foreign limited liability company (llc) to transact business in Texas.

Unless exempted, the foreign entity is subject to state tax laws, including franchise tax laws. Shortly, the Comptroller of Public Accounts will be contacting the entity at its registered office for information that will assist the Comptroller in setting up the franchise tax account for the foreign entity. Information about franchise tax, and contact information for the Comptroller's office, is available on their web site at <http://window.state.tx.us/taxinfo/franchise/index.html>.

The registered foreign entity is not required to file annual reports with the Secretary of State. An application for amended registration must be filed with the Secretary of State if the foreign entity changes its name, changes the purposes to be pursued in Texas, or changes the assumed name it elected to use on its application for registration. It is important for the foreign entity to continuously maintain a registered agent and office in Texas. Failure to maintain an agent or office or file a change to the information in Texas may result in the revocation of the entity's registration by the Secretary of State.

If we can be of further service at any time, please let us know.

Sincerely,

Corporations Section  
Business & Public Filings Division  
(512) 463-5555

Enclosure



## Office of the Secretary of State

### CERTIFICATE OF FILING OF

Hidalgo Wind Farm LLC  
File Number: 801334738

The undersigned, as Secretary of State of Texas, hereby certifies that an Application for Registration for the above named Foreign Limited Liability Company (LLC) to transact business in this State has been received in this office and has been found to conform to the applicable provisions of law.

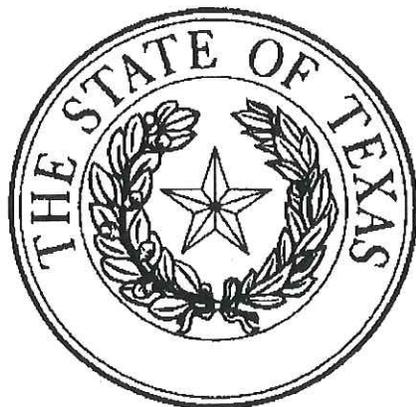
ACCORDINGLY, the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law, hereby issues this certificate evidencing the authority of the entity to transact business in this State from and after the effective date shown below for the purpose or purposes set forth in the application under the name of

Hidalgo Wind Farm LLC

The issuance of this certificate does not authorize the use of a name in this state in violation of the rights of another under the federal Trademark Act of 1946, the Texas trademark law, the Assumed Business or Professional Name Act, or the common law.

Dated: 10/25/2010

Effective: 10/25/2010



A handwritten signature in black ink, appearing to read "Hope Andrade".

Hope Andrade  
Secretary of State

Form 304  
(Revised 12/09)

Submit in duplicate to:  
Secretary of State  
P.O. Box 13697  
Austin, TX 78711-3697  
512 463-5555  
FAX: 512/463-5709  
Filing Fee: \$750



Application for  
Registration  
of a Foreign Limited  
Liability Company

This space reserved for office use.

**FILED**  
In the Office of the  
Secretary of State of Texas  
**OCT 25 2010**  
Corporations Section

1. The entity is a foreign limited liability company. The name of the entity is:

Hidalgo Wind Farm LLC

*Provide the full legal name of the entity as stated in the entity's formation document in its jurisdiction of formation.*

2A. The name of the entity in its jurisdiction of formation does not contain the word "limited liability company" or "limited company" (or an abbreviation thereof). The name of the entity with the word or abbreviation that it elects to add for use in Texas is:

2B. The entity name is not available in Texas. The assumed name under which the entity will qualify and transact business in Texas is:

*The assumed name must include an acceptable organizational identifier or an accepted abbreviation of one of these terms.*

3. Its federal employer identification number is: 27-3573365

Federal employer identification number information is not available at this time.

4. It is organized under the laws of: (set forth state or foreign country) Delaware

and the date of its formation in that jurisdiction is: 07/28/2010

*mm/dd/yyyy*

5. As of the date of filing, the undersigned certifies that the foreign limited liability company currently exists as a valid limited liability company under the laws of the jurisdiction of its formation.

6. The purpose or purposes of the limited liability company that it proposes to pursue in the transaction of business in Texas are set forth below.

SEE ATTACHMENT

The entity also certifies that it is authorized to pursue such stated purpose or purposes in the state or country under which it is organized.

7. The date on which the foreign entity intends to transact business in Texas, or the date on which the foreign entity first transacted business in Texas is: Upon Filing

*mm/dd/yyyy*

*Late fees may apply (see instructions).*

8. The principal office address of the limited liability company is:

808 Travis, Suite 700, Houston, TX, USA 77002

*Address*

*City*

*State*

*Country*

*Zip/Postal Code*



**Supplemental Provisions/Information**

Text Area: [The attached addendum, if any, is incorporated herein by reference.]

**Effectiveness of Filing** (Select either A, B, or C.)

- A.  This document becomes effective when the document is filed by the secretary of state.
- B.  This document becomes effective at a later date, which is not more than ninety (90) days from the date of signing. The delayed effective date is: \_\_\_\_\_
- C.  This document takes effect upon the occurrence of a future event or fact, other than the passage of time. The 90<sup>th</sup> day after the date of signing is: \_\_\_\_\_

The following event or fact will cause the document to take effect in the manner described below:

**Execution**

The undersigned affirms that the person designated as registered agent has consented to the appointment. The undersigned signs this document subject to the penalties imposed by law for the submission of a materially false or fraudulent instrument and certifies under penalty of perjury that the undersigned is authorized under the provisions of law governing the entity to execute the filing instrument.

Date: Oct. 22, 2010

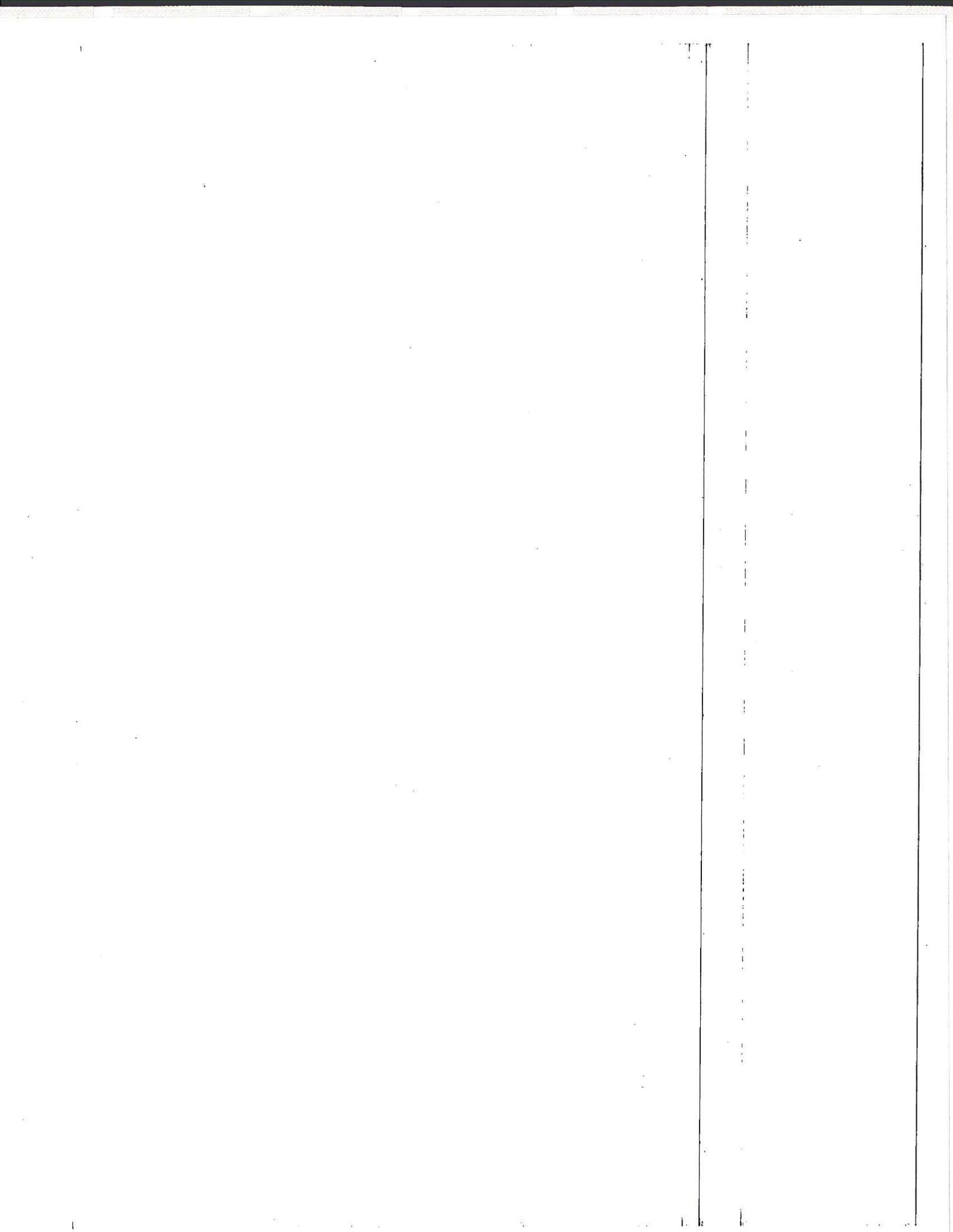
  
\_\_\_\_\_  
Signature of authorized person (see instructions)

Gabriel Alonso Imaz  
Printed or typed name of authorized person.

**Attachment to Texas**

**Purpose Clause**

develop, build and operate wind farms Notwithstanding the foregoing, the purpose of the company is to engage in any lawful activity permitted under the Texas Business Organizations Code.



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## ATTACHMENT 4

### DESCRIPTION OF THE PROJECT

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

The 2<sup>nd</sup> phase expansion will consist of a wind energy facility designed to utilize wind power for electricity generation. The 1<sup>st</sup> phase of Hidalgo Wind Farm LLC will be located in Hidalgo County in Edinburg CISD. The 2<sup>nd</sup> phase project expansion will be located 100% in Starr County and Rio Grande City CISD. It will utilize 25 Vestas V110 2.0 MW turbines for electricity generation with a nameplate capacity of 50.0MW dependent upon the turbine selection.

Applicant plans to construct the project beginning no later than April 2016 with a commercial operation date ("COD") of December 31, 2016. The total planned investment is estimated around \$72.7M for Rio Grande City CISD.

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

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

The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets for potential construction throughout the U.S.

## **ATTACHMENT 5**

Applicant plans to invest approximately \$72.7M in Rio Grande City ISD. All twenty-five of the planned wind turbine generators, power transformers, and turbine foundations will be located in Rio Grande City CISD. This will also include electrical collection lines and site access roads for the expansion.

## ATTACHMENT 6

### DESCRIPTION OF QUALIFIED INVESTMENT

*Attach 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, a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property, and a map of the qualified property showing location of new buildings or new improvements with vicinity maps.*

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon real property described in Schedule A within Rio Grande City CISD, which is located in Starr County. The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following: 25 Vestas V110 2.0 MW wind turbine towers to generate 50.0MW of power; 25 reinforced concrete foundations supporting the weight of each turbine tower; 25 electric power transformers; and electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation.

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

Please see attached maps contained in Attachment 7, but note that locations of the turbines are not finalized due to micro-siting. All turbines will be located within the school district.

Attachment 7

Map of Qualified Investment - CONFIDENTIAL



The maps included with the 313 Application remain confidential as the project layout can reveal specific business practices used by EDP to measure the local wind resource and maximize electricity generation. Additionally, the maps contain proprietary information regarding potential land leases and possible turbine locations.



renewables

**CONFIDENTIAL**

**ATTACHMENT 8**

**DESCRIPTION OF THE QUALIFIED PROPERTY**

Please see Attachment 6-The Qualified Property Description is the same as the Qualified Investment

**ATTACHMENT 9**

MAP OF THE QUALIFIED PROPERTY SHOWING LOCATION OF NEW BUILDINGS OR NEW IMPROVEMENTS  
WITH VICINITY MAP.

Please refer to Attachment 7.



## Attachment 10

The legal descriptions of real property for parcels located in the project are confidential and not to be posted or shared without the express written consent of Hidalgo Wind Farm LLC. We are pursuing leases with potential landowners for the project site, but not all leases and confidentiality agreements have been executed.

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



**CONFIDENTIAL**

**ATTACHMENT 11**

**LOCATION OF LAND WITH VICINITY MAP**

Please refer to Attachment 7.

**ATTACHMENT 12**

**DESCRIPTION OF ANY EXISTING IMPROVEMENTS**

There are no current improvements that exist within the project boundaries.

ATTACHMENT 13



December 9, 2013

BY CERTIFIED MAIL

Mr. Roel A. Gonzalez  
Superintendent of Rio Grande City Consolidated Independent School District (RGCCISD)  
Fort Ringgold  
Rio Grande City, Texas 78582

Re: Chapter 313 Job Waiver Request

Dear Mr. Gonzalez:

This letter is to advise you that Hidalgo Wind Farm LLC is requesting a waiver of the requirement to create ten full time jobs as part of its Chapter 313 Application for Appraised Value Limitation on Qualified Property. House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-1) to permit a school district's board of trustees to make a finding that the job requirement could be waived if the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application. Hidalgo Wind Farm LLC requests that the Rio Grande City CISD's Board of Trustees make such a finding and waive the job creation requirement for ten (10) permanent jobs. Based on the industry standard, the size and scope of the entire project will require a total of three (3) permanent jobs, but one job will be designated for Rio Grande City CISD.

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

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the Project. Our typical standard for permanent employment at a 150 MW wind farm is three full-time employees, although this number varies depending on the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations.



renewables

Very truly yours,

EDP Renewable North America, LLC

By: \_\_\_\_\_

Name: Kristofer Cheney

Title: Development Project Manager

**ATTACHMENT 14**

**WAGE AND EMPLOYMENT INFORMATION**

\*\*\*\*\*

**COUNTY AVERAGE WEEKLY WAGE FOR ALL JOBS (INDUSTRIES)**

3 <sup>rd</sup> Quarter-2012	\$361.00
4 <sup>th</sup> Quarter-2012	\$399.00
1 <sup>st</sup> Quarter-2013	\$416.00
2 <sup>nd</sup> Quarter-2013	\$377.00
<b>TOTAL</b>	<b>\$1,553.00</b>

\$1,553.00/4 = 388.25- Average Weekly Salary

**\$388.25 (1.1)= \$427.08 – 110% Average Weekly Salary**

The screenshot shows a web browser window with the URL [www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoice=industry](http://www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoice=industry). The page title is "Quarterly Employment and Wages (QCEW)". The page includes a navigation menu with options like "LMCI TRACER", "The Future", "Career Resources", "Texas Labor Market", and "Data Link". A sidebar on the left lists "Texas Workforce Commission" and various search and data options. The main content area displays a table of quarterly data for Starr County, with columns for Year, Period, Area, Ownership, Division, Level, Ind Code, Industry, and Avg Weekly Wages. The table shows data for the 1st and 2nd quarters of 2012 and 2013, all for Starr County, Private ownership, Division 00, Level 0, and Ind Code 10, with the industry being "Total, All Industries".

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

\*\*\*\*\*

**COUNTY AVERAGE WEEKLY WAGE FOR MANUFACTURING JOBS**

3 <sup>rd</sup> Quarter-2012	\$350.00
4 <sup>th</sup> Quarter-2012	\$343.00
1 <sup>st</sup> Quarter-2013	\$362.00
2 <sup>nd</sup> Quarter-2013	\$374.00
<b>TOTAL</b>	<b>\$1,429.00</b>

\$1,429.00/4 = \$357.25 – Average Weekly Salary

**\$357.25(1.1) = \$392.98 – 110% Average Weekly Salary**

The screenshot shows a web browser window with the URL [www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoic=industry](http://www.tracer2.com/cgi/dataanalysis/industryReport.asp?menuchoic=industry). The page header includes the text "TRACER TEXAS LABOR MARKET INFORMATION" and "LMCI". A navigation menu contains "LMCI TRACER", "The Future", "Career Resources", "Texas Labor Market", and "Data Link".

The main content area is titled "Quarterly Employment and Wages (QCEW)". It includes buttons for "Restart", "Back", "Print", and "Download", along with a link for "Help with Download". The page indicates it is "Page 1 of 1 (40 results/page)".

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

At the bottom of the page, there are links for "LMI Home", "Site Map", "Feedback", "Help", "About LMI", "Privacy Policy", and "Terms of Use". A "TWC Home" link is also present.

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

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

\*The South Texas Development Council for 2012 Manufacturing Wages by Council of Government Region is \$28,170.00 (1.10) = \$30,987.00

**Attachment 15**

**Description of Benefits**

Qualified employees of Hidalgo Wind Farm will be offered a package of benefits including medical, dental, and vision insurance, of which at least 80% of the premiums for the employee will be paid by the LLC. In addition, each qualifying employee will receive vacation time, sick leave, and life insurance.

**ATTACHMENT 16**

**ECONOMIC IMPACT-** NOT APPLICABLE

Hidalgo Wind Farm LLC  
Rio Grande City CISD

Applicant Name  
ISD Name

PROPERTY INVESTMENT AMOUNTS														
(Estimated Investment in each year. Do not put cumulative totals.)														
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	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 economic impact and total value	Column E: Total Investment (A+B+D)						
											1	2	3	4
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	2015	2015	66,947,799.00	0.00	66,947,799.00	5,752,201.00	72,700,000.00						
	2016	2016	2016											
	2017	2017	2017											
	2018	2018	2018											
	2019	2019	2019											
	2020	2020	2020											
	2021	2021	2021											
	2022	2022	2022											
	2023	2023	2023											
	2024	2024	2024											
	2025	2025	2025											
	2026	2026	2026											
	2027	2027	2027											
	2028	2028	2028											
	2029	2029	2029											
Complete tax years of qualifying time period														
Value Limitation Period														
Credit Settle-Up Period														
Post-Settle-Up Period														

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

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).  
Column C:

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.  
Column D:

The most significant example for many projects would be land. Other examples may be items such as professional services, etc.  
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 12/16/2013

Schedule B (Rev. May 2010): Estimated Market And Taxable Value  
 Hidalgo Wind Farm LLC

ATTACHMENT 18

Form 50-296

Applicant Name  
 ISD Name

Rio Grande City CISD

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"		Final taxable value for M&O--after all reductions	Final taxable value for M&O--after all reductions
pre-year 1	2014-2015	2014	N/A	N/A				
1	2015-2016	2015	N/A	N/A				
2	2016-2017	2016	N/A	N/A				
3	2017-2018	2017	N/A	N/A	55,000,000.00		55,000,000.00	10,000,000.00
4	2018-2019	2018	N/A	N/A	52,250,000.00		52,250,000.00	10,000,000.00
5	2019-2020	2019	N/A	N/A	49,500,000.00		49,500,000.00	10,000,000.00
6	2020-2021	2020	N/A	N/A	46,750,000.00		46,750,000.00	10,000,000.00
7	2021-2022	2021	N/A	N/A	44,000,000.00		44,000,000.00	10,000,000.00
8	2022-2023	2022	N/A	N/A	41,250,000.00		41,250,000.00	10,000,000.00
9	2023-2024	2023	N/A	N/A	38,500,000.00		38,500,000.00	10,000,000.00
10	2024-2025	2024	N/A	N/A	36,575,000.00		36,575,000.00	10,000,000.00
11	2025-2026	2025	N/A	N/A	33,000,000.00		33,000,000.00	33,000,000.00
12	2026-2027	2026	N/A	N/A	30,250,000.00		30,250,000.00	30,250,000.00
13	2027-2028	2027	N/A	N/A	27,500,000.00		27,500,000.00	27,500,000.00
14	2028-2029	2028	N/A	N/A	24,750,000.00		24,750,000.00	24,750,000.00
15	2029-2030	2029	N/A	N/A	22,000,000.00		22,000,000.00	22,000,000.00

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.

