

December 20, 2016

RECEIVED

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VIA CERTIFIED MAIL: 7015 0640 0005 0296 6890
Data Analysis & RETURN RECEIPT REQUESTED
Transparency Division

Mr. Will Counihan
Regional Fiscal Analysis
Local Government Assistance and
Economic Development Division
Texas Comptroller of Public Accounts
P.O. Box 13528
Austin, Texas 78774

Re: San Perlita Independent School District ("District") / Tax Limitation Agreement: Magic Valley Wind Farm II, LLC ("Applicant")
Application # 1123

Dear Mr. Counihan:

Attached is a copy of the Findings of the San Perlita Independent School District Board of Trustees under the Texas Economic Development Act adopted on December 13, 2016. The following exhibits are attached to the Findings:

Exhibit

- A. Application for Appraised Value of Limitation on Qualified Property submitted by Magic Valley Wind Farm II, LLC on August 11, 2015;
- B. Comptroller's Letter dated November 9, 2016;
- C. Economic Impact Evaluation; and
- D. Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes between the San Perlita Independent School District and Magic Valley Wind Farm II, LLC dated December 13, 2016.

In addition, attached is an electronic copy of the above documents on CD.

By copy of this letter we are transmitting a copy of the Findings and attached Exhibits to Magic Valley Wind Farm II, LLC, Willacy County Appraisal District, and returning the original to San Perlita Independent School District.

Please call if you have any questions.

Very truly yours,



GEORGE E. GRIMES, JR.

GEG/paw
Enclosures

Mr. Will Counihan
December 20, 2016
Page 2

cc: Mr. Albert Peña, Superintendent of Schools, San Perlita Independent School District
(Via Certified Mail No. 7015 0640 0005 0296 6883; Return Receipt Requested)

Mr. Paul Bowman, Senior Vice President, EC&R Development, LLC
(Via Certified Mail No. 7015 0640 0005 0296 6876; Return Receipt Requested)

Willacy County Appraisal District
688 FM 3168
Raymondville, Texas 78580-9802
(Via U.S. Postal Service Delivery)

FINDINGS

of the
San Perlita Independent School District
Board of Trustees

under Chapter 313 of the
Texas Tax Code
the Texas Economic Development Act

on the Application for Appraised Value
Limitation on Qualified Property

submitted by

Magic Valley Wind Farm II, LLC

Comptroller Application #1123

December 13, 2016

TEXAS ECONOMIC DEVELOPMENT ACT

COUNTY OF WILLACY §

On the 13th day of December, 2016, a public meeting of the Board of Trustees ("Board") of the San Perlita Independent School District ("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 took up and considered the Application ("Application") of Magic Valley Wind Farm II, LLC ("Applicant") for a limitation on appraised value on qualified property, pursuant to Chapter 313 of the Texas Tax Code. The Board heard presentations from the District's administrative staff to advise the Board in this matter.

The Board considered the presentations made at the meeting, the Comptroller's recommendation and the economic impact evaluation and makes the following findings with respect to the Application in accordance with the Texas Economic Development Act, Texas Tax Code Chapter 313, and the Administrative regulations promulgated by the Texas Comptroller of Public Accounts published at 34 Texas Administrative Code Part 1, Chapter 9, Subchapter F:

- December 13, 2016

5. The Application was reviewed by the Comptroller pursuant to Texas Tax Code Sections 313.025 and 313.026. After review, the Comptroller's Office, by letter dated November 9, 2016, recommended that the Board approve the Application. A copy of the Comptroller's letter is attached to these findings as Exhibit B.

6. The Texas Comptroller's Office performed an economic impact evaluation pursuant to Texas Tax Code Section 313.025(b). The Board has considered such evaluation. A copy of the economic impact evaluation is attached to these findings as Exhibit C.

7. After receipt of the Application, the District entered into negotiations with Applicant over the specific language to be included in an Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes ("Agreement"), 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 Exhibit D.

8. The Agreement was reviewed by the Comptroller. After review, the Comptroller's office, in a letter dated November 18, 2016, approved the Agreement.

FINDINGS

Findings as to each of the criterion listed in Texas Tax Code Section 313.025 and Texas Administrative Code Title 34, §9.1054. Based in the representation of Applicant set out in the Application attached as Exhibit A, the Comptroller's approval attached as Exhibit B, the Comptroller's Economic Impact Analysis attached as Exhibit C and the Franchise Tax Account Status attached as Exhibit E, the Board of Trustees finds:

1. That the Comptroller recommends approval of the Application.
2. That there is a strong and positive relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of the State.
3. That, based on the representations in the Application, the Applicant could locate or relocate the Project to another state or another region of this state.
4. That the Project will result in revenue gains by the school district and that the economic effects on the local and regional tax base are that the tax base will increase as a result of the Project and additional employment.
5. That there exists a small but undetermined possibility that the Project could have an impact on enrollment from families that might temporarily relocate during the construction phase, but that any impact during the operation phase can be absorbed by current facilities.
6. That the projected market value of the qualified property of the Applicant as determined by the Comptroller is \$219,640,000.
7. That the proposed limitation on appraised value for the qualified property of the Applicant is \$15,000,000.

