Chapter 313 Annual Eligibility Report Form

SECTION 1: Applicant and District Information

1. Tax year covered by this report: 2017

   NOTE: This report must be completed and submitted to the school district by May 15 of every year using information from the previous tax (calendar) year.

2. Application number: 65

   NOTE: You can find your application number and all agreement documents and reports on the website comptroller.texas.gov/economy/local/ch313/agreement-docs.php

3. Name of school district: Sterling ISD

4. Name of project on original application *(or short description of facility)*: Goat Mountain Wind, LP

5. Name of applicant on original application: Goat Mountain Wind, LP

6. Name the company entering into original agreement with district: Goat Mountain Wind, LP

7. Amount of limitation at time of application approval: 10,000,000 (Total)

8. If you are one of two or more companies originally applying for a limitation, list all other applicants here and describe their relationships. *(Use attachments if necessary.)*

   N/A

SECTION 2: Current Agreement Information

1. Name of current agreement holder(s) Capricorn Ridge Wind II, LLC

2. Complete mailing address of current agreement holder 700 Universe Blvd., PSX/JB. Juno Beach, FL 33408

3. Company contact person for agreement holder:

   Joseph Esposito — Name
   Tax Project Manager — Title
   561-691-7254 — Phone
   Joseph.Esposito@nee.com — Email

4. Texas franchise tax ID number of current agreement holder: 12608543166

5. If the current agreement holder does not report under the franchise tax law, please include name and tax ID of reporting entity:

   NextEra Energy Marketing, LLC — Name
   32002608134 — Tax ID

6. If the authorized company representative *(same as signatory for this form)* is different from the contact person listed above, complete the following:

   N/A — Name
   N/A — Title
   N/A — Complete Mailing Address
   N/A — Phone
   N/A — Email

7. If you are a current agreement holder who was not an original applicant, please list all other current agreement holders. Please describe the chain of ownership from the original applicant to the new entities. *(Use attachments if necessary.)*

   Capricorn Ridge Wind, LLC - Goat Mountain Wind changed its name to Capricorn Ridge Wind. Capricorn Ridge Wind partially assigned the agreement to Capricorn Ridge Wind II, LLC.

SECTION 3: Applicant Eligibility Information

1. Does the business entity have the right to transact business with respect to Tax Code, Chapter 171? *(Attach printout from Comptroller website: https://mycpa.cpa.state.tx.us/coa/)* ☑ Yes ☐ No
2. Is the business entity current on all taxes due to the State of Texas? ☑ Yes ☐ No
3. Is the business activity of the project an eligible business activity under Section 313.024(b)? ☑ Yes ☐ No

   a) 3a. Please identify business activity: Electric Wind Generation Facility

SECTION 4: Market Value and Limitation Amount

Please identify the county appraisal district (CAD) in which the project is located: Sterling County Appraisal District

If the project is located in more than one CAD, please identify the name(s) of the other CADs and provide on a separate sheet for each CAD, the responses to items 1 through 5 applicable to the property (or portion of property) that is reflected in each CAD's property tax account records.

For purposes of item 1, "total market value" should reflect the market value as determined by the CAD (and as adjusted after protest) for only eligible property in all of the CAD property tax accounts covered by the 313 agreement in that county. Please note: "qualified property" is defined by Tax Code section 313.021(2) and 34 Tex. Admin. Code § 9.1051(16) and identified in the executed Chapter 313 agreement.