12/16/2013

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name  
ISD Name

Hidalgo Wind Farm LLC  
Rio Grande City CISD

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						
	1	2015-2016	2015						
	2	2016-2017	2016	80,000 manhours	34,576	1	30,987.00	1	30,987.00
	3	2017-2018	2017			1	30,987.00	1	30,987.00
	4	2018-2019	2018			1	30,987.00	1	30,987.00
	5	2019-2020	2019			1	30,987.00	1	30,987.00
	6	2020-2021	2020			1	30,987.00	1	30,987.00
	7	2021-2022	2021			1	30,987.00	1	30,987.00
	8	2022-2023	2022			1	30,987.00	1	30,987.00
	9	2023-2024	2023			1	30,987.00	1	30,987.00
	10	2024-2025	2024			1	30,987.00	1	30,987.00
	11	2025-2026	2025			1	30,987.00	1	30,987.00
	12	2026-2027	2026			1	30,987.00	1	30,987.00
	13	2027-2028	2027			1	30,987.00	1	30,987.00
	14	2028-2029	2028			1	30,987.00	1	30,987.00
	15	2029-2030	2029			1	30,987.00	1	30,987.00
Tax Credit Period (with 50% cap on credit)	Complete tax years of qualifying time period								
	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

DATE

12/16/2013

\*This is a current estimate and is based on the 2012 hourly wage for construction employment from the Texas Bureau of Labor Statistics. Amount is calculated based on 1,600 hours.

\*\* The applicant intends to seek agreement with the school district to condition eligibility for a limitation on appraised value on compliance with the provisions of Chapter 313 as amended by House Bill 3390 (2013 R.S. signed by the Governor on June 14, 2013, effective January 1, 2014) relating to the creation of new jobs, as authorized by Section 23(b) of HB 3390.



ATTACHMENT 21

MAP OF REINVESTMENT ZONE-

-Starr County has been designated as an Enterprise Zone for purposes of Chapter 2303 of the Government Code. Included in the application is a listing of distressed Counties in Texas. Per. Tex. Gov't Code Section 2303.101 (3) explains that all distressed Counties are designated as an Enterprise Zone. Land, Improvements, and tangible personal property in Enterprise Zones can be qualified under Texas Tax Code Section 313.021(2)(A)(i).

**ATTACHMENT 22**

RESOLUTION ESTABLISHING REINVESTMENT ZONE

-Starr County has been designated as an Enterprise Zone for purposes of Chapter 2303 of the Government Code. Included in the application is a listing of distressed Counties in Texas. Per. Tex. Gov't Code Section 2303.101 (3) explains that all distressed Counties are designated as an Enterprise Zone. Land, Improvements, and tangible personal property in Enterprise Zones can be qualified under Texas Tax Code Section 313.021(2)(A)(i).

**ATTACHMENT 23**

LEGAL DESCRIPTION OF REINVESTMENT ZONE

-Starr County has been designated as an Enterprise Zone for purposes of Chapter 2303 of the Government Code. Included in the application is a listing of distressed Counties in Texas. Per. Tex. Gov't Code Section 2303.101 (3) explains that all distressed Counties are designated as an Enterprise Zone. Land, Improvements, and tangible personal property in Enterprise Zones can be qualified under Texas Tax Code Section 313.021(2)(A)(i).

**ATTACHMENT 24**

**GUIDELINES AND CRITERIA FOR REINVESTMENT ZONE**

-Starr County has been designated as an Enterprise Zone for purposes of Chapter 2303 of the Government Code. Included in the application is a listing of distressed Counties in Texas. Per. Tex. Gov't Code Section 2303.101 (3) explains that all distressed Counties are designated as an Enterprise Zone. Land, Improvements, and tangible personal property in Enterprise Zones can be qualified under Texas Tax Code Section 313.021(2)(A)(i).

County	2013 Distressed County	2010 Decennial									
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate	2009 Unemployment Rate	2008 Unemployment Rate		
Anderson	no	58,458	16.50%	25.20%	7.70%	9.1%	9.5%	8.8%	5.7%		
Andrews	no	14,756	17.10%	27.30%	3.70%	5.0%	6.0%	7.1%	3.4%		
Angelina	no	86,771	17.80%	22.00%	6.70%	7.7%	8.0%	8.3%	4.9%		
Aransas	no	23,158	17.40%	14.80%	6.10%	8.0%	8.1%	6.9%	4.5%		
Archer	no	9,054	10.00%	16.00%	4.90%	5.9%	6.0%	6.0%	3.8%		
Armstrong	no	1,901	10.70%	8.50%	4.80%	4.9%	4.7%	4.8%	3.6%		
Atascosa	no	44,911	18.80%	26.20%	6.60%	7.9%	7.9%	7.4%	4.7%		
Austin	no	28,417	8.80%	18.80%	6.00%	8.2%	8.0%	7.4%	4.3%		
Bailey	no	7,165	17.30%	26.60%	6.60%	7.3%	7.1%	5.6%	4.2%		
Bandera	no	20,485	18.40%	11.00%	6.00%	6.8%	7.1%	6.5%	4.4%		
Bastrop	no	74,171	14.10%	19.40%	6.40%	7.8%	8.4%	7.8%	4.9%		
Baylor	no	3,726	17.30%	15.30%	4.30%	5.8%	6.6%	5.8%	3.8%		
Bee	yes	31,861	19.00%	30.50%	7.00%	8.6%	9.1%	9.3%	6.3%		
Bell	no	310,235	14.10%	11.40%	7.30%	8.0%	7.5%	6.7%	4.9%		
Bexar	no	1,714,773	16.90%	18.60%	6.60%	7.6%	7.4%	6.8%	4.7%		
Blanco	no	10,497	11.70%	11.70%	5.50%	6.1%	5.9%	5.1%	3.8%		
Borden	no	641	4.30%	14.90%	3.00%	3.9%	5.0%	5.7%	3.2%		
Bosque	no	18,212	16.20%	19.90%	7.40%	8.5%	8.7%	7.9%	4.7%		
Bowie	no	92,565	16.80%	16.50%	6.80%	7.7%	8.3%	6.7%	5.1%		
Brazoria	no	313,166	10.60%	15.70%	7.00%	8.6%	9.0%	8.1%	5.2%		
Brazos	no	194,851	29.70%	15.50%	5.50%	6.4%	6.1%	5.4%	3.9%		
Brewster	no	9,232	16.50%	19.80%	4.70%	5.3%	5.5%	4.9%	3.7%		
Briscoe	no	1,637	19.90%	19.00%	6.30%	6.8%	5.9%	5.6%	4.2%		
Brooks	yes	7,223	34.00%	46.30%	7.10%	8.9%	9.9%	9.5%	5.4%		
Brown	no	38,106	16.20%	18.30%	6.00%	7.2%	7.3%	6.9%	4.5%		
Burleson	no	17,187	13.50%	23.20%	6.00%	6.8%	6.9%	6.8%	4.4%		
Burnet	no	42,750	13.70%	16.50%	5.40%	6.2%	6.5%	6.1%	4.0%		
Caldwell	no	38,066	19.60%	24.40%	7.00%	8.5%	8.6%	8.3%	5.2%		
Calhoun	no	21,381	16.30%	21.80%	7.00%	9.1%	9.0%	8.6%	4.9%		
Callahan	no	13,544	13.90%	13.70%	5.10%	6.2%	6.0%	5.9%	3.7%		
Cameron	yes	406,220	34.70%	37.70%	10.50%	11.8%	11.2%	9.9%	6.8%		
Camp	no	12,401	20.40%	25.30%	7.70%	8.8%	8.8%	8.9%	5.0%		
Carson	no	6,182	5.70%	12.10%	4.50%	5.8%	5.2%	5.9%	3.4%		
Cass	no	30,464	19.30%	17.70%	9.10%	10.6%	11.0%	11.5%	6.2%		
Castro	no	8,062	23.30%	31.90%	5.10%	5.7%	5.6%	5.0%	3.7%		
Chambers	no	35,096	10.50%	15.20%	7.70%	8.9%	9.9%	9.4%	5.8%		
Cherokee	yes	50,845	22.40%	25.80%	7.70%	8.9%	9.1%	9.0%	6.0%		
Childress	no	7,041	16.20%	17.90%	5.30%	6.1%	7.1%	6.0%	5.1%		
Clay	no	10,752	11.70%	10.80%	5.10%	6.1%	6.6%	7.0%	4.0%		
Cochran	no	3,127	24.90%	33.50%	7.70%	9.0%	8.2%	6.7%	4.8%		
Coke	no	3,320	15.10%	13.70%	6.20%	7.9%	7.9%	8.4%	7.7%		
Coleman	no	13,544	29.40%	22.20%	5.90%	7.1%	6.9%	7.0%	4.0%		
Collin	no	782,341	6.90%	7.20%	6.10%	7.0%	7.5%	7.3%	4.6%		

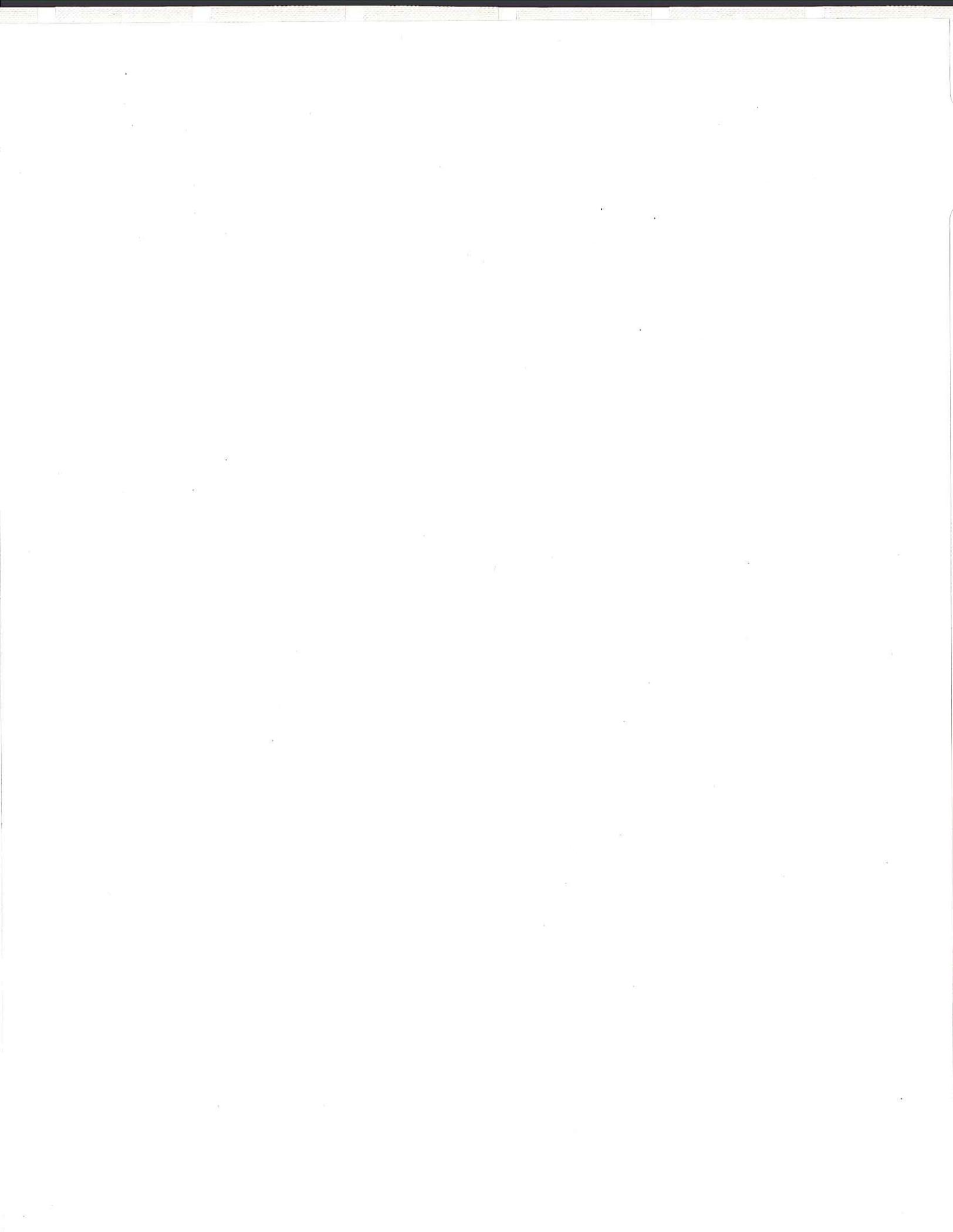
County	2013 Distressed County	2010 Decennial										2008 Unemployment Rate
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate	2009 Unemployment Rate	2008 Unemployment Rate			
Collingsworth	no	3,057	20.80%	25.80%	4.70%	5.3%	5.4%	5.5%	3.9%			
Colorado	no	20,874	15.20%	20.40%	5.70%	7.1%	7.5%	6.5%	4.0%			
Comal	no	108,472	10.00%	11.40%	6.10%	6.9%	6.6%	6.2%	4.1%			
Comanche	no	13,974	22.10%	23.30%	5.80%	6.7%	6.1%	6.1%	3.9%			
Concho	yes	4,087	20.00%	28.30%	7.10%	7.9%	8.3%	7.4%	5.3%			
Cooke	no	38,437	13.60%	18.20%	4.40%	5.4%	6.6%	6.6%	3.5%			
Corvell	no	75,388	13.20%	12.40%	8.60%	9.2%	8.8%	8.4%	6.1%			
Cottle	no	1,505	10.90%	20.90%	6.10%	6.4%	6.3%	5.6%	4.0%			
Crane	no	4,375	17.00%	27.80%	5.30%	7.3%	8.1%	8.7%	4.1%			
Crockett	no	3,719	15.90%	38.10%	4.00%	5.3%	6.8%	8.6%	2.9%			
Crosby	no	6,059	23.90%	24.80%	6.80%	9.3%	7.9%	6.9%	4.9%			
Culberson	no	2,398	28.80%	38.20%	3.50%	4.2%	4.4%	4.3%	3.0%			
Dallam	no	6,703	12.50%	28.20%	3.90%	4.6%	5.2%	4.3%	3.0%			
Dallas	no	2,368,139	17.60%	23.50%	7.20%	8.4%	8.8%	8.2%	5.4%			
Dawson	yes	13,833	19.10%	33.00%	6.90%	7.9%	8.2%	8.1%	5.4%			
Deaf Smith	no	19,372	17.50%	33.70%	4.90%	5.6%	5.7%	5.3%	3.8%			
Delta	no	5,231	14.50%	15.80%	7.60%	8.9%	9.1%	8.4%	5.3%			
Denton	no	662,614	8.00%	8.80%	6.00%	7.0%	7.5%	7.2%	4.5%			
DeWitt	no	20,097	16.40%	24.50%	5.00%	6.7%	7.9%	7.7%	4.2%			
Dickens	no	2,444	24.60%	27.10%	9.50%	13.6%	10.3%	7.4%	4.4%			
Dimmit	yes	9,996	36.40%	39.00%	5.10%	7.0%	9.6%	10.2%	6.7%			
Donley	no	3,677	10.50%	17.80%	5.50%	6.1%	6.4%	6.2%	4.2%			
Duval	yes	11,782	22.90%	35.10%	6.70%	9.1%	11.2%	11.1%	5.4%			
Eastland	no	18,583	21.00%	22.30%	6.10%	7.1%	7.9%	7.6%	4.6%			
Ector	no	137,130	16.70%	27.10%	4.20%	5.8%	7.8%	8.2%	3.4%			
Edwards	no	2,002	24.70%	32.30%	6.80%	7.1%	7.2%	7.3%	3.8%			
El Paso	yes	800,647	25.60%	29.00%	6.80%	10.3%	9.5%	8.0%	6.3%			
Ellis	no	149,610	11.30%	17.10%	9.30%	8.1%	8.5%	9.0%	5.1%			
Erath	no	37,890	19.70%	20.50%	5.50%	6.2%	6.5%	6.3%	3.8%			
Falls	yes	17,866	23.40%	26.50%	8.40%	9.5%	9.6%	8.9%	5.8%			
Fannin	no	33,915	14.70%	17.60%	8.60%	9.9%	9.3%	8.8%	5.9%			
Fayette	no	24,554	11.00%	21.00%	4.80%	5.8%	5.9%	5.6%	3.5%			
Fisher	no	3,974	13.90%	19.00%	5.20%	6.4%	6.5%	6.1%	3.9%			
Floyd	no	6,446	23.80%	25.40%	6.80%	8.3%	8.5%	6.8%	4.7%			
Foard	no	1,336	23.40%	24.20%	5.70%	7.0%	6.3%	5.8%	4.0%			
Fort Bend	no	585,375	8.00%	11.40%	6.10%	7.3%	8.0%	7.2%	4.5%			
Franklin	no	10,605	14.80%	17.30%	6.50%	7.3%	7.7%	6.9%	4.3%			
Freestone	no	19,816	16.00%	21.30%	5.40%	6.4%	6.6%	6.3%	4.1%			
Frio	yes	17,217	21.80%	35.70%	5.60%	7.3%	7.6%	7.6%	5.5%			
Gaines	no	17,526	18.00%	41.80%	4.60%	5.6%	6.2%	6.4%	3.9%			
Galveston	no	291,309	12.80%	14.10%	7.70%	9.1%	9.2%	8.2%	5.8%			
Garza	no	6,461	21.70%	37.10%	6.10%	7.1%	5.4%	5.3%	3.8%			
Gillespie	no	24,837	8.00%	13.60%	4.20%	4.7%	4.8%	4.5%	3.1%			