8. That the projected dollar amount of District maintenance and operation 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 is \$23,525,640 as shown on Exhibit C, Attachment B, Table 3.
9. That 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 is \$7,253,580 as shown on Exhibit C, Attachment B, Table 4.
10. That 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 if the property receives a tax limitation from the projected taxes if the property does not receive a tax limitation is \$16,272,060, as shown on Exhibit C, Attachment A, Table 4.
11. The Applicant is eligible for the limitation on the appraised value of the Applicant's qualified property.
12. The Project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period.
13. The limitation of appraised value is a determining factor in the Applicant's decision to invest capital and construct the Project in this state.
14. The job creation requirement of ten (10) new jobs exceeds the industry standard for the number of employees reasonably necessary for the operation of the Project described in the Application. Pursuant to Texas Tax Code Section 313.025(f-1), the Board waives the new job creation requirement in Tax Code Section 313.051(b).
15. That the Project will be located within an area designated as a reinvestment zone pursuant to Texas Tax Code Chapter 312.
16. The information in the Application submitted by Applicant is true and correct.
17. The proposed Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes ("Agreement"), attached hereto as Exhibit D, includes adequate and appropriate revenue protection provisions for the District.
18. Considering the purpose and effect of the law and the terms of the Agreement, granting the Application and entering the Agreement are in the best interest of the District and the State.
19. The Applicant, Magic Valley Wind Farm II, LLC (Tex. Taxpayer ID # 32052229906) 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. A copy of the Comptroller's Franchise Tax Account Status is attached as Exhibit E.

20. It is hereby found, determined and declared that sufficient written notice of the date, time, place and subject of the meeting of the Board of Trustees at which these Findings were made was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all times during which these Findings were made and the subject matter thereof has been discussed, considered and formally acted upon. The Board of Trustees further ratifies, approves and confirms such written notice and posting thereof.

It is therefore **ORDERED** that:

1. The Findings above, including the recitals set out in the Preamble, are adopted and approved by the Board of Trustees.
2. The Application of Magic Valley Wind Farm II, LLC for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of qualified property is approved.
3. The Agreement attached hereto as Exhibit D is approved and the Board President is designated and directed to sign the Agreement on behalf of the District.
4. The new job requirement of Tax Code Section 313.051(b) is waived pursuant to Tax Code Section 313.025(f-1).
5. These findings and the Exhibits 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 District.

Dated the 13th day of December, 2016.

SAN PERLITA INDEPENDENT SCHOOL DISTRICT

By: Melissa P. Guadiana
Melissa P. Guadiana, President, Board of Trustees

ATTEST:

By: Maggie Sepulveda
Maggie Sepulveda, Secretary, Board of Trustees

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES by and between SAN PERLITA INDEPENDENT SCHOOL
DISTRICT and MAGIC VALLEY WIND FARM II, LLC

EXHIBIT A

Application for Appraised Value Limitation on Qualified Property



Application for Appraised Value Limitation on Qualified Property (Tax Code, Chapter 313, Subchapter B or C)

Economic Development
and Analysis
Form 50-296-A

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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, 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. For more information, see guidelines on Comptroller's website.

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. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. 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, issue a certificate for a limitation on appraised value 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 not later than the 150th 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 issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at www.texasahead.org/tax_programs/chapter313/. There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SECTION 1 School District Information

1. Authorized School District Representative

Date Application Received by District

Albert

Pena

First Name

Last Name

Superintendent

Title

San Perlita Independent School District

School District Name

13937 FM 2209

Street Address

Mailing Address

San Perlita

City

956-248-5563

Phone Number

TX

78590

State

ZIP

956-248-5561

Fax Number

apena@spisd.org

Email Address

Mobile Number (optional)

2. Does the district authorize the consultant to provide and obtain information related to this application?



Yes



No

The Economic Development and Analysis Division of the Texas Comptroller of Public Accounts provides information and resources for taxpayers and local taxing entities.

For more information, visit our website:
www.texasahead.org/tax_programs/chapter313/
50-296-A - 05-14-12



Application for Appraised Value Limitation on Qualified Property

SECTION 1: Consultant Information

3. Authorized School District Consultant (If Applicable)

George E. _____
First Name
Crimes _____
Last Name

Title
Walsh, Anderson, Gallegos, Green & Trevino, P.C.
Firm Name
210-979-6633 _____
Phone Number
210-979-7024 _____
Fax Number
gggrimes@wabsa.com _____
Email Address
Mobile Number (optional) _____

4. On what date did the district determine this application complete?
5. Has the district determined that the electronic copy and hard copy are identical? ☐ Yes ☐ No

SECTION 2: Applicant Information

1. Authorized Company Representative (Applicant)

Paul _____
First Name
Senior Vice President
Title
701 Brazos Street, Suite 1400
Street Address
Bowman _____
Last Name
EC&R Development, LLC
Organization

Mailing Address
Austin _____
City
512-477-7024 _____
Phone Number
TX _____
State
512-494-9581 _____
Fax Number
paul.bowman@eon.com _____
Business Email Address
78701 _____
ZIP
Mobile Number (optional) _____

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

2a. If yes, please fill out contact information for that person.