1. Total market value of all qualified property from all CAD property accounts subject to the 313 agreement ..... $ 25901720
2. Total value of all applicable exemptions for the qualified property included in item 1 ..... $
3. Total taxable value for school I&S tax purposes for the qualified property (Item 1 less Item 2) ..... $ 25901720
4. Limitation amount on appraised value specified as qualified in the 313 agreement ..... $ 1145000
5. Total taxable value for school M&O tax purposes for the qualified property (lesser of item 3 or item 4) ..... $ 1145000

SECTION 5A: Wage and Employment Information for Applications Prior to Jan. 1, 2014 (#1 Through 999)

ONLY COMPLETE THE WAGE SECTION (5A or 5B) THAT APPLIES TO YOUR APPLICATION. You can find your application number on the website at comptroller.texas.gov/economy/local/ch313/agreement-docs.php

NOTE: All statutory references in Section 5A are for statute as it existed prior to Jan. 1, 2014. For job definitions see TAC §9.1051(14) and Tax Code, §313.021(3). If the agreement includes a definition of "new job" other than TAC §9.1051(14)(C), then please provide the definition "new job" as used in the agreement. Notwithstanding any waiver by the district of the requirement for the creation of a minimum number of new jobs, or any other job commitment in the agreement, Tax Code §313.024(d) requires that 80 percent of all new jobs be qualifying jobs.

1. How many new jobs were based on the qualified property in the year covered by this report? *(See note above)* 7
2. What is the number of new jobs required for a project in this school district according to §313.021(2)(A)(iv)(b), §313.051(b), as appropriate? 2
3. Did the applicant request that the governing body waive the minimum job requirement, as provided under Tax Code §313.025(f-1)? ☑ Yes ☐ No

   3a. If yes, how many new jobs must the approved applicant create under the waiver? .....
4. Calculate 80 percent of new jobs (0.80 x number of new jobs based on the qualified property in the year covered by this report.) 6
5. What is the minimum required annual wage for each qualifying job in the year covered by the report? ..... $ 42,973.00
6. Identify which of the four Tax Code sections is used to determine the wage standard required by the agreement:

   ☑ §313.021(5)(A) or ☐ §313.021(5)(B) or ☐ §313.021(3)(E)(ii) or ☐ §313.051(b)

   6a. Attach calculations and cite exact Texas Workforce Commission data source as defined in TAC §9.1051.
7. Does the agreement require the applicant to provide a specified number of jobs at a specified wage? ☐ Yes ☑ No

   7a. If yes, how many qualifying jobs did the approved applicant commit to create in the year covered by the report? .....

   7b. If yes, what annual wage did the approved applicant commit to pay in the year covered by the report? ..... $

7c. If yes, how many qualifying jobs were created at the specified wage in the year covered by the report? ..... _____

8. How many qualifying jobs (employees of this entity and employees of a contractor with this entity) were based on the qualified property in the year covered by the report? 7

8a. Of the qualifying job-holders last year, how many were employees of the approved applicant? 7

8b. Of the qualifying job-holders last year, how many were employees of an entity contracting with the approved applicant? 0

8c. If any qualifying job-holders were employees of an entity contracting with the applicant, does the approved applicant or assignee have documentation from the contractor supporting the conclusion that those jobs are qualifying jobs? ..... ☐ Yes ☐ No ☑ N/A

SECTION 5B: Wage and Employment Information for Applications After Jan. 1, 2014 (#1000 and Above)

ONLY COMPLETE THE WAGE SECTION (5A or 5B) THAT APPLIES TO YOUR APPLICATION. You can find your application number on the website at comptroller.texas.gov/economy/local/ch313/agreement-docs.php.

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

QUALIFYING JOBS

Section 5B: N/A

1. What is the number of new qualifying jobs the applicant committed to create in the year covered by this report? ..... _____

2. Did the applicant request that the governing body waive the minimum qualifying job requirement, as provided under Tax Code §313.025(f-1)? ..... ☐ Yes ☐ No

2a. If yes, how many new qualifying jobs must the approved applicant create under the waiver? ..... _____

3. Which Tax Code section are you using to determine the wage standard required for this project? ☐ §313.021(5)(A) or ☐ §313.021(5)(B)

3a. Attach calculations and cite exact Texas Workforce Commission data sources as defined in TAC §9.1051.