County	2013 Distressed County	2010 Decennial									
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate	2009 Unemployment Rate	2008 Unemployment Rate		
Glasscock	no	1,226	11.20%	22.00%	4.30%	4.4%	5.6%	4.9%	3.7%		
Gollad	no	7,210	11.80%	16.20%	5.30%	6.1%	7.3%	6.9%	3.8%		
Gonzales	no	19,807	20.30%	32.40%	4.60%	5.7%	6.2%	5.5%	4.0%		
Gray	no	22,535	15.00%	20.70%	4.80%	6.0%	7.5%	8.2%	3.5%		
Grayson	no	120,877	13.50%	14.80%	7.20%	8.3%	8.4%	8.1%	5.3%		
Gregg	no	121,730	16.50%	17.60%	5.70%	6.8%	7.2%	7.2%	4.0%		
Grimes	no	26,604	15.90%	22.80%	6.50%	7.9%	8.8%	8.6%	5.2%		
Guadalupe	no	131,533	9.70%	14.90%	5.80%	6.7%	6.9%	6.5%	4.4%		
Hale	no	36,273	19.00%	30.00%	8.00%	7.2%	7.0%	6.2%	4.6%		
Hall	yes	3,353	27.70%	27.80%	8.00%	8.9%	9.2%	8.5%	5.6%		
Hamilton	no	8,517	11.40%	17.40%	5.40%	5.9%	6.1%	5.7%	3.6%		
Hansford	no	5,613	13.50%	24.00%	3.90%	4.5%	4.8%	5.2%	3.2%		
Hardeman	no	4,139	19.20%	20.60%	5.10%	5.9%	6.9%	7.5%	3.6%		
Hardin	no	54,635	12.00%	14.90%	7.90%	9.4%	9.3%	8.8%	5.5%		
Harris	no	4,092,459	16.80%	22.40%	6.80%	8.2%	8.5%	7.6%	4.8%		
Harrison	no	65,631	15.20%	16.30%	6.90%	7.8%	8.8%	8.2%	4.7%		
Hartley	no	6,062	9.30%	21.60%	4.40%	5.1%	4.8%	4.2%	3.3%		
Haskell	no	5,899	18.80%	22.10%	5.60%	5.2%	5.0%	5.2%	3.3%		
Hays	no	157,107	16.40%	11.90%	5.70%	6.7%	7.1%	6.6%	4.3%		
Hemphill	no	3,807	16.80%	19.30%	2.30%	2.7%	3.2%	3.5%	2.0%		
Henderson	no	78,532	16.80%	21.00%	7.30%	8.4%	8.6%	8.2%	5.4%		
Hidalgo	yes	774,769	34.40%	39.80%	11.00%	12.0%	11.8%	10.6%	7.3%		
Hill	no	35,089	15.00%	21.90%	6.90%	8.3%	8.3%	7.9%	5.1%		
Hockley	no	22,935	17.00%	25.90%	4.70%	5.7%	6.3%	6.9%	3.8%		
Hood	no	51,182	10.90%	13.80%	5.60%	7.2%	7.5%	7.1%	4.2%		
Hopkins	no	35,161	15.80%	21.30%	6.00%	6.9%	6.8%	6.1%	4.2%		
Houston	no	23,732	23.70%	21.50%	9.50%	10.4%	9.8%	9.4%	6.6%		
Howard	no	35,012	17.70%	29.20%	6.10%	7.2%	7.2%	7.4%	4.6%		
Hudspeth	no	3,476	46.00%	49.50%	5.70%	6.1%	5.8%	5.6%	4.1%		
Hunt	no	86,129	19.20%	20.00%	7.80%	8.4%	8.8%	8.2%	5.3%		
Hutchinson	no	22,150	15.20%	16.50%	5.50%	6.8%	7.3%	6.9%	4.2%		
Ifon	no	1,599	1.50%	18.40%	4.30%	5.5%	4.8%	5.3%	3.5%		
Jack	no	9,044	17.80%	21.10%	4.50%	5.4%	6.1%	6.3%	3.3%		
Jackson	no	14,075	11.70%	22.80%	5.20%	6.6%	7.3%	7.5%	4.1%		
Jasper	no	35,710	18.60%	18.40%	9.90%	11.7%	11.5%	10.2%	6.5%		
Jeff Davis	no	2,342	14.70%	16.10%	5.50%	5.7%	5.3%	5.1%	3.7%		
Jefferson	no	252,273	18.80%	18.60%	10.70%	11.3%	10.9%	9.7%	6.8%		
Jim Hogg	no	5,300	12.00%	31.10%	4.80%	6.5%	7.9%	7.8%	3.9%		
Jim Wells	no	40,838	21.90%	29.40%	4.90%	6.7%	8.6%	8.9%	4.3%		
Johnson	no	150,934	10.50%	18.30%	6.60%	7.6%	8.3%	8.2%	4.7%		
Jones	no	20,202	12.30%	30.40%	6.30%	7.5%	8.0%	7.8%	5.0%		
Karnes	yes	14,824	19.00%	34.40%	6.80%	8.4%	9.4%	9.2%	6.1%		
Kaufman	no	103,350	11.40%	17.30%	7.10%	8.3%	9.0%	8.3%	5.4%		

County	2013 Distressed County	2010 Decennial										2008 Unemployment Rate
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2010 Decennial Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate	2009 Unemployment Rate	2008 Unemployment Rate			
Kendall	no	33,410	7.10%	8.90%	5.50%	6.2%	6.0%	5.7%	3.8%			
Kennedy	no	416	14.90%	40.20%	3.30%	4.7%	5.5%	6.0%	3.3%			
Kent	no	808	5.40%	9.40%	5.00%	6.0%	5.9%	5.4%	4.5%			
Kerr	no	49,625	14.10%	13.80%	5.50%	6.4%	6.2%	5.8%	4.0%			
Kimble	no	4,607	14.60%	23.50%	5.50%	6.8%	6.5%	5.2%	3.8%			
King	no	286	0.00%	9.20%	6.30%	5.7%	6.7%	5.2%	4.2%			
Kinney	no	3,598	32.20%	24.60%	7.50%	8.6%	7.7%	5.4%	4.3%			
Kleberg	no	32,061	24.80%	23.90%	5.90%	6.9%	7.0%	6.8%	4.3%			
Knox	no	3,719	16.00%	24.50%	5.60%	6.1%	5.8%	6.1%	3.9%			
La Salle	yes	6,886	21.80%	40.10%	9.00%	6.5%	7.9%	9.7%	5.6%			
Lamar	no	49,793	16.70%	17.60%	7.70%	9.7%	9.0%	7.8%	5.5%			
Lamb	no	13,977	17.90%	28.10%	6.90%	7.2%	7.1%	7.4%	4.5%			
Lampasas	no	19,677	14.60%	17.40%	4.30%	7.2%	6.2%	5.9%	4.1%			
Lavaca	no	19,263	10.50%	23.70%	4.50%	5.7%	6.6%	5.9%	3.5%			
Lee	no	16,612	10.80%	20.90%	4.90%	5.9%	6.7%	6.8%	4.0%			
Leon	no	16,801	16.70%	21.30%	6.70%	7.6%	7.8%	6.9%	4.4%			
Liberty	no	75,643	15.40%	26.80%	8.80%	10.6%	11.0%	10.1%	6.0%			
Limestone	no	23,384	18.90%	25.50%	6.10%	7.3%	6.8%	6.3%	4.5%			
Lipscomb	no	3,302	14.20%	18.50%	3.50%	4.5%	5.6%	6.7%	2.7%			
Live Oak	no	11,531	13.30%	22.90%	4.20%	5.5%	6.7%	7.3%	4.3%			
Llano	no	19,301	12.60%	12.00%	6.50%	7.5%	7.5%	7.0%	4.5%			
Loving	no	82	0.00%	7.70%	9.30%	9.8%	8.0%	10.0%	8.9%			
Lubbock	no	278,831	18.80%	16.60%	5.50%	6.1%	6.2%	5.3%	3.8%			
Lynn	no	5,915	16.90%	25.80%	6.80%	7.3%	7.1%	6.3%	4.7%			
Madison	no	13,664	20.40%	21.80%	5.30%	8.1%	7.9%	7.5%	5.3%			
Marion	no	10,546	23.20%	23.10%	6.50%	9.2%	10.3%	10.5%	5.1%			
Martin	no	4,799	7.20%	29.10%	2.60%	5.3%	5.7%	4.9%	3.4%			
Mason	no	4,012	16.30%	20.10%	6.90%	4.9%	5.1%	5.1%	3.0%			
Matagorda	no	36,702	21.60%	23.40%	7.90%	11.6%	11.3%	10.3%	7.0%			
Maverick	yes	54,258	33.60%	44.80%	4.30%	14.2%	15.2%	14.4%	11.0%			
McCulloch	no	8,283	22.90%	25.20%	4.30%	5.9%	7.1%	8.1%	4.1%			
McLennan	no	234,906	20.50%	19.70%	9.90%	7.4%	7.4%	6.7%	4.6%			
McMullen	no	707	9.10%	21.30%	12.60%	3.8%	6.7%	7.2%	5.6%			
Medina	no	46,006	15.90%	21.70%	6.40%	7.4%	7.4%	6.7%	5.1%			
Menard	no	2,242	18.60%	19.90%	6.10%	7.0%	7.0%	6.8%	4.4%			
Midland	no	136,872	12.50%	18.80%	3.50%	4.4%	5.3%	5.6%	2.9%			
Milam	no	24,757	17.60%	18.50%	7.90%	9.6%	10.4%	11.1%	5.5%			
Mills	no	4,936	15.70%	22.80%	5.10%	6.1%	6.0%	5.4%	4.0%			
Mitchell	no	9,403	15.30%	26.60%	6.40%	7.8%	8.6%	8.6%	5.4%			
Montague	no	19,719	13.20%	18.80%	4.90%	5.9%	7.2%	7.2%	3.7%			
Montgomery	no	455,746	10.90%	14.10%	6.00%	7.2%	7.6%	7.0%	4.3%			
Moore	no	21,904	13.40%	30.50%	4.10%	4.7%	4.9%	4.7%	3.1%			
Morris	no	12,934	16.70%	17.70%	9.20%	11.5%	13.1%	14.9%	6.2%			

County	2013 Distressed County	2010 Decennial										2008 Unemployment Rate
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate	2009 Unemployment Rate	2008 Unemployment Rate			
Motley	no	1,210	22.10%	15.30%	5.40%	6.0%	5.6%	5.4%	4.1%			
Nacogdoches	no	64,524	24.60%	19.50%	6.30%	6.8%	6.9%	6.4%	4.4%			
Navarro	no	47,735	19.80%	23.50%	7.70%	8.8%	9.1%	8.0%	5.6%			
Newton	no	14,445	16.20%	22.30%	11.80%	13.9%	13.0%	11.5%	7.3%			
Nolan	no	15,216	19.40%	22.60%	5.60%	6.6%	6.9%	6.4%	3.9%			
Nueces	no	340,223	19.10%	21.80%	6.20%	7.6%	7.6%	6.9%	4.6%			
Ochiltree	no	10,223	17.70%	29.30%	3.30%	4.2%	5.1%	6.0%	2.7%			
Oldham	no	2,052	13.40%	17.70%	4.40%	5.1%	6.0%	5.9%	4.2%			
Orange	no	81,837	13.90%	14.20%	9.80%	11.2%	10.8%	9.9%	6.6%			
Palo Pinto	no	28,111	13.80%	23.20%	6.20%	7.4%	7.8%	7.4%	4.3%			
Panola	no	23,796	12.50%	18.50%	5.60%	6.9%	7.3%	7.4%	3.9%			
Parker	no	116,927	10.50%	14.60%	6.10%	7.1%	7.7%	7.7%	4.5%			
Parmer	no	10,269	18.60%	35.00%	4.80%	5.1%	4.7%	4.5%	3.4%			
Pecos	no	15,507	19.90%	34.90%	4.50%	5.3%	6.7%	9.1%	4.8%			
Polk	no	45,413	21.80%	25.10%	8.30%	9.7%	9.9%	9.1%	6.4%			
Potter	no	121,073	22.70%	24.60%	5.60%	6.3%	6.5%	6.1%	4.1%			
Presidio	yes	7,818	24.10%	46.30%	12.40%	14.3%	17.3%	16.7%	10.8%			
Rains	no	10,914	11.50%	19.20%	7.30%	8.5%	9.2%	8.1%	5.2%			
Randall	no	120,725	9.40%	8.70%	4.20%	4.7%	5.0%	4.6%	3.1%			
Reagan	no	3,367	10.50%	31.50%	2.40%	3.2%	4.1%	6.5%	2.0%			
Real	no	3,309	26.80%	22.40%	7.20%	7.3%	5.8%	5.6%	3.9%			
Red River	yes	12,860	17.50%	27.50%	10.40%	11.8%	11.0%	9.3%	6.6%			
Reeves	yes	13,783	28.70%	47.20%	9.60%	11.0%	10.9%	11.8%	6.0%			
Refugio	no	7,383	16.00%	27.30%	4.60%	5.9%	6.9%	6.5%	3.9%			
Roberts	no	929	14.60%	8.10%	3.90%	4.0%	4.7%	5.2%	2.4%			
Robertson	no	16,620	21.20%	23.40%	7.70%	8.8%	8.6%	7.8%	4.9%			
Rockwall	no	78,337	5.60%	8.70%	6.20%	7.2%	7.6%	7.3%	4.6%			
Runnels	no	10,501	21.60%	22.90%	6.20%	8.2%	9.0%	7.6%	4.8%			
Rusk	no	53,330	12.40%	20.60%	6.20%	7.0%	7.6%	7.8%	4.4%			
Sabine	no	10,834	18.00%	22.50%	15.30%	16.3%	16.3%	14.9%	9.2%			
San Augustine	yes	8,865	27.10%	28.60%	10.50%	12.4%	11.1%	10.2%	6.4%			
San Jacinto	no	26,384	17.80%	23.00%	8.00%	9.6%	10.4%	9.2%	5.8%			
San Patricio	no	64,804	16.60%	23.70%	7.60%	9.5%	10.3%	8.7%	5.4%			
San Saba	no	6,131	23.40%	18.60%	7.80%	7.5%	8.3%	7.3%	5.5%			
Schleicher	no	3,461	12.40%	21.50%	4.40%	6.3%	8.0%	9.4%	3.5%			
Scurry	no	16,921	17.70%	25.80%	4.30%	5.6%	6.4%	6.8%	4.1%			
Shackelford	no	3,378	13.20%	13.20%	2.90%	4.2%	4.6%	4.1%	2.7%			
Shelby	no	25,448	25.40%	24.60%	6.50%	7.9%	7.9%	7.4%	4.9%			
Sherman	no	3,034	12.90%	25.60%	4.60%	5.0%	4.8%	4.7%	3.7%			
Smith	no	209,714	15.40%	15.80%	7.00%	7.8%	7.9%	7.6%	5.0%			
Somervell	no	8,490	10.80%	12.60%	6.00%	7.9%	7.9%	7.0%	4.5%			
Starr	yes	60,968	38.00%	52.10%	15.00%	16.9%	17.9%	16.7%	11.9%			
Stephens	no	9,630	19.90%	17.80%	5.70%	7.5%	7.1%	6.8%	3.7%			

County	2013 Distressed County	2010 Decennial										2008 Unemployment Rate
		2010 Decennial Population	2010 Decennial Poverty	2010 Decennial School Diploma or Equivalent	2012 Unemployment Rate	2011 Unemployment Rate	2010 Unemployment Rate	2009 Unemployment Rate	2008 Unemployment Rate			
Sterling	no	1,143	21.00%	22.50%	3.00%	4.2%	4.6%	4.4%	2.8%			
Stonewall	no	1,490	11.90%	14.50%	3.90%	5.0%	4.9%	4.7%	3.4%			
Sutton	no	4,128	11.70%	30.60%	3.20%	4.5%	6.4%	6.7%	2.0%			
Swisher	no	7,854	15.40%	24.10%	5.70%	6.2%	6.0%	6.0%	4.5%			
Tarrant	no	1,809,034	13.40%	66.20%	6.60%	7.8%	8.3%	7.7%	4.9%			
Taylor	no	131,506	16.50%	15.90%	5.30%	6.3%	6.4%	5.7%	3.8%			
Terrill	no	984	16.50%	19.60%	6.30%	8.6%	8.5%	9.0%	5.8%			
Terry	no	12,651	16.60%	31.90%	6.80%	7.3%	7.4%	7.0%	4.4%			
Throckmorton	no	1,641	13.20%	21.60%	4.50%	5.6%	4.8%	5.2%	3.4%			
Titus	no	32,334	17.90%	27.10%	7.10%	7.9%	7.8%	7.4%	4.3%			
Tom Green	no	110,224	16.80%	18.80%	5.30%	6.3%	6.4%	6.5%	4.1%			
Travis	no	1,024,266	16.20%	13.70%	5.70%	6.6%	6.9%	6.7%	4.2%			
Trinity	no	14,585	16.60%	19.10%	7.90%	9.2%	8.8%	8.5%	5.6%			
Tyler	no	21,766	18.30%	17.10%	10.00%	11.5%	10.6%	9.8%	6.1%			
Upshur	no	39,309	13.10%	16.60%	5.80%	7.2%	7.8%	7.6%	4.3%			
Upton	no	3,355	13.90%	24.50%	3.40%	4.5%	5.0%	5.7%	3.1%			
Uvalde	yes	26,405	26.70%	30.10%	8.00%	9.0%	9.1%	8.1%	5.9%			
Val Verde	yes	48,879	24.00%	30.10%	7.60%	9.0%	9.1%	9.3%	6.0%			
Van Zandt	no	52,579	24.00%	36.00%	6.40%	7.4%	7.6%	7.0%	4.4%			
Victoria	no	86,793	16.40%	19.90%	5.40%	6.4%	7.3%	7.1%	3.9%			
Walker	no	67,861	21.10%	19.70%	6.70%	7.8%	7.6%	7.0%	5.3%			
Waller	no	43,205	21.10%	20.50%	7.00%	8.2%	8.9%	8.2%	5.0%			
Ward	no	10,658	17.30%	29.60%	4.50%	6.2%	8.0%	8.9%	3.9%			
Washington	no	33,718	16.00%	20.80%	5.10%	6.0%	6.4%	6.1%	4.1%			
Webb	yes	250,304	29.80%	37.30%	7.10%	8.1%	8.6%	8.7%	5.4%			
Wharton	no	41,280	17.20%	24.90%	6.80%	8.3%	8.6%	7.0%	4.5%			
Wheeler	no	5,410	13.90%	20.60%	3.60%	4.0%	4.7%	5.7%	2.5%			
Wichita	no	131,500	15.30%	17.20%	6.30%	7.3%	8.0%	7.6%	5.0%			
Wilbarger	no	13,535	23.30%	26.40%	4.60%	5.6%	6.1%	4.9%	3.7%			
Willacy	yes	22,134	43.40%	42.60%	14.80%	14.3%	12.7%	12.3%	9.0%			
Williamson	no	422,679	6.50%	8.40%	5.90%	6.8%	7.4%	7.4%	4.6%			
Wilson	no	42,918	9.00%	15.50%	5.90%	7.1%	7.4%	6.5%	4.7%			
Winkler	no	7,110	16.30%	37.10%	4.70%	6.1%	7.8%	9.4%	3.9%			
Wise	no	59,127	9.80%	18.50%	6.30%	7.2%	8.2%	8.7%	4.4%			
Wood	no	41,964	14.00%	19.20%	7.20%	8.0%	8.6%	8.0%	5.1%			
Yoakum	no	7,879	25.00%	28.60%	3.50%	4.7%	6.3%	7.7%	3.1%			
Young	no	18,550	15.60%	23.50%	5.00%	6.5%	6.7%	6.5%	3.6%			
Zapata	yes	14,018	37.60%	43.30%	6.50%	8.5%	11.0%	10.8%	5.6%			
Zavala	yes	11,677	43.00%	83.20%	14.10%	15.4%	15.6%	14.9%	10.8%			