Rich _____
First Name
Development Manager
Title
701 Brazos Street, Suite 1400
Street Address
Saunders _____
Last Name
EC&R Development, LLC
Organization

Mailing Address
Austin _____
City
512-482-4006 _____
Phone Number
512-461-9747 _____
Mobile Number (optional) _____
TX _____
State
512-494-9581 _____
Fax Number
richard.saunders@eon.com _____
Business Email Address
78701 _____
ZIP

3. Does the applicant authorize the consultant to provide and obtain information related to this application? ☐ Yes ☒ No

Application for Appraised Value Limitation on Qualified Property

SECTION 1: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

First Name

Last Name

Title

Firm Name

Phone Number

Fax Number

Business Email Address

SECTION 2: Application Questions

1. Has an application fee been paid to the school district? ☐ Yes ☐ No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in Tab 2 proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "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.

2. 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 §913.027(i)? ☐ Yes ☒ No ☐ N/A
3. 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 §913.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 3: Applicant Information

1. What is the legal name of the applicant under which this application is made? Magic Valley Wind Farm II, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32052229906
3. List the NAICS code 221119 (1997 NAICS)
4. Is the applicant a party to any other pending or active Chapter 313 agreements? ☐ Yes ☒ No
- 4a. If yes, please list application number, name of school district and year of agreement

SECTION 4: Business Organization

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) limited liability corporation
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)? ☒ Yes ☐ No
- 2a. If yes, attach in Tab 3 a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas? ☒ Yes ☐ No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☒ Yes ☐ No ☐ N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in Tab 3)



Application for Appraised Value Limitation on Qualified Property

SECTION 4. Eligibility, Under Tax Code Chapter 313.021

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☐ Yes ☒ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 882.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☒ Yes ☐ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 5. Description of Project

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:
☒ Land has no existing improvements ☐ Land has existing improvements (complete Section 13)
☐ Expansion of existing operation on the land (complete Section 13) ☐ Relocation within Texas

SECTION 6. Project Location and Site

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☒ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☒ Yes ☐ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☒ Yes ☐ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☐ Yes ☒ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 6, attach supporting information in Tab 5.

Use Form Affidavit for Program - Form 311

Application for Appraised Value Limitation on Qualified Property



SECTION 8: Projected Timeline

1. Application approval by school board August 10, 2015
2. Commencement of construction September 1, 2016
3. Beginning of qualifying time period July 1, 2016
4. First year of limitation January 1, 2018
5. Begin hiring new employees July 1, 2017
6. Commencement of commercial operations December 31, 2017
7. Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? ☒ Yes ☐ No
 Note: Improvements made before that time may not be considered qualified property.
8. When do you anticipate the new buildings or improvements will be placed in service? December 31, 2017

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Willacy (100%)
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Willacy CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? ☐ Yes ☒ No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 County: Willacy (100%) City:
(Name, tax rate and percent of project)
 Hospital District: Willacy County Hospital District (100%) Water District: Drainage District #2 (100%)
(Name, tax rate and percent of project)
 Other (describe): Willacy County Navigation District (100%) Other (describe): Emergency Services District (100%)
(Name, tax rate and percent of project)
5. Is the project located entirely within the ISD listed in Section 1? ☐ Yes ☒ No
 5a. If no, attach in Tab 6 additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? ☐ Yes ☒ No
 6a. If yes, attach in Tab 6 supporting documentation from the Office of the Governor.

SECTION 11: 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 Subchapter B or Subchapter C, 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/.

1. At the time of application, what is the estimated minimum qualified investment required for this school district? 5,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 15,000,000.00
 Note: The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? ☒ Yes ☐ No
4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
 - a. 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 (Tab 7);
 - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (Tab 7); and
 - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (Tab 11).
5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? ☒ Yes ☐ No

Application for Appraised Value Limitation on Qualified Property

SECTION 1: Qualified Property

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
 - 1a. 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 (Tab 8);
 - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
 - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? ☐ Yes ☒ No
 - 2a. If yes, attach complete documentation including:
 - a. legal description of the land (Tab 9);
 - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
 - c. owner (Tab 9);
 - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
 - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? ☒ Yes ☐ No
 - 3a. If yes, attach the applicable supporting documentation:
 - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
 - b. legal description of reinvestment zone (Tab 16);
 - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
 - d. guidelines and criteria for creating the zone (Tab 16); and
 - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
 - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone?

SECTION 2: Property Not Eligible to Become Qualified Property

1. In Tab 10, attach a specific and detailed description of all existing property. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all proposed new property that will not become new improvements as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
 - a. maps and/or detailed site plan;
 - b. surveys;
 - c. appraisal district values and parcel numbers;
 - d. inventory lists;
 - e. existing and proposed property lists;
 - f. model and serial numbers of existing property; or
 - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): \$ 0.00

Note: Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of §313.021(1). Such property cannot become qualified property on Schedule B.