4. What is the minimum required annual wage for each qualifying job in the year covered by this report? ..... $ _____

5. What is the annual wage the applicant committed to pay for each of the qualifying jobs in the year covered by this report? ..... $ _____

6. How many qualifying jobs (employees of this entity and employees of a contractor with this entity) were based on the qualified property in the year covered by the report? ..... _____

6a. Of the qualifying job-holders last year, how many were employees of the approved applicant? ..... _____

6b. Of the qualifying job-holders last year, how many were employees of an entity contracting with the approved applicant? ..... _____

6c. If any qualifying job-holders were employees of an entity contracting with the applicant, does the approved applicant or assignee have documentation from the contractor supporting the conclusion that those jobs are qualifying jobs? ..... ☐ Yes ☐ No ☐ N/A

7. Do the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3) and TAC 9.1051(30)? ..... ☐ Yes ☐ No

NON-QUALIFYING JOBS

8. What is the number of non-qualifying jobs the applicant had on Dec. 31 of the year covered by this report? ..... _____

9. What was the average wage you were paying for non-qualifying jobs on Dec. 31 of the year covered by this report? .. $ _____

10. What is the county average weekly wage for non-qualifying jobs, as defined in TAC §9.1051? ..... $ _____

MISCELLANEOUS

11. Did the applicant rely on a determination by the Texas Workforce Commission under the provisions §313.024(3)(F) in meeting the minimum qualifying job requirements? ..... ☐ Yes ☐ No

11a. If yes, attach supporting documentation to evidence that the requirements of §313.021(3)(F) were met.

12. Are you part of a Single Unified Project (SUP) and relying on the provisions in Tax Code §313.024(d-2) to meet the qualifying job requirements? ..... ☐ Yes ☐ No

12a. If yes, attach supporting documentation from the Texas Economic Development and Tourism Office including a list of the other school district(s) and the qualifying jobs located in each.

SECTION 6: Qualified Investment During Qualified Time Period

ENTITIES ARE NOT REQUIRED TO COMPLETE THIS SECTION IF THE YEAR COVERED BY THE REPORT IS AFTER THE QUALIFYING TIME PERIOD OF THEIR AGREEMENT.

1. What is the qualified investment expended by this entity from the beginning of the qualifying time period through the end of the year covered by this report? ..... $ N/A
2. Was any of the land classified as qualified investment? ..... ☐ Yes ☐ No
3. Was any of the qualified Investment leased under a capitalized lease? ..... ☐ Yes ☐ No
4. Was any of the qualified Investment leased under an operating lease? ..... ☐ Yes ☐ No
5. Was any property not owned by the applicant part of the qualified investment? ..... ☐ Yes ☐ No

SECTION 7: Partial Interest

THE FOLLOWING QUESTIONS MUST BE ANSWERED BY ENTITIES HAVING A PARTIAL INTEREST IN AN AGREEMENT.
For limitation agreements where there are multiple company entities that receive a part of the limitation provided by the agreement:
1) each business entity not having a full interest in the agreement should complete a separate form for their proportionate share of required employment and investment information; and, 2) separately, the school district is required to complete an Annual Eligibility Report that provides for each question in this form a sum of the individual answers from reports submitted by each entity so that there is a cumulative Annual Eligibility Report reflecting the entire agreement.

1. What was your limitation amount (or portion of original limitation amount) during the year covered by this report? 1,145,000.00
2. Please describe your interest in the agreement and identify all the documents creating that interest.

This agreement was executed between The Sterling City Independent School District and Goat Mountain Wind,LP on December 20th of 2007, and was effective starting January 1st of 2008. Goat Mountain Wind Changed its name to Capricorn Ridge Wind. Capricorn Ridge Wind assigned a portion of its agreement for limitation on appraised value of property for school district maintenance and operations taxes to Capricorn Ridge Wind II, LLC.