Attachment B

Certificate of Account Status



## Franchise Tax Account Status

As of: 03/19/2014 02:50:56 PM

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

<b>HIDALGO WIND FARM LLC</b>	
Texas Taxpayer Number	32042891542
Mailing Address	808 TRAVIS ST STE 700 HOUSTON, TX 77002-5774
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	10/25/2010
Texas SOS File Number	0801334738
Registered Agent Name	C T CORPORATION SYSTEM
Registered Office Street Address	1999 BRYAN ST., STE. 900 DALLAS, TX 75201



# Attachment C

## State Comptroller's Recommendation

S U S A N  
C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



March 19, 2014

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

Dear Superintendent Gonzalez:

On December 19, 2013, the Comptroller received the completed application (Application # 395) for a limitation on appraised value under the provisions of Tax Code Chapter 313<sup>1</sup>. This application was originally submitted in December 2013 to the Rio Grande City Consolidated Independent School District (the school district) by Hidalgo Wind Farm, LLC (the applicant). This letter presents the results of the Comptroller's review of the application:

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

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$66.9 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

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

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

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

<sup>1</sup> All statutory references are to the Texas Tax Code, unless otherwise noted.

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

Note that any new building or other improvement existing as of the application review start date of December 19, 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](mailto:robert.wood@cpa.state.tx.us) or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert  
Deputy Comptroller

Enclosure

cc: Robert Wood

# Attachment D

## Economic Analysis

**Economic Impact for Chapter 313 Project**

Applicant	Hidalgo Wind Farm, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy - Wind
School District	Rio Grande City CISD
2012-13 Enrollment in School District	10,796
County	Starr County
Total Investment in District	\$72,700,000
Qualified Investment	\$66,947,799
Limitation Amount	\$10,000,000
Number of total jobs committed to by applicant	1*
Number of qualifying jobs committed to by applicant	1
Average Weekly Wage of Qualifying Jobs committed to by applicant	\$596
Minimum Weekly Wage Required Tax Code, 313.051(b)	\$596
Minimum Annual Wage committed to by applicant for qualified jobs	\$30,987
Investment per Qualifying Job	\$72,700,000
Estimated 15 year M&O levy without any limit or credit:	\$5,865,503
Estimated gross 15 year M&O tax benefit	\$3,320,753
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):	\$2,468,030
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	\$0
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	\$3,397,473
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	42.1%
Percentage of tax benefit due to the limitation	100.0%
Percentage of tax benefit due to the credit	0.0%
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

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

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

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

After construction, the project will create one new job when fully operational. The job will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Texas Development Council Region, where Starr County is located was \$28,170 in 2013. The annual average manufacturing wage for 2012-2013 for Starr County is \$18,577. That same year, the county annual average wage for all industries was \$20,189. In addition to an annual average salary of \$30,987 each qualifying position will receive benefits such as medical, dental, vision, vacation time, sick leave and life insurance. The project's total investment is \$72.7 million, resulting in a relative level of investment per qualifying job of \$72.7 million.

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

According to Hidalgo Wind Farm, LLC's application, "Hidalgo Wind Farm, LLC can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation and transmission capacity to interconnect the Project to the grid. The Applicant has over 7,000 MW of development assets for potential construction throughout the U.S.

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

During the past two years, four projects in the South Texas Development Council Region applied for value limitation agreements under Tax Code, Chapter 313.

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

The Texas Economic Development Plan focuses on attracting and developing industries using technology. It also identifies opportunities for existing Texas industries. The plan centers on promoting economic prosperity throughout Texas and the skilled workers that the Hidalgo Wind Farm, LLC project requires appear to be in line with the focus and themes of the plan. Texas identified renewable energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the renewable energy industry.

**Economic Impact [313.026(10)(A), (10)(B), (11), (13-20)]**

Table 1 depicts Hidalgo Wind Farm, 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 Hidalgo Wind Farm, LLC**

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	\$0	\$0	\$0
2015	0	0	0	\$0	\$0	\$0
2016	39	34	73	\$1,360,833	\$2,667,167	\$4,028,000
2017	1	1	2	\$30,987	\$579,013	\$610,000
2018	1	(1)	0	\$30,987	\$91,013	\$122,000
2019	1	(1)	0	\$30,987	\$213,013	\$244,000
2020	1	(1)	0	\$30,987	\$213,013	\$244,000
2021	1	(1)	0	\$30,987	\$91,013	\$122,000
2022	1	1	2	\$30,987	\$91,013	\$122,000
2023	1	1	2	\$30,987	-\$30,987	\$0
2024	1	(1)	0	\$30,987	\$91,013	\$122,000
2025	1	3	4	\$30,987	-\$274,987	-\$244,000
2026	1	(1)	0	\$30,987	-\$152,987	-\$122,000
2027	1	1	2	\$30,987	\$213,013	\$244,000
2028	1	3	4	\$30,987	-\$30,987	\$0
2029	1	(3)	-2	\$30,987	\$213,013	\$244,000

Source: CPA, REMI, Hidalgo Wind Farm, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.65 billion in 2012-2013. Rio Grande City CISD's ad valorem tax base in 2012-2013 was \$1.1 billion. The statewide average wealth per WADA was estimated at \$343,155 for fiscal 2012-2013. During that same year, Rio Grande City CISD's estimated wealth per WADA was \$80,813. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Starr County, the County Memorial Hospital District, South Texas Community College, and the County Drainage District with all property tax incentives sought being granted using estimated market value from Hidalgo Wind Farm, LLC's application. Hidalgo Wind Farm, 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 Hidalgo Wind Farm, LLC project on the region if all taxes are assessed.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Rio Grande City ISD I&S Levy	Rio Grande City ISD M&O Levy	Rio Grande City ISD M&O and I&S Tax Levies (Before Credit Credited)	Rio Grande City ISD M&O and I&S Tax Levies (After Credit Credited)	Starr County Tax Levy	Starr County Memorial Hospital District Tax Levy	South Texas Community College District Tax Levy	Starr County Drainage District Tax Levy	Estimated Total Property Taxes
			0.2726	1.1700				0.7792	0.2512	0.1570	0.0200	
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2015	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2016	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2017	\$55,000,000	\$10,000,000		\$149,930	\$117,000	\$266,930	\$266,930	\$0	\$138,181	\$86,350	\$11,000	\$502,461
2018	\$52,250,000	\$10,000,000		\$142,434	\$117,000	\$259,434	\$259,434	\$0	\$131,272	\$82,033	\$10,450	\$483,188
2019	\$49,500,000	\$10,000,000		\$134,937	\$117,000	\$251,937	\$251,937	\$0	\$124,363	\$77,715	\$9,900	\$463,915
2020	\$46,750,000	\$10,000,000		\$127,441	\$117,000	\$244,441	\$244,441	\$0	\$117,454	\$73,398	\$9,350	\$444,642
2021	\$44,000,000	\$10,000,000		\$119,944	\$117,000	\$236,944	\$236,944	\$0	\$110,545	\$69,080	\$8,800	\$425,369
2022	\$41,250,000	\$10,000,000		\$112,448	\$117,000	\$229,448	\$229,448	\$0	\$103,636	\$64,763	\$8,250	\$406,096
2023	\$38,500,000	\$10,000,000		\$104,951	\$117,000	\$221,951	\$221,951	\$0	\$96,727	\$60,445	\$7,700	\$386,823
2024	\$36,575,000	\$10,000,000		\$99,703	\$117,000	\$216,703	\$216,703	\$0	\$91,890	\$57,423	\$7,315	\$373,331
2025	\$33,000,000	\$33,000,000		\$89,958	\$386,100	\$476,058	\$476,058	\$0	\$82,909	\$51,810	\$6,600	\$617,377
2026	\$30,250,000	\$30,250,000		\$82,462	\$353,925	\$436,387	\$436,387	\$0	\$75,999	\$47,493	\$6,050	\$565,928
2027	\$27,500,000	\$27,500,000		\$74,965	\$321,750	\$396,715	\$396,715	\$214,280	\$69,090	\$43,175	\$5,500	\$728,760
2028	\$24,750,000	\$24,750,000		\$67,469	\$289,575	\$357,044	\$357,044	\$192,852	\$62,181	\$38,858	\$4,950	\$655,884
2029	\$22,000,000	\$22,000,000		\$59,972	\$257,400	\$317,372	\$317,372	\$171,424	\$55,272	\$34,540	\$4,400	\$583,008
						<b>Total</b>	<b>\$3,911,362</b>	<b>\$578,556</b>	<b>\$1,259,519</b>	<b>\$787,080</b>	<b>\$100,265</b>	<b>\$6,636,782</b>

Assumes School Value Limitation and Tax Abatements with the County, County Hospital District, South Texas Community College and Abatement with the County.

Source: CPA, Hidalgo Wind Farm, LLC  
<sup>1</sup>Tax Rate per \$100 Valuation

**Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives**

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O	Tax Rate <sup>1</sup>	Rio Grande City ISD I&S Levy	Rio Grande City ISD M&O Levy	Rio Grande City ISD M&O and I&S Tax Levies	Starr County Tax Levy	Starr County Memorial Hospital District Tax Levy	South Texas Community College District Tax Levy	Starr County Drainage District Tax Levy	Estimated Total Property Taxes	
			0.2726	1.1700			0.7792	0.2512	0.1570	0.0200		
2014	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2015	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2016	\$0	\$0		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
2017	\$55,000,000	\$55,000,000		\$149,930	\$643,500	\$793,430	\$428,560	\$138,181	\$86,350	\$11,000	\$1,457,521	
2018	\$52,250,000	\$52,250,000		\$142,434	\$611,325	\$753,759	\$407,132	\$131,272	\$82,033	\$10,450	\$1,384,645	
2019	\$49,500,000	\$49,500,000		\$134,937	\$579,150	\$714,087	\$385,704	\$124,363	\$77,715	\$9,900	\$1,311,769	
2020	\$46,750,000	\$46,750,000		\$127,441	\$546,975	\$674,416	\$364,276	\$117,454	\$73,398	\$9,350	\$1,238,893	
2021	\$44,000,000	\$44,000,000		\$119,944	\$514,800	\$634,744	\$342,848	\$110,545	\$69,080	\$8,800	\$1,166,017	
2022	\$41,250,000	\$41,250,000		\$112,448	\$482,625	\$595,073	\$321,420	\$103,636	\$64,763	\$8,250	\$1,093,141	
2023	\$38,500,000	\$38,500,000		\$104,951	\$450,450	\$555,401	\$299,992	\$96,727	\$60,445	\$7,700	\$1,020,265	
2024	\$36,575,000	\$36,575,000		\$99,703	\$427,928	\$527,631	\$284,992	\$91,890	\$57,423	\$7,315	\$969,251	
2025	\$33,000,000	\$33,000,000		\$89,958	\$386,100	\$476,058	\$257,136	\$82,909	\$51,810	\$6,600	\$874,513	
2026	\$30,250,000	\$30,250,000		\$82,462	\$353,925	\$436,387	\$235,708	\$75,999	\$47,493	\$6,050	\$801,636	
2027	\$27,500,000	\$27,500,000		\$74,965	\$321,750	\$396,715	\$214,280	\$69,090	\$43,175	\$5,500	\$728,760	
2028	\$24,750,000	\$24,750,000		\$67,469	\$289,575	\$357,044	\$192,852	\$62,181	\$38,858	\$4,950	\$655,884	
2029	\$22,000,000	\$22,000,000		\$59,972	\$257,400	\$317,372	\$171,424	\$55,272	\$34,540	\$4,400	\$583,008	
						<b>Total</b>	<b>\$7,232,114</b>	<b>\$3,906,324</b>	<b>\$1,259,519</b>	<b>\$787,080</b>	<b>\$100,265</b>	<b>\$13,285,303</b>

Source: CPA, Hidalgo Wind Farm, LLC  
<sup>1</sup>Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be \$5,865,503. The estimated gross 15 year M&O tax benefit, or levy loss, is \$3,320,753.

Attachment 3 is an economic overview of Starr County.

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



1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

March 12, 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 Hidalgo Wind project on the number and size of school facilities in Rio Grande City Consolidated Independent School District (RGCCISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and a conversation with the RGCCISD superintendent, Roel Gonzalez, the TEA has found that the Hidalgo Wind project would not have a significant impact on the number or size of school facilities in RGCCISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto: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", is written over a horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk



## TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • [www.tea.state.tx.us](http://www.tea.state.tx.us)

Michael Williams  
Commissioner

March 12, 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 Hidalgo Wind project for the Rio Grande City Consolidated Independent School District (RGCCISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Hidalgo Wind project on RGCCISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at [al.mckenzie@tea.state.tx.us](mailto: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', is written over a light blue horizontal line.

Al McKenzie, Manager  
Foundation School Program Support

AM/rk

## Starr County

### Population

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

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

### Economy and Income

#### *Employment*

- September 2011 total employment in Starr County: 21,148 , up 3.1 percent from September 2010. State total employment increased 0.9 percent during the same period.  
*(October 2011 employment data will be available November 18, 2011).*
- September 2011 Starr County unemployment rate: 16.6 percent, down from 17.5 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

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

#### *Income*

- Starr County's ranking in per capita personal income in 2009: 254th with an average per capita income of \$16,433, up 4.4 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

#### *Industry*

- Agricultural cash values in Starr County averaged \$65.46 million annually from 2007 to 2010. County total agricultural values in 2010 were up 42.3 percent from 2009. Major agriculture related commodities in Starr County during 2010 included:
  - Vegetables
  - Hunting
  - Fed Beef
  - Sorghum
  - Other Beef
- 2011 oil and gas production in Starr County: 240,207.0 barrels of oil and 53.8 million Mcf of gas. In September 2011, there were 104 producing oil wells and 1272 producing gas wells.

### Taxes

#### *Sales Tax - Taxable Sales*

**(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).**

*Quarterly (September 2010 through December 2010)*

- Taxable sales in Starr County during the fourth quarter 2010: \$57.75 million, up 0.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Rio Grande City:	\$38.67 million, down 0.9 percent from the same quarter in 2009.
Roma:	\$9.58 million, down 1.7 percent from the same quarter in 2009.
La Grulla:	\$87,076.00, up 16.0 percent from the same quarter in 2009.
Escobares:	\$904,338.00, up 7.9 percent from the same quarter in 2009.

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

- Taxable sales in Starr County through the fourth quarter of 2010: \$214.55 million, down 0.6 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

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

*Annual (2010)*

- Taxable sales in Starr County during 2010: \$214.55 million, down 0.6 percent from 2009.
- Starr County sent an estimated \$13.41 million (or 0.08 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

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

**Sales Tax – Local Sales Tax Allocations**

*(The release date for sales tax allocations to cities for the sales activity month of 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 Starr County based on the sales activity month of August 2011: \$370,397.12, up 9.9 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 

<b>Rio Grande City:</b>	\$280,868.33, up 11.2 percent from August 2010.
<b>Roma:</b>	\$80,995.70, up 6.4 percent from August 2010.
<b>La Grulla:</b>	\$1,870.25, up 11.7 percent from August 2010.
<b>Escobares:</b>	\$6,662.84, up 0.7 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 Starr County based on sales activity months from September 2010 through August 2011: \$4.41 million, up 4.5 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 

<b>Rio Grande City:</b>	\$3.31 million, up 4.9 percent from fiscal 2010.
<b>Roma:</b>	\$989,800.31, up 2.5 percent from fiscal 2010.
<b>La Grulla:</b>	\$20,446.11, up 7.5 percent from fiscal 2010.
<b>Escobares:</b>	\$88,572.26, up 13.8 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 Starr County based on sales activity months through August 2011: \$2.87 million, up 4.4 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 

<b>Rio Grande City:</b>	\$2.15 million, up 4.4 percent from the same period in 2010.
<b>Roma:</b>	\$647,413.86, up 4.0 percent from the same period in 2010.
<b>La Grulla:</b>	\$14,037.91, up 12.1 percent from the same period in 2010.
<b>Escobares:</b>	\$60,938.42, up 4.6 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 Starr County based on sales activity in the 12 months ending in August 2011: \$4.41 million, up 4.5 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 

<b>Rio Grande City:</b>	\$3.31 million, up 4.9 percent from the previous 12-month period.
<b>Roma:</b>	\$989,800.31, up 2.5 percent from the previous 12-month period.
<b>La Grulla:</b>	\$20,446.11, up 7.5 percent from the previous 12-month period.
<b>Escobares:</b>	\$88,572.26, up 13.8 percent from the previous 12-month period.