Application for Appraised Value Limitation on Qualified Property



SECTION 14: Wage and Employment Information

1. What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0
2. What is the last complete calendar quarter before application review start date:
☐ First Quarter ☒ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of 2015
(year)
3. 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 Texas Workforce Commission (TWC)? 0
 Note: For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? 5
5. What is the number of new non-qualifying jobs you are estimating you will create? 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? ☒ Yes ☐ No
 6a. If yes, attach evidence in Tab 12 documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in Tab 13 the four most recent quarters of data for each wage calculation below, including documentation from the 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(21) and (22).
 a. Average weekly wage for all jobs (all industries) in the county is 644.25
 b. 110% of the average weekly wage for manufacturing jobs in the county is 700.15
 c. 110% of the average weekly wage for manufacturing jobs in the region is 715.17
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? ☒ §313.021(5)(A) or ☐ §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? 36,408.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 36,408.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? ☒ Yes ☐ No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? ☐ Yes ☒ No
 12a. If yes, attach in Tab 12 supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? ☐ Yes ☒ No
 13a. If yes, attach in Tab 6 supporting documentation including a list of qualifying jobs in the other school district(s).

SECTION 15: Economic Impact

1. Complete and attach Schedules A1, A2, B, C, and D in Tab 14. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in Tab 15. (not required)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in Tab 15.

Application for Appraised Value Limitation on Qualified Property

SECTION 16. Authorized Signature and Applicant Certification

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in Tab 17. NOTE: If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

1. Authorized School District Representative Signature

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.

Print
here

Albert Pera
Print Name (Authorized School District Representative)

Supt.
Title

Sign
here

[Signature]
Signature (Authorized School District Representative)

8/11/2015
Date

2. Authorized Company Representative (Applicant) Signature and Notarization

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 and schedules 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.

Print
here

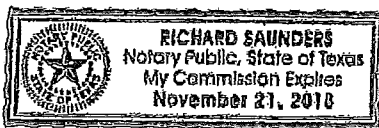
PALL BOWMAN
Print Name (Authorized Company Representative (Applicant))

Sr. VP
Title

Sign
here

[Signature]
Signature (Authorized Company Representative (Applicant))

8-10-15
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

10th day of AUGUST, 2015

[Signature]
Notary Public in and for the State of Texas

My Commission expires: November 21, 2018

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 Section 37.10.

Application for Appraised Value Limitation on Qualified Property



TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation (if applicable)
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor (if applicable)
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property (if applicable)
11	Maps that clearly show: a) Project vicinity b) Qualified Investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period c) Qualified property including location of new buildings or new improvements d) Existing property e) Land location within vicinity map f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size Note: Electronic maps should be high resolution files. Include map legends/markers.
12	Request for Waiver of Job Creation Requirement and supporting information (if applicable)
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact (if applicable)
15	Economic Impact Analysis, other payments made in the state or other economic information (if applicable)
16	Description of Reinvestment or Enterprise Zone, including: a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office b) legal description of reinvestment zone* c) order, resolution or ordinance establishing the reinvestment zone* d) guidelines and criteria for creating the zone* * To be submitted with application or before date of final application approval by school board
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative (applicant)

TAB 2

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)*

TAB 3

**Documentation of combined
group received by the
Texas Comptroller
of Public Accounts**

TAB 4

Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property
Tab 4

Section 7 — Project Description

The proposed Project will consist of a facility designed to use wind power to generate electricity, including wind turbines, towers, transformers, transmission lines, and associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid, and meteorological equipment to measure and test wind speed and direction. The Project may consist of 83 - 125 wind turbine generators, with a capacity of 1.6 megawatts to 2.4 megawatts per generator, with an approximate total capacity of 230 MW. The Project layout is awaiting input from the Federal Aviation Authority and is not finalized at this time and we are unable to precisely pinpoint the final location of the wind turbine generators as stated above. Applicant anticipates completing construction by fourth quarter of 2017. All qualified property will be located inside the project boundaries.

The Project will be located entirely within Willacy County. The project will be in both San Patilla ISD and Raymondville ISD boundaries. Current land use for the private property consists of farming, hunting, ranching, and oil and gas production (note that these uses can continue, as the Project is designed to be compatible with such activities).

The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 83 -125 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345/34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kv transmission line approximately 1.5 miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables

TAB 5

Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property

Tab 5

Section 8 -- Limitation as Determining Factor

1) N/A

2) Magic Valley Wind Farm II, LLC has entered into contracts for work for preliminary land work.

3) N/A

4) N/A

5) N/A

6) Magic Valley Wind Farm II, LLC is located entirely in Willacy County. The property is in a Reinvestment Zone, created by Willacy County. The project has received a property tax abatement for 10 years from Willacy County.

7) The Company is considering several projects in Texas, Oklahoma, Indiana, and Illinois. The Company has received tax incentives on several projects which are considered favorably in the analysis of the investment.