SECTION 8: Approval

"I am the authorized representative for the Company submitting this Annual Eligibility Report. I understand that this Report is a government record as defined in Chapter 37 of the Texas Penal Code. The information I am providing on this Report is true and correct to the best of my knowledge and belief."

print here ▶ Joseph Esposito
Print Name *(Authorized Company Representative)*

Tax Project Manager
Title

sign here ▶
Signature *(Authorized Company Representative)*

5/3/2018
Date

print here ▶
Print Name of Preparer *(Person Who Completed the Form)*

561-691-7254
Phone

Franchise Tax Account Status

As of : 01/15/2018 16:48:36

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

CAPRICORN RIDGE WIND II, LLC	
Texas Taxpayer Number	12608543166
Mailing Address	700 UNIVERSE BLVD C/O CTX/JB JUNO BEACH, FL 33408-2657
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	08/31/2007
Texas SOS File Number	0800865802
Registered Agent Name	CORPORATION SERVICE COMPANY D/B/A CSC-LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

Franchise Tax Account Status

As of : 01/15/2018 16:46:03

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

NEXTERA ENERGY MARKETING, LLC	
Texas Taxpayer Number	32002608134
Mailing Address	700 UNIVERSE BLVD C/O PSX/JB JUNO BEACH, FL 33408-2657
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	01/28/2009
Texas SOS File Number	0801079569
Registered Agent Name	CORPORATION SERVICE COMPANY D/B/A CSC-LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET SUITE 620 AUSTIN, TX 78701

Natural Resources & Mining, Leisure & Hospitality, and Local Government sectors play a large role in the Sterling County economy. These three sectors account for more than 72.0 percent of Sterling County's current total employment, compared to 23.8 percent for Texas. Consistent with a small job base, Sterling County's unemployment rate has fluctuated over the past five years. In 2001, unemployment in Sterling County reached 3.6 percent. By 2006, the unemployment rate had fallen to 3.3 percent, but not after climbing to 3.9 percent in 2002. This trend is not surprising given that an individual employer adding or shedding jobs can significantly impact this statistic.

Sterling County's population has been slowing increasing over the past decade. Since 2000, the County has added 46 residents, an increase of 3.3 percent. Sterling County's slow growth is even more stark when compared to Texas' significant population growth rate of 11.5 percent. The Texas State Data Center projects that Sterling County's population will surpass 1,484 residents by 2010.

While Sterling County's population has been slowly increasing, when compared to the state as a whole, its residents' income has not kept up either. Sterling County's per capita personal income is now just 62.4 percent of the Texas average, falling from a high of 68.2 percent in 1994. The 2004 per capita income for Sterling County is $19,178 versus the Texas average of $30,732.

Wages paid to area workers are also lagging state levels. Over the last 15 years, Sterling County's workers earned about 25-30 percent less than the state average. In 2005, a full-time employee earned $26,331 or 29.3 percent more than a decade ago. Since 1990, however, the County's wage growth rate has fluctuated relative to the state as a whole. Full-time wages are now just 66.4 percent of the Texas average, falling from 80.0 percent in 1994.

Board Finding Number 3.

Average salary levels of qualifying jobs are expected to be $35,360, based on the amended Application, which meets or exceeds 110 percent of the current Sterling County average salary for manufacturing jobs.

Board Finding Number 4.

The level of the Applicant's total investment per qualifying job over the term of the Agreement is estimated to be approximately $80 million.

While this finding is included largely as an item of information, it is indicative of Goat Mountain Wind's planned capital investment in Sterling City ISD. This is the type of investment that is a foundation for improved economic activity in Sterling County.

The following discussion is included in the economic analysis for the project:

> The benefits of Goat Mountain Wind to the Sterling County economy consist of the day-to-day operation of the wind energy project, normal operating expenditures, purchases from local vendors, and spending of people employed by these businesses. In the final analysis, the economic benefits of this spending materialize in the form of increased Sterling County employment and income. In addition, there are significant tax benefits to the Sterling City ISD, cities in the region, and the county.