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

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

<b>Rio Grande City:</b>	\$2.80 million, up 5.3 percent from the same period in 2010.
<b>Roma:</b>	\$829,851.59, up 3.7 percent from the same period in 2010.
<b>La Grulla:</b>	\$16,965.57, up 9.0 percent from the same period in 2010.
<b>Escobares:</b>	\$75,035.98, up 16.5 percent from the same period in 2010.

**Annual (2010)**

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.

- Payments to all cities in Starr County based on sales activity months in 2010: \$4.29 million, down 0.9 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
  - Rio Grande City: \$3.22 million, down 0.8 percent from 2009.
  - Roma: \$964,817.68, down 1.6 percent from 2009.
  - La Grulla: \$18,927.35, up 1.2 percent from 2009.
  - Escobares: \$85,918.23, up 6.3 percent from 2009.

### ***Property Tax***

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

### **State Expenditures**

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

### **Higher Education**

- Community colleges in Starr County fall 2010 enrollment:
  - None.
- Starr County is in the service area of the following:
  - South Texas Community College with a fall 2010 enrollment of 27,971 . Counties in the service area include:
    - Hidalgo County
    - Starr County
- Institutions of higher education in Starr County fall 2010 enrollment:
  - None.

### **School Districts**

- Starr County had 3 school districts with 25 schools and 17,008 students in the 2009-10 school year.  
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
  - Rio Grande City ISD had 10,410 students in the 2009-10 school year. The average teacher salary was \$47,825. The percentage of students meeting the 2010 TAKS passing standard for all tests was 78 percent.
  - Roma ISD had 6,320 students in the 2009-10 school year. The average teacher salary was \$45,677. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.
  - San Isidro ISD had 278 students in the 2009-10 school year. The average teacher salary was \$51,427. The percentage of students meeting the 2010 TAKS passing standard for all tests was 86 percent.

# Attachment E

## Summary of Financial Impact

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

**December 20, 2013**

**Final Report**

**PREPARED BY**



## **Estimated Impact of the Proposed Hidalgo Wind Project on the Finances of the Rio Grande City Consolidated Independent School District under a Requested Chapter 313 Property Value Limitation**

### **Introduction**

Hidalgo Wind (Hidalgo Wind) has requested that the Rio Grande City Consolidated Independent School District (RGCCISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to RGCCISD on December 17, 2013, Hidalgo Wind proposes to invest \$67 million to construct a new renewable energy electric generation project in RGCCISD.

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

Under the provisions of Chapter 313, RGCCISD may offer a minimum value limitation of \$10 million. The provisions of Chapter 313 call for the project to be fully taxable in the 2015-16 and 2016-17 school years, unless the District and the Company agree to an extension of the start of the two-year qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2015-16 and 2016-17 school years. Beginning with the 2017-18 school year, the project would go on the local tax roll at \$10 million and remain at that level of taxable value for eight years for maintenance and operations (M&O) taxes.

The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with RGCCISD currently levying a \$0.2726 per \$100 I&S tax rate. The full taxable value of the investment is expected to reach \$55 million in 2017-18, with a modest boost in I&S taxes expected for that year. No out-year I&S benefits are expected in response to the project.

In the case of the Hidalgo Wind project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. RGCCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$852,723). No out-year M&O revenue losses are expected under current law.

Under the assumptions outlined below, the potential tax benefits under a Chapter 313 agreement could reach an estimated \$2.5 million over the course of the agreement. This amount is net of any anticipated revenue losses for the District.

## School Finance Mechanics

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

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

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

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

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

RGCCISD is classified as a formula district under the estimates presented below. As a formula district, its finances are susceptible to changes in taxable values and M&O collections like those associated with the implementation of a property value limitation agreement.

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

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

### **Underlying Assumptions**

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

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

Student enrollment counts are held constant at 9,946 students in average daily attendance (ADA) in analyzing the effects of the Hidalgo Wind project on the finances of RGCCISD. The District's local tax base reached \$1.0 billion for the 2012 tax year and is maintained at that level for the forecast period in order to isolate the effects of the property value limitation. An M&O tax rate of \$1.17 per \$100 is used throughout this analysis. RGCCISD has estimated state property wealth per weighted ADA or WADA of approximately \$80,392 for the 2012-13 school year. The enrollment and property value assumptions for the 15 years that are the subject of this analysis are summarized in Table 1.

### **School Finance Impact**

School finance models were prepared for RGCCISD under the assumptions outlined above through the 2029-30 school year. Beyond the 2014-15 school year, no attempt was made to forecast the 88<sup>th</sup> percentile or Austin yield that influence future state funding beyond the projected level for that school year. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

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

A second model is developed which adds the Hidalgo Wind value but imposes the proposed property value limitation effective in the third year, which in this case is the 2017-18 school year. The results of this model are identified as “Value Limitation Revenue Model” under the revenue protection provisions of the proposed agreement (see Table 3). A summary of the differences between these models is shown in Table 4.

Under these assumptions, RGCCISD would experience a revenue loss as a result of the implementation of the value limitation in the 2017-18 school year (-\$852,723). The revenue reduction results chiefly from the mechanics of the one-year lag of the state property value study.

One risk factor under the estimates presented here relates to the implementation of the value limitation in the 2017-18 school year. The formula loss of \$852,723 cited above between the base and the limitation models is based on an assumption that Hidalgo Wind would realize \$526,500 in tax savings in 2017-16 when the \$10 million limitation is implemented. Under the estimates presented here and as highlighted in Table 4, there is no formula offset for this reduction in MO taxes. In addition, RGCCISD would be expected to lose \$326,233 in Tier II state aid in that year. Once the value limitation is reflected in the state values used to calculate state aid in 2018-19, the annual revenue loss is eliminated under current law.

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

### **Impact on the Taxpayer**

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A \$1.17 per \$100 of taxable value M&O rate is assumed in 2012-13 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total \$3.3 million over the life of the agreement. No project value would be added during the 2015-16 and 2016-17 qualifying years, so Hidalgo Wind would not be eligible for tax credits for those years.

The key RGCCISD revenue losses are expected to total approximately -\$852,723 in the initial limitation year under the agreement. The total potential net tax benefits are estimated to reach \$2.5 million over the life of the agreement.

### **Facilities Funding Impact**

The Hidalgo Wind project remains fully taxable for debt services taxes, with RGCCISD currently levying a \$0.2726 per \$100 I&S rate. While there should be an increase in I&S taxes when the

project goes on the tax roll for the 2017-18 school year, it is not expected to have a long-term impact on the District's debt service requirements.

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

### **Conclusion**

The proposed Hidalgo Wind renewable energy electric generation project enhances the tax base of RGCCISD. It reflects continued capital investment in keeping with the goals of Chapter 313 of the Tax Code.

Under the assumptions outlined above, the potential tax savings for the applicant under a Chapter 313 agreement could reach an estimated \$2.5 million. (This amount is net of any anticipated revenue losses for the District.) The additional taxable value also enhances the tax base of RGCCISD in the initial year of the project.

**Table 1 – Base District Information with Hidalgo Wind Project Value and Limitation Values**

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
Pre-Year 1	2014-15	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,059,674,250	\$1,059,674,250	\$1,055,709,949	\$1,055,709,949	\$70,340	\$70,340
1	2015-16	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,216,810,268	\$1,216,810,268	\$1,055,709,949	\$1,055,709,949	\$70,340	\$70,340
2	2016-17	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,225,930,608	\$1,225,930,608	\$1,212,845,967	\$1,212,845,967	\$80,809	\$80,809
3	2017-18	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,124,674,250	\$1,079,674,250	\$1,221,966,307	\$1,221,966,307	\$81,417	\$81,417
4	2018-19	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,121,924,250	\$1,079,674,250	\$1,120,709,949	\$1,075,709,949	\$74,671	\$71,672
5	2019-20	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,119,174,250	\$1,079,674,250	\$1,117,959,949	\$1,075,709,949	\$74,487	\$71,672
6	2020-21	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,116,424,250	\$1,079,674,250	\$1,115,209,949	\$1,075,709,949	\$74,304	\$71,672
7	2021-22	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,113,674,250	\$1,079,674,250	\$1,112,459,949	\$1,075,709,949	\$74,121	\$71,672
8	2022-23	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,110,924,250	\$1,079,674,250	\$1,109,709,949	\$1,075,709,949	\$73,938	\$71,672
9	2023-24	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,108,174,250	\$1,079,674,250	\$1,106,959,949	\$1,075,709,949	\$73,755	\$71,672
10	2024-25	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,106,249,250	\$1,079,674,250	\$1,104,209,949	\$1,075,709,949	\$73,571	\$71,672
11	2025-26	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,306,774,542	\$1,306,774,542	\$1,102,284,949	\$1,075,709,949	\$73,443	\$71,672
12	2026-27	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,293,319,528	\$1,293,319,528	\$1,302,810,241	\$1,302,810,241	\$86,804	\$86,804
13	2027-28	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,280,399,764	\$1,280,399,764	\$1,289,355,227	\$1,289,355,227	\$85,907	\$85,907
14	2028-29	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,267,988,488	\$1,267,988,488	\$1,276,435,463	\$1,276,435,463	\$85,046	\$85,046
15	2029-30	10,277.43	15,008.71	\$1.1700	\$0.2726	\$1,256,060,276	\$1,256,060,276	\$1,264,024,187	\$1,264,024,187	\$84,219	\$84,219

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
Pre-Year 1	2014-15	\$11,060,962	\$71,207,324	\$0	\$0	\$1,880,364	\$9,487,563	\$0	\$93,636,213
1	2015-16	\$12,600,895	\$71,207,324	\$0	\$0	\$2,142,152	\$10,878,089	\$0	\$96,828,460
2	2016-17	\$12,690,274	\$69,635,963	\$0	\$0	\$2,157,346	\$9,259,231	\$0	\$93,742,814
3	2017-18	\$11,706,962	\$69,544,760	\$0	\$0	\$1,990,184	\$8,463,439	\$0	\$91,705,345
4	2018-19	\$11,679,461	\$70,557,324	\$0	\$0	\$1,985,509	\$9,379,957	\$0	\$93,602,251
5	2019-20	\$11,651,962	\$70,584,824	\$0	\$0	\$1,980,834	\$9,384,828	\$0	\$93,602,448
6	2020-21	\$11,624,461	\$70,612,324	\$0	\$0	\$1,976,159	\$9,393,378	\$0	\$93,606,322
7	2021-22	\$11,596,962	\$70,639,824	\$0	\$0	\$1,971,484	\$9,398,251	\$0	\$93,606,521
8	2022-23	\$11,569,461	\$70,667,324	\$0	\$0	\$1,966,809	\$9,411,406	\$0	\$93,615,000
9	2023-24	\$11,541,962	\$70,694,824	\$0	\$0	\$1,962,134	\$9,416,281	\$0	\$93,615,201
10	2024-25	\$11,522,712	\$70,722,324	\$0	\$0	\$1,958,861	\$9,424,849	\$0	\$93,628,746
11	2025-26	\$13,482,544	\$70,741,574	\$0	\$0	\$2,292,033	\$11,050,960	\$0	\$97,567,111
12	2026-27	\$13,350,685	\$68,736,321	\$0	\$0	\$2,269,616	\$8,910,221	\$0	\$93,266,843
13	2027-28	\$13,224,072	\$68,870,871	\$0	\$0	\$2,248,092	\$8,937,165	\$0	\$93,280,200
14	2028-29	\$13,102,441	\$69,000,068	\$0	\$0	\$2,227,415	\$8,971,317	\$0	\$93,301,241
15	2029-30	\$12,985,545	\$69,124,181	\$0	\$0	\$2,207,543	\$8,996,507	\$0	\$93,313,776

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

**Table 3-- “Value Limitation Revenue Model”--Project Value Added with Value Limit\***

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
<b>Pre-Year 1</b>	2014-15	\$11,060,962	\$71,207,324	\$0	\$0	\$1,880,364	\$9,487,563	\$0	\$93,636,213
<b>1</b>	2015-16	\$12,600,895	\$71,207,324	\$0	\$0	\$2,142,152	\$10,878,089	\$0	\$96,828,460
<b>2</b>	2016-17	\$12,690,274	\$69,635,963	\$0	\$0	\$2,157,346	\$9,259,231	\$0	\$93,742,814
<b>3</b>	2017-18	\$11,256,962	\$69,544,760	\$0	\$0	\$1,913,684	\$8,137,216	\$0	\$90,852,622
<b>4</b>	2018-19	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>5</b>	2019-20	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>6</b>	2020-21	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>7</b>	2021-22	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>8</b>	2022-23	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>9</b>	2023-24	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>10</b>	2024-25	\$11,256,962	\$71,007,324	\$0	\$0	\$1,913,684	\$9,503,196	\$0	\$93,681,166
<b>11</b>	2025-26	\$13,482,544	\$71,007,324	\$0	\$0	\$2,292,033	\$11,382,349	\$0	\$98,164,250
<b>12</b>	2026-27	\$13,350,685	\$68,736,321	\$0	\$0	\$2,269,616	\$8,910,221	\$0	\$93,266,843
<b>13</b>	2027-28	\$13,224,072	\$68,870,871	\$0	\$0	\$2,248,092	\$8,937,165	\$0	\$93,280,200
<b>14</b>	2028-29	\$13,102,441	\$69,000,068	\$0	\$0	\$2,227,415	\$8,971,317	\$0	\$93,301,241
<b>15</b>	2029-30	\$12,985,545	\$69,124,181	\$0	\$0	\$2,207,543	\$8,996,507	\$0	\$93,313,776

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

**Table 4 – Value Limit less Project Value with No Limit**

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
<b>Pre-Year 1</b>	2014-15	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>1</b>	2015-16	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>2</b>	2016-17	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>3</b>	2017-18	-\$450,000	\$0	\$0	\$0	-\$76,500	-\$326,223	\$0	-\$852,723
<b>4</b>	2018-19	-\$422,499	\$450,000	\$0	\$0	-\$71,825	\$123,239	\$0	\$78,915
<b>5</b>	2019-20	-\$395,000	\$422,500	\$0	\$0	-\$67,150	\$118,368	\$0	\$78,718
<b>6</b>	2020-21	-\$367,499	\$395,000	\$0	\$0	-\$62,475	\$109,818	\$0	\$74,844
<b>7</b>	2021-22	-\$340,000	\$367,500	\$0	\$0	-\$57,800	\$104,945	\$0	\$74,645
<b>8</b>	2022-23	-\$312,499	\$340,000	\$0	\$0	-\$53,125	\$91,790	\$0	\$66,166
<b>9</b>	2023-24	-\$285,000	\$312,500	\$0	\$0	-\$48,450	\$86,915	\$0	\$65,965
<b>10</b>	2024-25	-\$265,750	\$285,000	\$0	\$0	-\$45,177	\$78,347	\$0	\$52,420
<b>11</b>	2025-26	\$0	\$265,750	\$0	\$0	\$0	\$331,389	\$0	\$597,139
<b>12</b>	2026-27	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>13</b>	2027-28	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>14</b>	2028-29	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>15</b>	2029-30	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

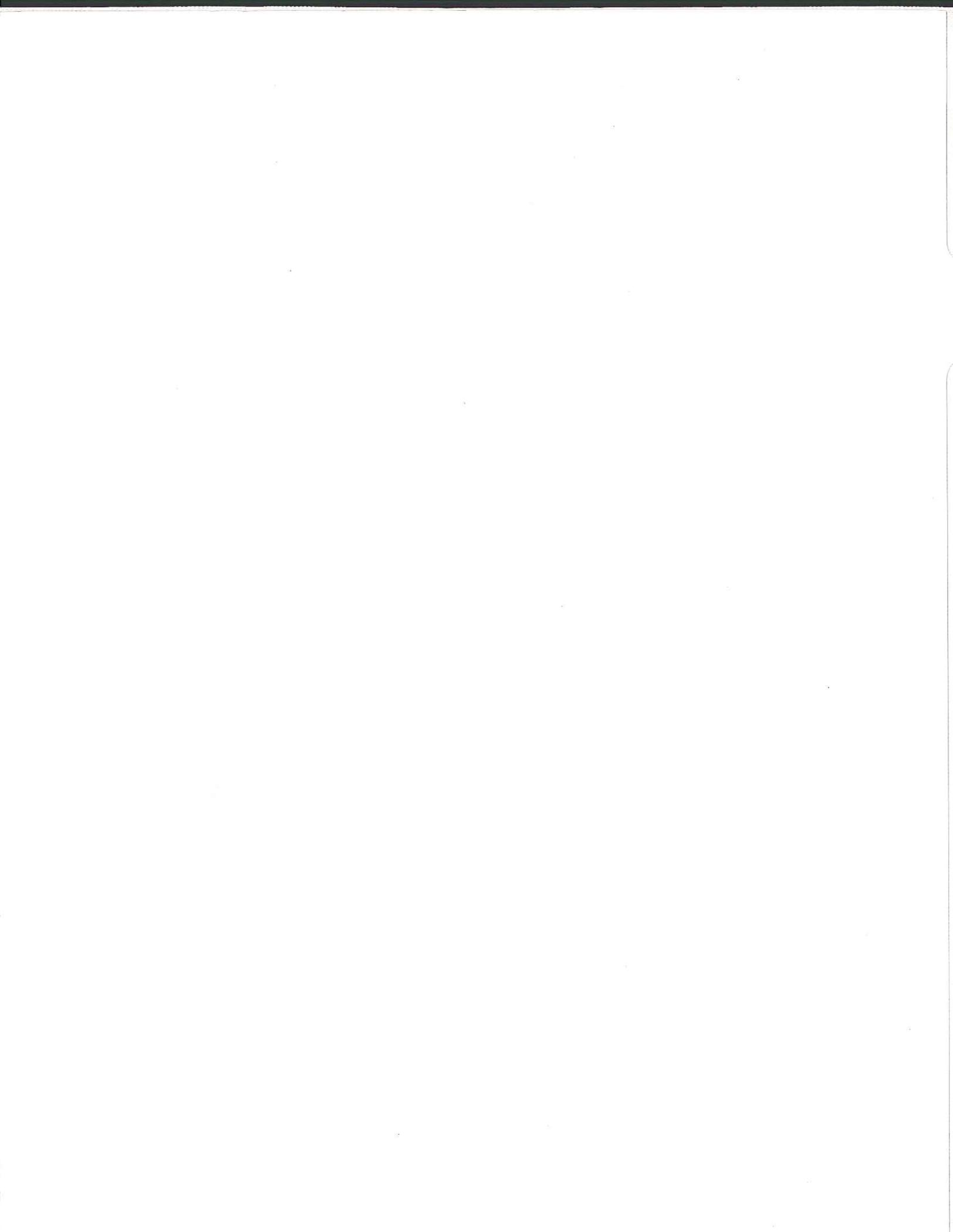
**Table 5 - Estimated Financial Impact of the Hidalgo Wind Project Property Value Limitation Request Submitted to RGCCISD at \$1.17 M&O Tax Rate**