8) N/A

9) N/A

10) N/A

TAX ABATEMENT AGREEMENT

Between

WILLACY COUNTY and MAGIC VALLEY WIND FARM II, LLC

State of Texas)(

County of Willacy)(

This Tax Abatement Agreement (the "Agreement") is made and entered into by and between Willacy County, Texas ("County"), acting through its duly elected officers and Magic Valley Wind Farm II, LLC, and its owners and assigns, ("Owner"), as owner of Eligible Property (as hereinafter defined) to be located on the tract of land comprising the *Willacy County-Magic Valley Reinvestment Zone Number Two* more specifically described in ATTACHMENT A to this Agreement and this Agreement becomes effective upon final signature by both parties. The Agreement remains in effect until fulfillment of the obligations described in Paragraph IV(d) herein, unless terminated earlier as provided herein.

I.

Authorization

This Agreement is authorized and governed by Chapter 312 of the Texas Tax Code, as in effect on the date hereof, and by the Willacy County Guidelines and Criteria for Granting Tax Abatements.

II.

Definitions

As used in this Agreement, the following terms shall have the meaning set forth below:

- a. "Abatement" means the full or partial exemption from ad valorem taxes on property in a Reinvestment Zone as provided herein.
- b. "Calendar Year" means each year beginning January 1 and ending on December 31.
- c. "Certificate" means a letter, provided by the Owner to the County, certifying that Owner has completed construction of the wind power project described herein, outlining the improvements and stipulating the overall Turbine Nameplate Capacity of the project. Upon receipt of the Certificate, the County, with seventy-two (72) hours' notice, may inspect the property in accordance with this Agreement to determine that the improvements are in place as certified.
- d. "Certified Appraised Value" means the appraised value, for property tax purposes, of the

property within *Willacy County-Magic Valley Reinvestment Zone Number Two*, as certified by the Willacy County Appraisal District for each taxable year.

- e. "*Eligible Property*" means property eligible for Abatement under the Willacy County Guidelines and Criteria for Granting Tax Abatements.

1. Eligible Property includes: new, expanded or modernized buildings and structures; fixed machinery and equipment; Site improvements; related fixed improvements; other tangible items necessary to the operation and administration of the project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code and the Willacy County Guidelines and Criteria for Granting Tax Abatements. Taxes on Real Property may be abated only to the extent the property's value for a given year exceeds its value for the year in which the Agreement is executed. Tangible personal property located on the Real Property at any time before the period covered by the Agreement is not eligible for Abatement. Tangible personal property eligible for Abatement shall not include inventory or supplies. The initial taxable value of the Eligible Property, prior to the application of the tax abatement created by this agreement is estimated to be Zero Dollars (\$0.00).

2. Eligible Property shall not include property of Owner which was in place prior to the approval of this agreement.

- f. "*Improvements*" means Eligible Property, further described in ATTACHMENT B, below, meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, but is not limited to, any building, structure or fixture erected on or affixed to the land. Improvements specifically include the Owner's wind turbines and towers, foundations, roads, pad mount transformers, collection system, operations and maintenance buildings, meteorological towers, substations, generator transmission line, communications equipment and switching station that will be located in Willacy County.

- g. "*Owner*" means Magic Valley Wind Farm II, LLC, the entity that owns or leases the Real Property for which Abatement is being granted, and any assignee or successor in interest of Magic Valley Wind Farm II, LLC. The term "Magic Valley Wind Farm III, LLC" means and includes the Owner.

- h. "*Real Property*" means Eligible Property meeting the description for real property provided by Chapter 1 of the Texas Tax Code.

- i. "*Reinvestment Zone*" means *Willacy County-Magic Valley Reinvestment Zone Number Two*, the reinvestment zone (as that term is defined in Chapter 312 of the Texas Tax Code) created by Willacy County and further described in ATTACHMENT A, below.

- j. "*Site*" means the portion of the Reinvestment Zone on which Owner makes the Improvements for which the Abatement is granted hereunder.

- k. "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).
- l. "Turbine Nameplate Capacity" means the generating capacity of an individual wind turbine as designated by the manufacturer(s) of the turbines to be constructed as improvements hereunder and where appropriate may refer to the total or overall generating capacity.

III.

Improvements in Reinvestment Zone

Owner contemplates making the following Improvements in consideration for the Abatement set forth in Paragraph IV of the Agreement:

- a. Owner agrees to use commercially reasonable efforts to construct Improvements on the Site consisting of a wind power electric generation facility of approximately 101 wind turbine generators with a maximum capacity of up to 210 megawatts (MW) of overall Turbine Nameplate Capacity located in the Reinvestment Zone. The Certified Appraised Value will depend upon annual appraisals by the Willacy County Appraisal District. The number of turbines will vary depending on the types of turbines used and the size of the wind power facility.
- b. Improvements also shall only include property in the Reinvestment Zone meeting the definition of "Eligible Property" that is used to produce wind power and perform other functions related to, or in support of, the production or transmission of wind generated electrical power within *Willacy County-Magic Valley Reinvestment Zone Number Two*.
- c. Owner shall commence construction of the Improvements by no later than July 1, 2015, and shall use commercially reasonable efforts to complete construction by no later than December 31, 2016.

IV.

Term and Portion of Tax Abatement; Taxability of Property

- a. The County and Owner specifically agree and acknowledge that the property in the Reinvestment Zone shall be taxable in the following ways before and during the Term of this Agreement:
1. Property not eligible for Abatement, if any, shall be fully taxable at all times; and
 2. The Certified Appraised Value of property existing in the Reinvestment Zone prior to execution of this Agreement shall be fully taxable at all times; and
 3. Prior to commencement of the abatement period designated in Paragraph IV(b).

One Hundred Percent (100%) of property taxes levied on the Certified Appraised Value of Owner's real and personal property located in the Reinvestment Zone will be owed and payable by Owner; and

4. Eighty-Five Percent (85%) of County property taxes on the Certified Appraised Value of Eligible Property shall be abated for the periods and in the amounts as provided for by Paragraph IV(b) below; and
5. One Hundred Percent (100%) of the Certified Appraised Value of Eligible Property existing in the Reinvestment Zone shall be fully taxable after expiration of the abatement period designated in Paragraph IV(b).

b. The County and Owner specifically agree and acknowledge that this Agreement shall provide for tax Abatement, under the conditions set forth herein, of *ad valorem* property taxes levied by Willacy County, Texas (not including school district taxes) as follows:

1. Beginning on the January 1st of the Tax Year immediately following the Calendar Year during which the Owner provides the Certificate to the County and ending upon the conclusion of nine (9) additional Tax Years thereafter, (for a total of ten (10) years) an Abatement equal to Eighty-Five Percent (85%) of taxable value of the Improvements.
2. Eighty-Five Percent (85%) of property taxes on the Certified Appraised Value of all Improvements described in the Certificate (and actually in place in the Reinvestment Zone) are abated in the respective period designated above.
3. Eighty-Five Percent (85%) of property taxes on the Certified Appraised Value of any and all otherwise taxable personal property owned by Owner and located in the Reinvestment Zone are abated in the respective period designated above.

c. A portion of all the Improvements may be eligible for complete or partial exemption from *ad valorem* taxes as a result of existing law or future legislation. This Agreement is not to be construed as evidence that such exemptions shall not apply to the Improvements.

d. As consideration for this Abatement, Owner agrees to make an annual payment to the County of in an amount equal to One Thousand One Hundred Twenty-Five Dollars per megawatt per year (\$1,125.00/MW/YR) of Turbine Nameplate Capacity included in the Certificate (and actually in place in the Reinvestment Zone) for each of the ten (10) Tax Years for which this abatement is in effect. The first such payment shall be due October 1st of the Calendar Year immediately following the Calendar Year in which Owner provides the certificate, with the remaining nine payments due annually thereafter.

e. In no Tax Year for which payments calculated in accordance with the foregoing

Subsection IV(d) shall payments due to the County under such Subsection exceed the full amount of taxes that would have been paid by Owner to the County in the absence of this agreement. For each Tax Year of this agreement the calculation required under this Subsection shall be made by multiplying the full taxable value which the Willacy County Appraisal District would have placed upon the property subject to this agreement in the absence of this agreement times the tax rate for such year adopted by the Willacy County Commissioners Court. In the event that the amount determined under this Subsection (e) is lower than the amount determined under the foregoing Subsection (d), Owner shall pay the lower amount to the County for that applicable Tax Year.

f. As additional consideration for the execution hereof, Owner and its contractors employed during the construction of the Project for which this Tax Abatement is being granted shall afford the County the right of first refusal to collect and haul at its own expense, but otherwise free of charge, all soil excavated to construct the project and/or all excess road base or other materials used to construct roads to provide access to the Project.

g. At any time during this Agreement, the Willacy County Commissioner's Court may, in its sole discretion, so long as such decision does not result in additional costs to the Applicant under this Agreement, direct that the Applicant's payments under this Section IV(d) above be made to the District's to a Third Party designated by the Commissioner's Court. Any designation of such a foundation or entity must be made by recorded vote of the Willacy County Commissioner's Court at a properly posted public meeting. Any such designation will become effective after such public vote and the delivery of notice of said vote to the Applicant. Such designation may be rescinded by the Commissioners Court by voted action, at any time, and any such rescission will become effective after delivery of notice of such action to the Applicant.

V. Representations

The County and Owner make the following respective representations:

a. Owner represents and agrees that if constructed, (i) Owner, its successors and/or assigns, will have a taxable interest with respect to Improvements to be placed on the property; (ii) construction of the proposed Improvements described in Paragraph III will be performed by the Owner, its successors and/or assigns and/or their contractors or subcontractors, (iii) Owner's, its successors' and assigns' use of the property in the Reinvestment Zone is limited to that which is consistent with the general purpose of encouraging development or redevelopment of the area during the period of the Abatement, (iv) all representations made in this Agreement and in the Application for Abatement, if any, are true and correct to the best of Owner's knowledge, and (v) Owner will make required filings, if any, by Owner with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required in the future.

- b. The County represents that (i) the Reinvestment Zone and this Agreement have been created in accordance with Chapter 312 of the Texas Tax Code and the Willacy County Guidelines and Criteria for Granting Tax Abatements as both exist on the effective date of this Agreement; (ii) no abatement will apply to Improvements or the land on which they are located if such land is owned or leased by a member of the County Commissioners Court as of the effective date of this Agreement; (iii) that the property on which the Improvements will be located within the Reinvestment Zone is located within the legal boundaries of the County and (iv) the County has made and will continue to make all required filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning the Reinvestment Zone and this Agreement.