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
Pre-Year 1	2014-15	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
1	2015-16	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
2	2016-17	\$0	\$0	\$0	\$1.170	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3	2017-18	\$55,000,000	\$10,000,000	\$45,000,000	\$1.170	\$643,500	\$117,000	\$526,500	\$0	\$526,500	-\$852,723	-\$326,223
4	2018-19	\$52,250,000	\$10,000,000	\$42,250,000	\$1.170	\$611,325	\$117,000	\$494,325	\$0	\$494,325	\$0	\$494,325
5	2019-20	\$49,500,000	\$10,000,000	\$39,500,000	\$1.170	\$579,150	\$117,000	\$462,150	\$0	\$462,150	\$0	\$462,150
6	2020-21	\$46,750,000	\$10,000,000	\$36,750,000	\$1.170	\$546,975	\$117,000	\$429,975	\$0	\$429,975	\$0	\$429,975
7	2021-22	\$44,000,000	\$10,000,000	\$34,000,000	\$1.170	\$514,800	\$117,000	\$397,800	\$0	\$397,800	\$0	\$397,800
8	2022-23	\$41,250,000	\$10,000,000	\$31,250,000	\$1.170	\$482,625	\$117,000	\$365,625	\$0	\$365,625	\$0	\$365,625
9	2023-24	\$38,500,000	\$10,000,000	\$28,500,000	\$1.170	\$450,450	\$117,000	\$333,450	\$0	\$333,450	\$0	\$333,450
10	2024-25	\$36,575,000	\$10,000,000	\$26,575,000	\$1.170	\$427,928	\$117,000	\$310,928	\$0	\$310,928	\$0	\$310,928
11	2025-26	\$33,000,000	\$33,000,000	\$0	\$1.170	\$386,100	\$386,100	\$0	\$0	\$0	\$0	\$0
12	2026-27	\$30,250,000	\$30,250,000	\$0	\$1.170	\$353,925	\$353,925	\$0	\$0	\$0	\$0	\$0
13	2027-28	\$27,500,000	\$27,500,000	\$0	\$1.170	\$321,750	\$321,750	\$0	\$0	\$0	\$0	\$0
14	2028-29	\$24,750,000	\$24,750,000	\$0	\$1.170	\$289,575	\$289,575	\$0	\$0	\$0	\$0	\$0
15	2029-30	\$22,000,000	\$22,000,000	\$0	\$1.170	\$257,400	\$257,400	\$0	\$0	\$0	\$0	\$0
						\$5,865,503	\$2,544,750	\$3,320,753	\$0	\$3,320,753	-\$852,723	\$2,468,030

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	\$0	\$0	\$0
Credits Earned			\$0
Credits Paid			\$0
Excess Credits Unpaid			\$0

**\*Note:** School District Revenue-Loss estimates are subject to change based on numerous factors, including legislative and Texas Education Agency administrative changes to school finance formulas, year-to-year appraisals of project values, and changes in school district tax rates. Additional information on the assumptions used in preparing these estimates is provided in the narrative of this Report.



# Attachment F

## Taxable Value of Property



# Window on State Government

Susan Combs Texas Comptroller of Public Accounts

## 2013 ISD Summary Worksheet

### 214/Starr

### 214-901/Rio Grande City ISD

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

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

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

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

### Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
1,132,767,601	1,061,850,601	1,132,767,601	1,061,850,601	1,061,850,601	1,061,850,601

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

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

### Value Taxable For I&S Purposes

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

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

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

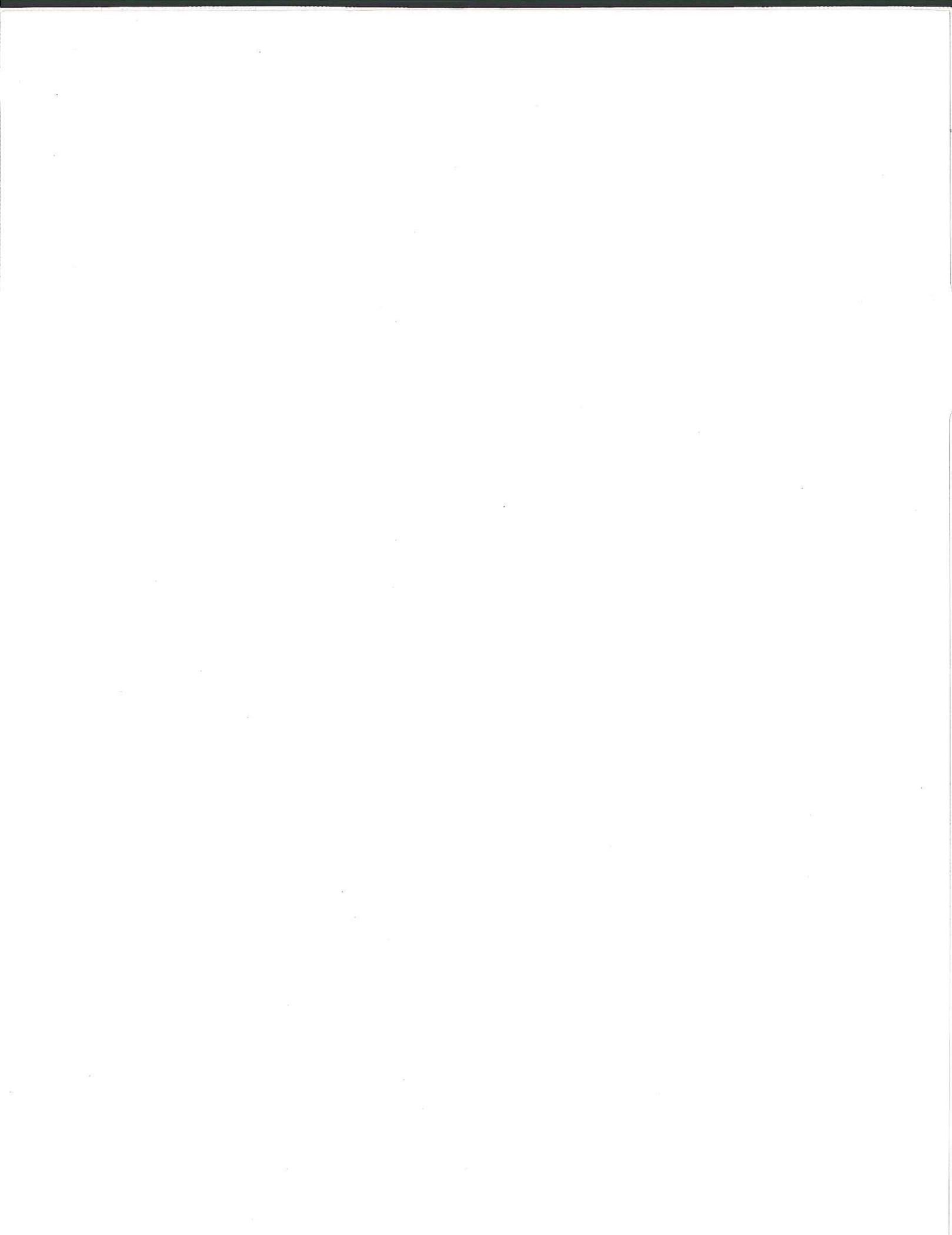
T9 = T7 minus 50% of the loss to the local optional percentage homestead exemption

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

T11 = T8 before the loss to the tax ceiling reduction

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

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



Attachment G

Participation Agreement

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

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by and between

**RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**

and

**HIDALGO WIND FARM LLC**

*(Texas Taxpayer Identification Number 32042891542)*

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TEXAS COMPTROLLER APPLICATION NUMBER 395

Dated

July 22, 2014

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

*STATE OF TEXAS* §

*COUNTY OF STARR* §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **HIDALGO WIND FARM LLC**, a limited liability company (Texas Taxpayer Identification Number 32042891542), hereinafter referred to as the "Applicant." The Applicant and the District are each hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

**RECITALS**

**WHEREAS**, on December 16, 2013, the Superintendent of Schools of the District (the "Superintendent"), acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

**WHEREAS**, on December 17, 2013, the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Applicant; and on December 17, 2013, the Superintendent acknowledged receipt of a completed Application and the requisite application fee, as established by the District pursuant to Texas Tax Code § 313.025(a)(1) and Board Policy Manual CCG (Local); and,

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

**WHEREAS**, the Comptroller established December 19, 2013 as the completed application date, making this agreement subject to Chapter 313 of the Texas Tax Code as it existed on that date; and,

**WHEREAS**, pursuant to 34 Texas Administrative Code § 9.1054, the Application was delivered for review to the Starr County Appraisal District (the "Appraisal District"); and,

**WHEREAS**, the Comptroller reviewed the Application pursuant to Texas Tax Code § 313.025(d), and on March 19, 2014, via letter, recommended that the Application be approved; and,

**WHEREAS**, the Comptroller conducted an economic impact evaluation pursuant to Texas Tax Code §313.026, which was presented to the Board of Trustees at the December 17, 2013 public hearing held in connection with the Board of Trustees' consideration of the Application; and,

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

**WHEREAS**, on May 13, 2014, pursuant to Tex. Tax Code § 313.025(b) and 34 Tex. Admin. Code § 9.1054(d), the Board of Trustees of Rio Grande City CISD approved an extension of the 151-day time period after the date the Comptroller has determined the application complete, in which to take action on the Application; and,

**WHEREAS**, on June 19, 2014, pursuant to Tex. Tax Code § 313.025(b), and 34 Tex. Admin. Code § 9.1054(d), and powers expressly granted to him by the Board of Trustees in its May 13, 2014 resolution, Superintendent of Rio Grande City CISD approved a second extension of the 151-day time period after the date the Comptroller has determined the application complete, in which to take action on the Application; and,

**WHEREAS**, on July 22, 2014, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

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

**WHEREAS**, on July 22, 2014, pursuant to the provisions of Texas Tax Code § 313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code § 313.051(b), based upon its factual Finding, made on July 22, 2014, that if the number of jobs required by law (*i.e.* 10 jobs) was applied to this project, given its size and scope as described in the Application and in **EXHIBIT 3**, the number of jobs will exceed the industry standard for the number of employees reasonably necessary for the operation of the facility; and,

**WHEREAS**, the Rio Grande City Consolidated Independent School District qualifies as a rural school district under the provisions of Texas Tax Code § 313.051(a)(2); and,

**WHEREAS**, on July 22, 2014, the Board of Trustees determined that the Limitation on Appraised Value requested by Applicant, as defined in Section 2.6, below, is consistent with the minimum values set out by Texas Tax Code, § 313.052, as of December 19, 2013; and,

**WHEREAS**, the District received written notification, pursuant to Comptroller's Rule § 9.1055(e)(2)(A) that the Comptroller reviewed this Agreement, and reaffirmed the recommendation previously made on March 19, 2014 that the Application be approved; and,

**WHEREAS**, on July 22, 2014, the Board of Trustees approved the form of this Agreement for a limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and adopted a resolution which authorized the President of the Board of Trustees and Secretary of the Board of Trustees to execute and deliver such Agreement to the Applicant, after making corrections, if any, required by the Comptroller's Office prior to execution; and,

**WHEREAS**, with Comptroller approval, the Parties may amend this agreement from time to time as permitted by Texas law as necessary to reflect changes desired by both Parties, and the Applicant may amend its application as necessary to reflect amendments to this agreement;

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

## ARTICLE I

### AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

#### Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code §§ 313.027 and 313.051.

#### Section 1.2. TERM OF THE AGREEMENT

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

The period beginning with the Commencement Date of July 22, 2014 and ending on December 31, 2016 will be referred to herein as the "Qualifying Time Period." For the

avoidance of doubt, the Limitation on Appraised Value described in Section 2.6 shall not begin until January 1, 2017 and shall not apply during the Qualifying Time Period.

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

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

<b>Full Tax Year of Agreement</b>	<b>Date of Appraised Value Determination</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
Partial Year (Commencement Date through December 31, 2014)	January 1, 2014	2014-15	2014	Start of Qualifying Time Period beginning with Commencement Date. No limitation on value.
1	January 1, 2015	2015-16	2015	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2016	2016-17	2016	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2017	2017-18	2017	\$ 10 million property value limitation.
4	January 1, 2018	2018-19	2018	\$ 10 million property value limitation. Possible tax credit due to Applicant.

<b>Full Tax Year of Agreement</b>	<b>Date of Appraised Value Determination</b>	<b>School Year</b>	<b>Tax Year</b>	<b>Summary Description of Provisions</b>
5	January 1, 2019	2019-20	2019	\$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2020	2020-21	2020	\$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2021	2021-22	2021	\$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2022	2022-23	2022	\$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2023	2023-24	2023	\$ 10 million property value limitation. Possible tax credit due to Applicant.
10	January 1, 2024	2024-25	2024	\$ 10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2025	2025-26	2025	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2026	2026-27	2026	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2027	2027-28	2027	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

**Agreement for Limitation on Appraised Value**

Between Rio Grande City Consolidated Independent School District and Hidalgo Wind Farm LLC

TEXAS COMPTROLLER APPLICATION NUMBER 395

Form of Agreement Approved subject to Comptroller final review: July 2014

### Section 1.3. DEFINITIONS

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

“Act” means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended, as it existed on the Completed Application Date.

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

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

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

“Agreement” means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 8.3.

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

“Applicant” means Hidalgo Wind Farm LLC, *Texas Taxpayer Identification Number 32042891542*, the company listed in the Preamble of this Agreement who, on December 16, 2013, filed with the District the Application. The term “Applicant” shall also include the Applicant’s assigns and successors-in-interest, and their direct and indirect subsidiaries.

“Applicant’s Qualified Investment” shall have the meaning as assigned to such term in Section 2.3.

"Applicant's Qualified Property" shall have the meaning as assigned to such term in Section 2.3.

"Application" means the Original Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on December 16, 2013 which has been certified by the Comptroller's office to constitute a complete final Application as of the date of December 19, 2013. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining this Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

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

"Appraisal District" means the Starr County Appraisal District.

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

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

"Completed Application Date" shall mean December 19, 2013, the date on which pursuant to Comptroller's Rule § 9.1055(b)(3), the Comptroller issued written notice to the District and Applicant that the Application was complete.

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

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth at Title 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same, to the extent such rules or decisions interpret the Act unless otherwise specified herein.

"County" means Starr County, Texas.

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

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

valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

"Final Termination Date" means December 31, 2027, except for any payment obligations of any Party arising under this Agreement prior to the Final Termination Date will survive until paid by the Party owing same. .

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

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

"Limitation on Appraised Value" shall have the meaning as assigned to such term in Section 2.6.

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

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

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

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

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

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

"New Jobs" means the total number of jobs, defined by 34 Texas Administrative Code §9.1051, which the Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Texas Tax Code §313.024(d), Eighty Percent (80%), of all New Jobs created by the Applicant on the project shall also be Qualifying Jobs, as defined below.

"Material Breach" shall have the meaning as assigned to such term in Section 7.6.

"New Jobs" means "new jobs" as defined by Comptroller's Rule § 9.1051(14)(C).

"New M&O Revenue" shall have the meaning as assigned to such term in Section 3.2.

"Original M&O Revenue" shall have the meaning as assigned to such term in Section 3.2.

“Qualified Investment” has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller’s Rules, as these provisions existed on the Completed Application Date, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller’s Rules.

“Qualifying Jobs” means New Jobs created by Applicant which meet the requirements of Texas Tax Code §§ 313.021(3) and 313.051(b).

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

“Qualifying Time Period” means the period that begins on the Commencement Date and ends on December 31, 2016.

“Party” shall have the meaning as assigned to such term in the preamble.

“Revenue Protection Amount” shall have the meaning as assigned to such term in Sections 32 and 3.3.

“State” means the State of Texas.

“Substantive Document” means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to the Application, the evaluation or consideration of the Application, or this Agreement or implementation of this Agreement for Limitation of Appraised Value pursuant to Chapter 313 of the Texas Tax Code. The term includes, but is not limited to, the Application and any amendments or supplements, any economic impact evaluation made in connection with the Application, this Agreement between the Applicant and the District and any subsequent amendments or assignments, any school district written finding or report filed with the Comptroller as required by Comptroller’s Rule, and any application requesting school tax credits under Texas Tax Code, §313.103.

“Superintendent” shall have the meaning as assigned to such term in the recitals.

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

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code §313.054. That is, for each of the eight (8) Tax Years: 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, the Appraised Value of the Applicant’s Qualified Investment for the District’s maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

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

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

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

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

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

## ARTICLE II

### PROPERTY DESCRIPTION

#### Section 2.1. LOCATION WITHIN A QUALIFIED REINVESTMENT OR ENTERPRISE ZONE

The Applicant’s Qualified Property and Qualified Investment will be located within the boundaries of Starr County Texas. At the time of this Agreement, all of Starr County, Texas has been designated as an Enterprise Zone for purposes of Chapter 2303 of the Government Code, pursuant to Texas Government Code Section 2303.101(3), as having met the qualifications of a distressed county within the meaning of the Act. All of Applicant’s Qualified Investment and Qualified Property located within Starr County, Texas will meet the criteria set forth in Texas Tax Code Section 313.021(2)(A)(i). A map showing the location of Starr County, Texas is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

## **Section 2.2. LOCATION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

Applicant's Qualified Property will include and be located on, and Applicant's Qualified Investment will be located on, certain land described in the legal description attached to this Agreement as **EXHIBIT 2** (the "Land"), which is incorporated herein by reference for all purposes. The Parties agree that the boundaries of the Land may not be materially changed without each Party's express authorization.