VI.

Access to and Inspection of Property by County and Appraisal District Employees

- a. Owner shall allow the County's and County Appraisal District's employees access to the Improvements for the purpose of inspecting any Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner seventy two (72) hour notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.
- b. Owner shall, within ninety (90) days after the beginning of each Calendar Year, certify annually to the County its compliance with this Agreement by providing a written statement to the same to the County Judge.

VII.

Default, Remedies and Limitations of Liability

- a. The County may declare a default if Owner breaches any material term or condition of this Agreement, including the obligation to commence construction of the Improvements on the Site before January 1, 2015. If the County declares a default of this Agreement, this Agreement shall terminate, after notice and opportunity to cure, to the extent provided for below; or the County may modify the Agreement upon mutual agreement with Owner. In the event of default, the County may pursue the remedies provided for in Paragraph VII(b) and VII(c) below, as applicable. The County shall not declare a default, and no default will be deemed to have occurred, when the circumstances giving rise to such declaration are the result of "Force Majeure". "Force Majeure" means any contingency or cause beyond the reasonable control of Owner, including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by acts or omissions of Owner), fires, explosions, floods, tornadoes and strikes.
- b. The County shall notify (i) Owner and (ii) any lender of record in the Real Property

Records of Willacy County of any default in writing in the manner prescribed herein. All contact information for purposes of a notice default shall be provided to the County Judge. The Notice shall specify the basis for the declaration of default, and Owner shall have ninety (90) days from the date of such notice to cure any default, except that where the default is incapable of being cured within ninety (90) days using reasonable business efforts, Owner shall commence performance of the cure within thirty (30) days after receipt of notice and diligently pursue those efforts until the default is cured. Owner and any lender of which the County has notice shall maintain the right to cure any defect, including any defect caused by an assignee or contractor of Owner during the same cure period identified in the foregoing sentence.

- c. As required by section 312.205 of the Texas Tax Code, if Owner fails to make the improvements as provided for by this Agreement, the County shall be entitled to cancel the Agreement and recapture property tax revenue actually lost as a result of the Agreement, (i.e. recapture for prior tax years only - no anticipatory / prospective recapture on future taxes), subject to the above provisions regarding notice and right to cure.

- d. **LIMITATION OF LIABILITY: CANCELLATION OF THE AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE CANCELLATION DATE), RECAPTURE OF PROPERTY TAXES ABATED ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN PARAGRAPH VII(C) OF THIS AGREEMENT, ALONG WITH ANY REASONABLY INCURRED COSTS AND FEES, SHALL BE THE COUNTY'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO MAKE THE SPECIFIED IMPROVEMENTS OR TAKE OTHER ACTION REQUIRED BY THIS AGREEMENT, INCLUDING ANY FAILURE TO PAY AMOUNTS OWED UNDER THIS AGREEMENT. OWNER AND COUNTY AGREE THAT THE LIMITATIONS CONTAINED IN THIS PARAGRAPH ARE REASONABLE AND REFLECT THE BARGAINED FOR RISK ALLOCATION AGREED TO BY THE PARTIES. IN THE EVENT OF A BREACH OF THIS AGREEMENT, ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.**

- e. Any notice of default under this Agreement shall prominently state the following at the top of the notice:

NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH THE COUNTY. FAILURE TO CURE THIS DEFAULT WITHIN NINETY DAYS OF NOTICE OR OTHERWISE CURE THE DEFAULT AS PROVIDED BY THE AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND PAYMENT OF LIQUIDATED DAMAGES AS PROVIDED IN THE AGREEMENT.

VIII.
Compliance with State and Local Regulations

Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any order, rule, statute or regulation of the County, the State of Texas or the United States.

IX.
Assignment of Agreement

This agreement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the specific approval of the Willacy County Commissioners Court which shall base its review upon to the financial capacity of the assignee and the ability to ensure that all conditions and obligations in this agreement will continue to be met. Approval by the Commissioners Court shall not be unreasonably withheld so long as the conditions set forth in this Section are met.

No assignment or transfer shall be approved if either Owner or the prospective assignee are liable to Willacy County or any eligible taxing jurisdiction within Willacy County, Texas for delinquent taxes or other obligations.

In the event that Owner seeks to assign this Agreement in whole or in part, Owner must provide the County with thirty (30) days written notice prior to any such assignment, and provides the County with a draft copy of the assignment. After the Willacy County Commissioners Court's approval of such an assignment, the assignor shall no longer have any interest or liability with respect to the assigned rights and obligations that accrue after the date of approval by the Commissioners Court, and a new abatement agreement with the same terms and conditions as this Agreement but with respect only to such assigned rights and obligations shall be deemed to exist between the assignee and the County.