## **Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY**

The Qualified Investment and/or Qualified Property that is subject to the Limitation on Appraised Value is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes. The "Applicant's Qualified Investment" shall be hereby defined as that property described in **EXHIBIT 3** that is placed in service under the terms of the Application during the Qualifying Time Period.

The "Applicant's Qualified Property" shall be hereby defined as all property described in **EXHIBIT 3**, including, but not limited to, the Applicant's Qualified Investment, which: (1) is owned or leased by the Applicant; (2) is first placed in service after the Completed Application Date; and (3) is used in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or the Applicant's Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement.

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

- (i) submits to the District and the Comptroller a written request to add such property to this Agreement, which request shall include a specific description of the additional property to which the Applicant requests that the Limitation on Appraised Value apply;
- (ii) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,
- (iii) provides any additional information reasonably requested by the District or the Comptroller that is necessary to re-evaluate the economic impact analysis for the new or changed conditions.

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

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

**Section 2.5. QUALIFYING USE**

Applicant will use the Applicant's Qualified Investment and Applicant's Qualified Property described above in Section 2.3 as a renewable energy electricity generating facility. As such, such Property will qualify for a Limitation on Appraised Value under Texas Tax Code § 313.024(b)(1).

**Section 2.6. LIMITATION ON APPRAISED VALUE**

So long as the Applicant makes a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the following eight (8) Tax Years 2017, 2018, 2019, 2020, 2021, 2022, 2023, and 2024, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of (the "Limitation on Appraised Value"):

- (a) the Market Value of the Applicant's Qualified Property; or
- (b) Ten Million Dollars (\$10,000,000.00).

This Limitation on Appraised Value is based on the limitation amount for the category that applies to the District on the Application Date, as set out by Texas Tax Code § 313.052.

**ARTICLE III**

**PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES**

**Section 3.1. INTENT OF THE PARTIES; REVENUE PROTECTION AMOUNT**

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Texas Tax Code

§ 313.027(f)(1), be compensated by the Applicant for: any loss that the District incurs in its Maintenance and Operations Revenue; or for any new uncompensated operating cost incurred as a result of, or on account of, entering into this Agreement (the "Revenue Protection Amount"). shall be independent of, and in addition to, all such other payments as are set forth in Article IV. Subject only to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the in making the decision to enter into this Agreement will be borne by the Applicant and not by the District, and paid by the Applicant to the District in addition to any and all payments due under Article IV.

### **Section 3.2. LOSS OF REVENUES BY THE DISTRICT CALCULATING THE AMOUNT OF**

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

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

where:

- i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax at the tax rate actually adopted by the District for the applicable year.
- ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year, after all adjustments have been made to Maintenance and Operations Revenue because of any portion of this Agreement.

In making the calculations required by this Section 3.2:

- (i). The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
- (ii). For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property and/or the Applicant's Qualified Investment will be presumed to be one hundred percent (100%)

- (iii). If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.
- (iv). All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement (“New M&O Revenue”) will reflect the Limitation on Appraised Value for such year.
- (v). All calculations made under this Section 3.2 shall be made by a methodology which isolates the full M&O Revenue impact caused by this Agreement. The Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements, or any other factors not contained in this Agreement.

### **Section 3.3. COMPENSATION FOR LOSS OF OTHER REVENUES**

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

- (a) To the extent provided in Section 6.3, all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of the Applicant, any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Education Code § 42.2515, or other similar or successor statute.
- (b) All non-reimbursed costs, certified by the District’s external auditor to have been incurred by the District for extraordinary education-related expenses related to the 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. The Applicant may contest any such costs certified by the District’s external auditor under the provisions of Section 3.8.

### **Section 3.4. CALCULATIONS TO BE MADE BY THIRD PARTY**

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

### **Section 3.5. DATA USED FOR CALCULATIONS**

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

### **Section 3.6. DELIVERY OF CALCULATIONS**

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

### **Section 3.7. PAYMENT BY APPLICANT**

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

expenses under this Section 3.7 and Section 3.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

### **Section 3.8. RESOLUTION OF DISPUTES**

Should the Applicant disagree with the certification prepared pursuant to Section 3.6, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees, in writing, within thirty (30) days of the final determination of certification containing the calculations.

### **Section 3.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT**

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

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

### **Section 3.10. EFFECT OF STATUTORY CHANGES**

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, or to other governmental entities including the Appraisal District, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the Revenue Protection Amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the Revenue Protection Amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District. Both the District and the Applicant anticipate and intend that the provisions of Sections 3.2 through 3.9 above will fulfill the requirements of this Section.

## ARTICLE IV

### Section 4.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS

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

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the "Supplemental Payments" set forth in this Article IV. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article IV is separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to such limitations as are contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

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

(c) Explicit Identification of Payments to District

The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement.

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

Upon the execution of this Agreement, the Applicant shall be obligated to make annual Supplemental Payments to the Rio Grande City Consolidated Independent School District in the sums determined by Subsections (a), (b), and (c), below on or before the dates applicable to each Subsection:

(a) Fixed Payments

Applicant shall make the following fixed payments;

<u>PAYMENT DUE DATE</u>	<u>PAYMENT AMOUNT</u>
January 31, 2018	\$105,000.00
January 31, 2019	\$105,000.00
January 31, 2020	\$105,000.00
January 31, 2021	\$105,000.00
January 31, 2022	\$105,000.00
January 31, 2023	\$105,000.00
January 31, 2024	\$105,000.00
January 31, 2025	\$105,000.00

(b) Project Expansion Contingency Payment

Beginning in Tax Year 2017 and continuing thereafter through Tax Year 2024, Applicant shall pay the District an additional annual amount, in addition to the amounts set described in Subsection (a) of this Section, an annual amount equal to Two Thousand One Hundred Dollars (\$2,100.00) times the number of megawatts of nameplate productive capacity in Applicant's Qualified Property or Qualified Investment located within the District that exceeds fifty (50) megawatts. Such payments shall be due and payable on before the date established by Section 3.7, above for payments for each Tax Year.

(c) Tax Credit Contingency Payment

For each year of this Agreement Applicant shall pay the District an amount equal to Fifty Percent (50%) of any applicable tax credit to which the Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code. Payments from Applicant to the District under this Subsection shall be made within five (5) days of the Applicant's receipt of the Tax Credit from the District.

**Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT**

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2017), the Stipulated Supplemental Payment amount described in Section 4.2 will annually be calculated based upon the then most current data of the Applicant.

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

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

For each year of this Agreement, beginning with year three (Tax Year 2017) and continuing thereafter through year thirteen (Tax Year 2027), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Net Aggregate Limit, defined in Section 1.3, above.

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

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2027), because such payment would exceed the Net Aggregate Limit, will be deemed to have been cancelled by operation of law.

**Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS**

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

- (c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

**Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY**

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

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

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

**ARTICLE V**

**ANNUAL LIMITATION OF PAYMENTS BY APPLICANT**

**SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS**

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement beginning after the 2016 Tax Year and ending on the Final Termination Date, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such current Tax Year and all preceding Tax Years of this Agreement, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4 and Section 3.6, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in

said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

#### **Section 5.2. OPTION TO CANCEL AGREEMENT**

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

### **ARTICLE VI**

#### **TAX CREDITS**

##### **Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS**

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

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

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

### **Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES**

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

## **ARTICLE VII**

### **ADDITIONAL OBLIGATIONS OF APPLICANT**

#### **Section 7.1. DATA REQUESTS**

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the Comptroller, and/or the Appraisal District to have access to the Applicant's Qualified Property (escorted by Applicant's representative) and/or business records, in accordance with Texas Tax Code § 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property and any other tangible property on the premises. All inspections will be made at a mutually agreeable time after the giving of not less than two (2) business days prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections shall be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the respective Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature, or subject to a confidentiality agreement with any third party.

#### **Section 7.2. REPORTS TO OTHER GOVERNMENTAL AGENCIES**

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

**Section 7.3. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE**

By entering into this Agreement, the Applicant warrants that:

- (i). it will abide by all of the terms of this Agreement;
- (ii). it will Maintain Viable Presence in the District through the Final Termination Date; provided, however, that notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of this Agreement, and shall not be subject to any liability for failure to Maintain Viable Presence, to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,
- (iii). it will meet minimum eligibility requirements under Tax Code, Chapter 313 through the final Termination Date.

**Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR MATERIAL BREACH BY APPLICANT**

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant commits a Material Breach, after the notice and cure period provided by Section 7.8 and any dispute resolution conducted pursuant to Section 7.9, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then, subject to the provisions of Section 7.8 and 7.9, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that

otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III, as of the date upon which such payments were made to the District. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV, as of the date upon which such payments were made to the District.

Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

#### **Section 7.5. CALCULATION OF PENALTY AND INTEREST**

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

#### **Section 7.6 MATERIAL BREACH OF AGREEMENT**

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

- (i) Applicant is determined to have made inaccurate material representations of fact in the submission of its Application's is required by Section 8.13, below.
- (ii) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date.
- (iii) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.
- (iv) Applicant fails to make any payment required by this Agreement, or by the State or its agencies where such payment is authorized or required by the Act or by rules adopted thereunder.
- (v) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application

and Qualifying Jobs required by Texas Tax Code, Chapter 313, which for this agreement is the industry standard as represented in Applicant's job creation requirement waiver request.

- (vi) Applicant fails to create and maintain at least the number of Qualifying Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (vii) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by the Applicant on the project as Qualifying Jobs.
- (viii) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by the Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of or consideration for this Agreement are not barred by this provision.
- (ix) Applicant fails to comply in any material respect with any other term of this Agreement, or the Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Act, including but not limited to the filing of all required reports.

#### **Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH**

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

#### **Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT**

Prior to making a determination under Section 7.6 that the Applicant is in Material Breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the Material Breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that a Material Breach of this Agreement has not occurred and/or that it has cured or undertaken to cure any such Material Breach.

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

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

#### **Section 7.9. DISPUTE RESOLUTION**

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in Starr County, Texas. The Parties agree to sign a document that designates the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation. The ninety (90) day period prescribed above for disputing a Determination of Breach and Notice of Contract Termination shall toll, and shall not be considered for any purpose as continuing to run, during the mediation.

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

Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code §33.07 to the attorneys representing the District pursuant to Texas Tax Code §6.30.

In the event that any mediation is not successful in resolving the dispute, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement. Any such action shall be initiated in District Court in Starr County, Texas, and the ninety (90) day period prescribed above for disputing a Determination of Breach and Notice of Contract Termination shall toll, and shall not be considered for any purpose as continuing to run, until a final decision has been entered and all appeals have been exhausted.

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

#### **Section 7.10. LIMITATION OF OTHER DAMAGES**

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

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

#### **Section 7.11. BINDING ON SUCCESSORS**

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

## ARTICLE VIII

### MISCELLANEOUS PROVISIONS

#### Section 8.1. INFORMATION AND NOTICES

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

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

Roel A. Gonzalez, Superintendent  
**RIO GRANDE CITY CONSOLIDATED INDEPENDENT SCHOOL DISTRICT**  
Fort Ringgold  
Rio Grande City, Texas 78582  
Fax: (956) 487-8506  
Email: rgonzalez@rgccisd.org

*With a copy to:*

Kevin O'Hanlon  
O'Hanlon, McCollom & Demerath  
808 West Avenue  
Austin, Texas 78701  
Fax: (512) 494-9919  
Email: kohanlon@808west.com

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

Notices to the Applicant shall be addressed to:

**HIDALGO WIND FARM LLC**  
c/o Leslie Frieman, General Counsel  
EDP Renewables North America, LLC  
808 Travis Street, Suite 700  
Houston, Texas 77002

Fax: (713)265-0365  
Email: legalnotice@edpr.com

*With a copy to:*

Renn G. Neilson  
Baker Botts, LLP  
One Shell Plaza, 910 Louisiana Street  
Houston, Texas 77002-4995  
Fax: (713) 229-7971  
Email: renn.neilson@bakerbotts.com

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

**Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT**

- a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,
- (b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.
- (c) In the event that the Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars (\$10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2016.

**Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS**

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment and/or Applicant's Qualified Property, additional or replacement Qualified Property not specified in **EXHIBIT 3** pursuant to the terms of Section 2.3. Any amendment of this Agreement adding additional or replacement Qualified Property pursuant to Section 2.3 and this Section 8.3 shall (1) require that all property added by amendment be eligible property as defined by Tax Code, § 313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. The Parties agree to consult with the Comptroller and take all reasonable steps to secure Comptroller approval of any proposed amendment to include additional or replacement

Qualified Property under this Agreement. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

#### **Section 8.4. ASSIGNMENT**

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

#### **Section 8.5. MERGER**

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

#### **Section 8.6. MAINTENANCE OF 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 shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

#### **Section 8.7. GOVERNING LAW**

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

#### **Section 8.8. AUTHORITY TO EXECUTE AGREEMENT**

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

### **Section 8.9. SEVERABILITY**

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

### **Section 8.10. PAYMENT OF EXPENSES**

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

### **Section 8.11. INTERPRETATION**

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

#### **Section 8.12. EXECUTION OF COUNTERPARTS**

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

#### **Section 8.13. ACCURACY OF REPRESENTATIONS CONTAINED IN APPLICATION**

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

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

#### **Section 8.14. PUBLICATION OF DOCUMENTS**

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

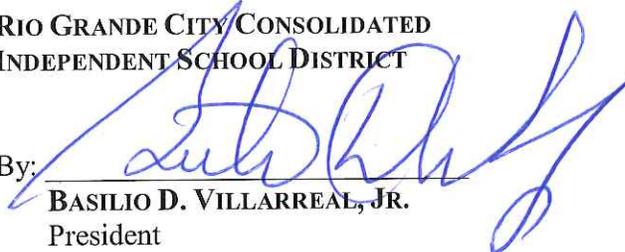
- (i). within seven days of such document, District shall submit a copy to the Comptroller for publication on the Comptroller's Internet website;
- (ii). the District shall provide on its website a link to the location of those documents posted on the Comptroller's website; and
- (iii). this Section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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 22nd day of July, 2014.

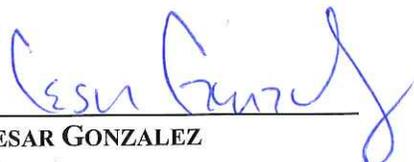
**HIDALGO WIND FARM LLC**

**RIO GRANDE CITY CONSOLIDATED  
INDEPENDENT SCHOOL DISTRICT**

By:   
Authorized Representative

By:   
**BASILIO D. VILLARREAL, JR.**  
President  
Board of Trustees

 Name: Steve Irvin  
Executive Vice President, Central Region

Attest:   
By: CESAR GONZALEZ  
Secretary  
Board of Trustees

AMS: LE\_4140473

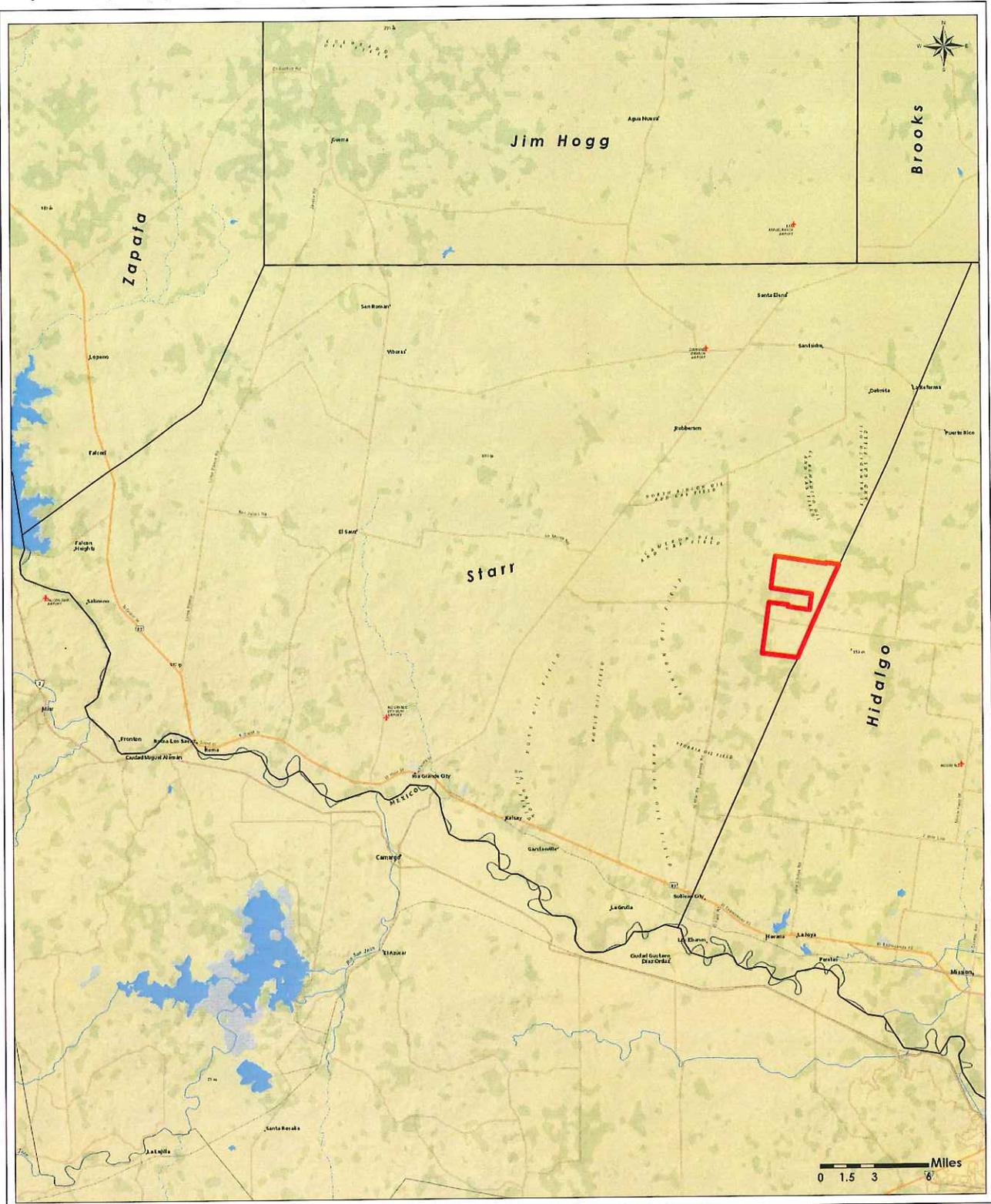
## **EXHIBIT 2**

### **LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

All Qualified Property owned by Applicant and located within the boundaries of both the Rio Grande City Consolidated Independent School District and the map attached to this **EXHIBIT 2**. Specifically, all Qualified Property of the Applicant located within the boundaries on the map first placed in service after December 19, 2013, used in connection with renewable energy electric generation and transmission.

# STARR COUNTY

Project Property (County-Wide)



- Project Boundary
- School District

Author: DAL  
 Date / Time: 18 July 2014 / 12:33 PM  
 Version: N/A  
 Datum: North American 1983  
 Projection: NAD 1983 StatePlane Texas South FIPS 4205 Feet  
 Scale: 1:160,000  
 Sources: EDPR, EPR  
 Analysis ID: A-XXXX-XXXX  
 Layout ID: L-XXXX-XXXX



## **EXHIBIT 1**

### **DESCRIPTION OF QUALIFIED REINVESTMENT ZONE**

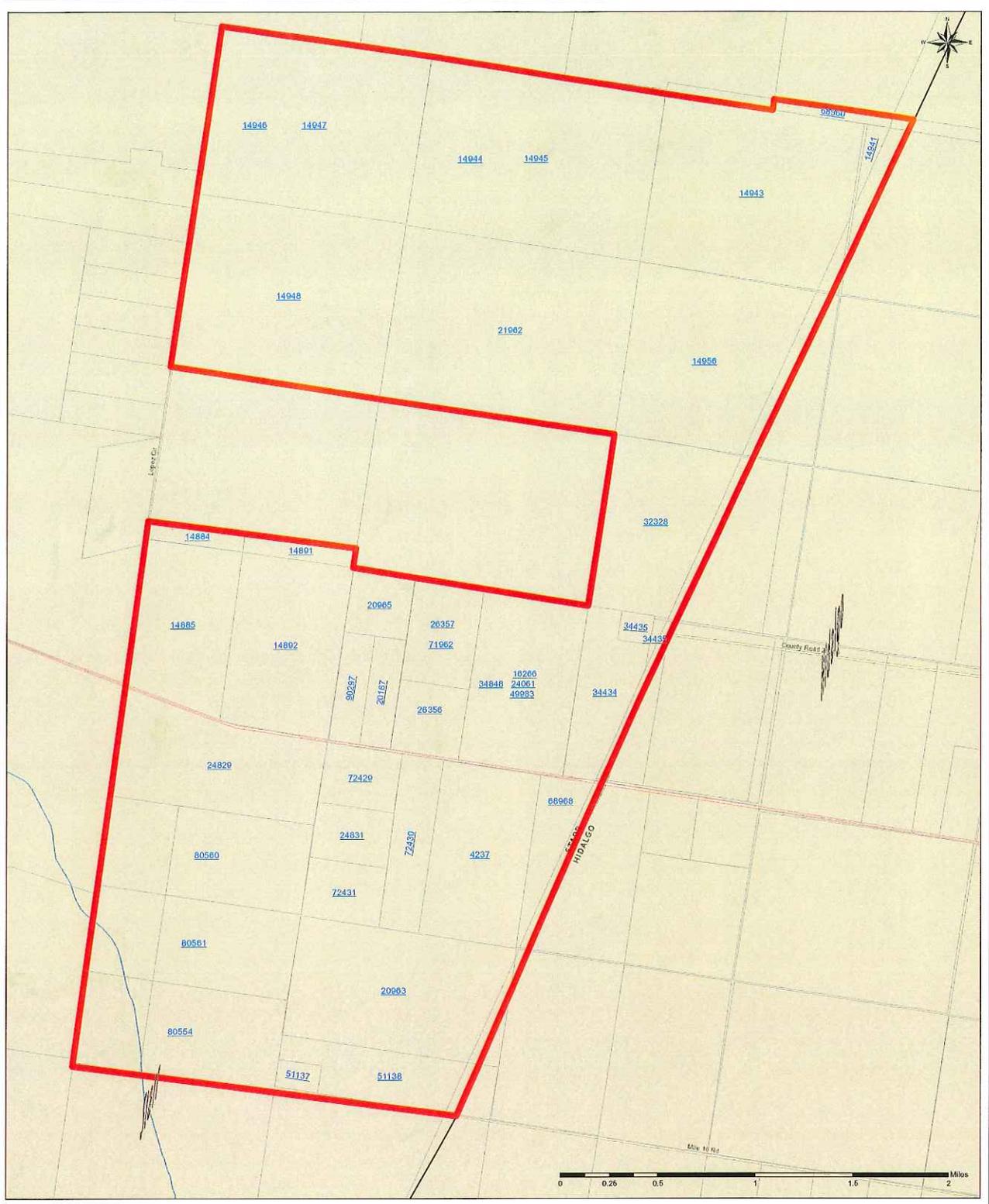
All of the Applicant's Qualified Property and Applicant's Qualified Investment will be located within the boundaries of Starr County Texas. At the time of this Agreement, all of Starr County, Texas has been designated as an Enterprise Zone for purposes of Chapter 2303 of the Government Code, pursuant to Texas Government Code Section 2303.101(3), as having met the qualifications of a distressed County within the meaning of the Act. All of Applicant's Qualified Investment and Qualified Property located within Starr County, Texas will meet the criteria set forth in Texas Tax Code Section 313.021(2)(A)(i). A map showing the location of Starr County, Texas is attached to this **EXHIBIT 1**.

Property ID	Current Taxable (Appraised) Value	Owner	Street Address	City	State	Zip	Account/Geo Number	Legal Description	Parcel Acres
26356	\$ 12,420.00	CHAVEZ EUSEBIO A & MARIA CELIA	7060 MAPLE ISLAND RD	NUNICA	MI	49448	00411-00000-01700-000300	AB 411 LOS MAGUELLES E1/2 W1/2 SEC 17 7605-0010-01	46
26357	\$ 29,770.00	CHAVEZ EUSEBIO A & MARIA CELIA	7060 MAPLE ISLAND RD	NUNICA	MI	49448	00411-00000-01700-000350	AB 411 LOS MAGUELLES E1/2 W1/2 SEC 17 7605-00020-01	110.26
71962	\$ 1,170.00	CHAVEZ EUSEBIO A & MARIA CELIA	7061 MAPLE ISLAND RD	NUNICA	MI	49449	00411-00000-01700-000360	AB 411 LOS MAGUELLES E1/2 W1/2 SEC 17	1
71962	\$ 1,170.00	CHAVEZ EUSEBIO A & MARIA CELIA	7060 MAPLE ISLAND RD	NUNICA	MI	49448	00411-00000-01700-000360	AB 411 LOS MAGUELLES E1/2 W1/2 SEC 17	0
4237	\$ 90,240.00	DWORACZYK LYNN C AND JANE C REILLY	9307 BEVERLY HILL	HOUSTON	TX	77063	00411-00000-02400-000100	AB 411 N SALINAS E1/2 SEC 24 7610-0230-01 (A4099) (6153)	334.24
51137	\$ 5,400.00	FERNANDEZ OSCAR	3826 EMU DR	CORPUS CHRISTI	TX	78414	00411-00000-02710-000000	AB 411 LOS MAGUELLES GRANT LOT 27 7605-0061-01 (A2814)	20
14941	\$ 11,260.00	KOTZUR RICHARD	29505 FM-681	EDINBURG	TX	78541	00697-00000-00200-000000	AB 697 S FLORES PT SEC 2 LOS GUAJES 7610-0010-01	41.71
14943	\$ 171,730.00	KOTZUR RICHARD	29505 FM-681	EDINBURG	TX	78542	00411-00000-00300-000000	AB 411 N SALINAS PT SEC 3 AND AB 697 S FLORES LOS GUAJES 7610-0030-01	636.05
14956	\$ 144,590.00	KOTZUR RICHARD	29505 FM-681	EDINBURG	TX	78543	00411-00000-00800-000000	AB 411 N SALINAS SEC 8 AND AB 697 S FLORES LOS GUAJES 7610-0101-01	535.53
68960	\$ 5,000.00	KOTZUR RICHARD	29505 FM-681	EDINBURG	TX	78544	00411-00000-00300-000150	AB 411 N SALINAS AND AB 697 LOS GUAJES NORTH OF SEC 2 AND 3	18.5
14884	\$ 9,150.00	LNC INVESTMENTS, INC	PO BOX 1299	SULLIVAN CITY	TX	78539	00411-00000-01500-000100	AB 411 N SALINAS SEC 15 W/33.90 AC OF S/67.80 AC OF SE .7610-00130-01000-000000	33.9
14885	\$ 77,250.00	LNC INVESTMENTS, INC	PO BOX 1299	SULLIVAN CITY	TX	78539	00411-00000-01600-000000	AB 411 N SALINAS W/286.10 OF SEC 16 .7610-00150-01000	286.1
32328	\$ 95,880.00	LUNA RAMON & DORA	5415 W SCHUNIOR ST	EDINBURG	TX	78541	00697-00000-01300-000000	AB 697 S FLORES PT SEC 13 8000-0010-01	355
34434	\$ 42,310.00	LUNA RAMON & DORA	5415 W SCHUNIOR ST	EDINBURG	TX	78541	00411-00000-01800-000000	AB 411 N SALINAS W/PT SEC 18 7610-0190-01	156.71
34435	\$ 15,770.00	LUNA RAMON & DORA	5415 W SCHUNIOR ST	EDINBURG	TX	78541	00411-00000-01800-000100	AB 411 N SALINAS NW OF E1/2 W1/2 SEC 18 7610-0200-01	58.4
20963	\$ 97,940.00	PRUKOP ANDREW	13500 N 38TH LANE	EDINBURG	TX	78541	00411-00000-02700-000000	AB 411 LOS MAGUELLES W/PT SEC 27 (A2814). 7605-00060-01000	422.55
20965	\$ 14,290.00	PRUKOP PROXEY K TRUSTEE	32670 COUNTY ROAD 4521	EDINBURG	TX	78541	00411-00000-01700-000100	411 N SALINAS W1/2 OF W1/2 OF 312.52 ACRES ON SEC 17 .7610-00175-01000-000100	56
20964	\$ 18,880.00	PRUKOP PROXEY K TRUSTEE PHILLIP R PRUKOP BYPASS TRUST	32670 COUNTY ROAD 4521	EDINBURG	TX	78541	00725-00000-02300-000000	AB 725 Y FLORES EL PANAL .8020-00090-01000	69.91
14944	\$ 672,000.00	RANCHO LA LIBERTAD LLC	702 N. INTERNATIONAL BLVD STE 101-1079	HIDALGO	TX	78558	00411-00000-00400-000100	AB 411 N SALINAS SEC 4	640
14945	\$ 33,420.00	RANCHO LA LIBERTAD LLC	701 N. INTERNATIONAL BLVD STE 101-1079	HIDALGO	TX	78557	00411-00000-00400-000000	AB 411 N SALINAS SEC 4	31.83
14946	\$ 27,690.00	RANCHO LA LIBERTAD LLC	703 N. INTERNATIONAL BLVD STE 101-1079	HIDALGO	TX	78559	00411-00000-00500-000100	AB 411 N SALINAS SEC 5	26.37
14947	\$ 650,900.00	RANCHO LA LIBERTAD LLC	701 N. INTERNATIONAL BLVD STE 101-1079	HIDALGO	TX	78557	00411-00000-00500-000000	AB 411 N SALINAS SEC 5	619.9
14948	\$ 166,580.00	RANCHO LA LIBERTAD LLC	701 N. INTERNATIONAL BLVD STE 101-1079	HIDALGO	TX	78557	00411-00000-00600-000000	AB 411 N SALINAS SEC 6 7610-0080-01 (A2814)	616.97
21962	\$ 172,800.00	REAVIS FARMS INC	6801 W.MILE 7 ROAD	MISSION	TX	78574	00411-00000-00700-000000	AB 411 N SALINAS SEC 7 .7610-00090-01000	640
80554	\$ 65,240.00	RESPONDEK FARMS LLC	28906 FM 681	EDINBURG	TX	78541	00411-00000-02600-000010	AB 411 SEC 26 LOS GUAJES AND MAGUELLES TR 2	313.49
80561	\$ 65,240.00	RESPONDEK FARMS LLC	28906 FM 681	EDINBURG	TX	78541	00411-00000-02500-000020	AB 411 PT SEC 25 LOS MAGUELLES TR 3	313.49
51138	\$ 39,140.00	RESPONDEK JEANNETTE P ETVIR	28906 FM-681	EDINBURG	TX	78541	00411-00000-02720-000000	AB 411 LOS MAGUELLES GRANT LOT 27	144.95

80560	\$ 65,240.00	RESPONDEK JEFFREY RAY & ANITA JOYCE	2203 STONEGATE DRIVE	MISSION	TX	78574	00411-00000-02500-000010	AB 411 SEC 25 LOS MAGUELLES TR 1	313.49
14891	\$ 2,140.00	ROSALES CESAR AND LUZELIMA	PO BOX 1299	SULLIVAN CITY	TX	78595	00411-00000-01500-000200	AB 411 N SALINAS E/33.90 AC OF S/67.80 AC SEC 15 .7610-00140-01000-000000	33.9
14892	\$ 18,020.00	ROSALES CESAR AND LUZELIMA	PO BOX 1299	SULLIVAN CITY	TX	78595	00411-00000-01600-000100	AB 411 N SALINAS E/286.10 AC SEC 16 .7610-00160-01000-000000	286.1
20167	\$ 13,540.00	ROSALES CESAR AND LUZELIMA	PO BOX 1299	SULLIVAN CITY	TX	78595	00411-00000-01700-000000	411 N SALINAS W/2 OF W/PT SEC 17 .7610-00170-01000	50.13
90297	\$ 13,540.00	ROSALES CESAR AND LUZELIMA	PO BOX 1299	SULLIVAN CITY	TX	78595	00411-00000-01700-000010	411 N SALINAS W/2 OF W/PT SEC 17	50.13
16266	\$ 21,120.00	SALINAS ALEJO JR	301 EAST PETER	EDINBURG	TX	78539	00411-00000-01700-000200	AB 411 N SALINAS PT OF E/2 SEC 17 7610-0180-01 (A8893)	78.23
24061	\$ 18,400.00	SALINAS ALEJO JR	301 EAST PETER	EDINBURG	TX	78539	00697-00000-01700-000000	AB 697 S FLORES PT OF E/2 SEC 17 .8005-00010-01000 (A1005)	1
34848	\$ 42,280.00	SALINAS ALEJO JR	301 EAST PETER	EDINBURG	TX	78539	00411-00000-01700-0000400	AB 411 LOS MAGUELLES / LOS GUAGES E/2 SEC 17 (A498) 7605-00030-01 (A567A)	156.59
49953	\$ 5,640.00	SALINAS ALEJO JR	301 EAST PETER	EDINBURG	TX	78539	00697-00000-01705-000000	AB 697 S FLORES PT OF E/2 SEC 17 SEC 17 (A1005)	77.23
68968	\$ 12,510.00	SANTA CRUZ PROPERTIES LTD	P.O. BOX 959	EDINBURG	TX	78541	00411-00000-02350-000000	AB 411 N SALINAS PT TR 23	11.91
24829	\$ 65,240.00	SEKULA FRANK	26151 HWY 681	EDINBURG	TX	78541	00411-00000-02600-000000	AB 411 PT SEC 25 LOS MAGUELLES TRACT 4 .7605-00050-01000 PROPERTY AJOINING FM 490	313.49
72429	\$ 21,620.00	SEKULA FRANK	26151 HWY 681	EDINBURG	TX	78541	00411-00000-02400-0000030	AB 411 N SALINAS W/2 SEC 24 N 80.059 ACS OF W 240.176 ACS	80.06
72430	\$ 21,620.00	SEKULA FRANK	26151 HWY 681	EDINBURG	TX	78541	00411-00000-02400-0000020	AB 411 N SALINAS W/2 SEC 24 E 80.059 OF W 320.235 ACS	80.06
72431	\$ 21,620.00	SEKULA FRANK	26151 HWY 681	EDINBURG	TX	78541	00411-00000-02400-0000010	AB 411 N SALINAS W/2 SEC 24 S 80.059 ACS OF N 160.118 ACS OF W 240.176 ACS	80.06
24831	\$ 21,620.00	SEKULA MARIA	25963 FM 681	EDINBURG	TX	78541	00411-00000-02400-0000000	AB 411 N SALINAS W/2 SEC 24 S 80.059 ACS OF W 240.176 ACS 7610-0220-01	80.06

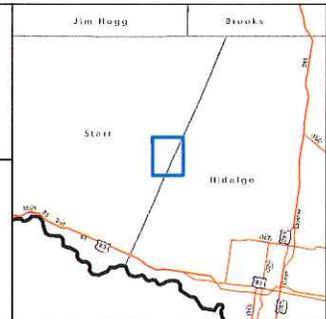
# STARR COUNTY

Project Property



- Project Boundary
- School District
- Land Parcels

Author: DAL  
 Date / Time: 18 July 2014 / 12:34 PM  
 Version: 1/1A  
 Datum: North American 1983  
 Projection: NAD 1983 StatePlane Texas South FIPS 4205 Feet  
 Scale: 1:15,000  
 Sources: EPR, ESRI  
 Analysis ID: A-XXX-XXXX  
 Layout ID: L-XXX-XXXX



### **EXHIBIT 3**

#### **DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY**

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The total Qualified Property will include, but is not limited to, the following: up to 25 2.0 megawatt wind power turbine generators, or their equivalent generating capacity. The total project will consist of a wind turbine tower for each turbine generator; a reinforced concrete foundation supporting the weight of each turbine generator and its tower; equipment and towers used to gather meteorological data; buried electrical conductor cables used to transport electricity from each turbine tower to an electrical substation; an electrical power substation; approximately [4] miles of 345 kv electrical conductor cables used to transport electricity off of the project site; [one or more buildings used to operate the project and hold maintenance supplies, replacement parts, and related equipment]; and various appurtenant equipment and personal property as is customarily used in the ownership, operation and maintenance of a wind power facility. All of the property for which the Applicant is seeking a limitation on appraised value will be leased or owned by the Applicant or the Applicant's assignee pursuant to this Agreement.

**Agreement for Limitation on Appraised Value**

Between Rio Grande City Consolidated Independent School District and Hidalgo Wind Farm LLC  
TEXAS COMPTROLLER APPLICATION NUMBER 395  
July 22, 2014