X.
Notice

All notices, demands and other communications of any type (collectively, "Notices") given shall be given in accordance with this Section. All Notices shall be in writing and delivered, by commercial delivery service to the office of the person to whom the Notice is directed (provided that that delivery is confirmed by the courier delivery service); by United States Postal Service (USPS), postage prepaid, as a registered or certified item, return receipt requested in a proper wrapper and with proper postage; by recognized overnight delivery service as evidenced by a bill of lading. Notice delivered by commercial delivery service shall be deemed delivered on receipt or refusal; notices delivered by USPS shall be deemed to have been given upon deposit with the same. Regardless of the method of delivery, in no case shall notice be deemed delivered later than actual receipt. In the event of a notice of default given pursuant to Article VII, such notice shall be given by at least one of the methods of delivery consistent with Section VII(c). All Notices shall be mailed or delivered to the following addresses:

XIV.
Guidelines and Criteria

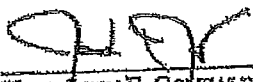
The Parties to this agreement acknowledge that this Agreement is entered into based upon Willacy County Guidelines and Criteria for Granting Tax Abatements which were in effect as of the date of approval of this agreement. The Parties intend this agreement to be consistent with the Willacy County Guidelines and Criteria for Granting Tax Abatements which were in effect as of the date of approval of this agreement. In the event of an irreconcilable conflict, the applicable adopted Guidelines and Criteria will prevail.

XV. Entire Agreement

This Agreement contains the entire and integrated Tax Abatement Agreement between the County and Owner, and supersedes any and all other negotiations and agreements, whether written or oral, between the parties. This Agreement has not been executed in reliance upon any representation or promise except those contained herein.

IN TESTIMONY OF WHICH, THIS AGREEMENT has been executed by the County as authorized by the Willacy County Commissioners Court and executed by the Owner on the respective dates shown below.

WILLACY COUNTY, TEXAS



HON. JOHN F. GONZALES, JR.
County Judge



HON. ELBERT GUERRA
Commissioner, Precinct 1

HON. NOE LOYA
Commissioner, Precinct 2

HON. FRED SERRATO
Commissioner, Precinct 3

Attest:

HON. DORA PEREZ
Commissioner, Precinct 4



HON. TERRY FLORES
Willacy County Clerk

Date

9/15/2014



To the Owner: Magic Valley Wind Farm II, LLC
ATTN: Paul Bowman
701 Brazos Street, Suite 1400
Austin, Texas 78701

With a Copy to: Magic Valley Wind Farm II, LLC
Attn: Legal Department
353 N. Clark Street, floor 30
Chicago, IL 60654

To the County: Willacy County Judge
Willacy County Courthouse
576 W. Main Street
Raymondville, Texas 78580

Any party may designate a different address by giving the other party at least ten (10) days written notice in the manner prescribed above.

XI.

Severability

In the event any section or other part of this Agreement is held invalid, illegal, factually insufficient or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid sections or other part. In the event that (i) the term of the Abatement with respect to any property is longer than allowed by law, or (ii) the Abatement applies to a broader classification of property than is allowed by law, then the Abatement shall be valid with respect to the classification of property not deemed overly broad, and for the portion of the term of the Abatement not deemed excessive. Any provision required by the Tax Code to be contained herein that does not appear herein is incorporated herein by reference.

XII.

Applicable Law

This Agreement shall be construed under the laws of the State of Texas.

XIII.

Amendment

Except as otherwise provided, this Agreement may be modified by the parties hereto upon mutual written consent to include other provisions which could have originally been included in this Agreement or to delete provisions that were not originally necessary to this Agreement pursuant to the procedures set forth in Chapter 312 of the Texas Tax Code.

Magic Valley Wind Farm II, LLC

By: [Signature]

Name: Paul L. Bennett

Title: Authorized Representative

Date: 9/16/14

By: _____

Name: _____

Title: Authorized Representative

Date: _____

ATTACHMENT A

Attached, is the Order Designating Reinvestment Zone dated July 24, 2014, *Willacy County-Magic Valley Reinvestment Zone Number Two*, duly passed by the Willacy County Commissioners Court, and a map depicting the location of *Willacy County-Magic Valley Reinvestment Zone Number Two*.

JULY 24, 2014
PUBLIC HEARING
RESOLUTION NO. 1540 VOL. 163 PAGE 224
REGULAR MEETING
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RESOLUTION OF THE COMMISSIONERS COURT
OF WILLACY COUNTY, TEXAS

CREATING WILLACY COUNTY-MAGIC VALLEY REINVESTMENT ZONE NUMBER
TWO, FOR COMMERCIAL INDUSTRIAL TAX ABATEMENT IN WILLACY
COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREON, AND
PROVIDING FOR AN EFFECTIVE DATE

PREAMBLE

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

WHEREAS, Section 312.401 of the Texas Tax Code permits a County Commissioners Court to designate a reinvestment zone if that designation is reasonably likely to contribute to the retention or expansion of primary employment, or attract major investment in the reinvestment zone that would contribute to the economic development of the County; and,

WHEREAS, none of the area, described in Exhibits 1 and 2, below, for which application for the creation of a reinvestment zone has been made, is within the taxing jurisdiction of any municipality; and,

WHEREAS, on July 24, 2014, a hearing before the Commissioners Court of Willacy County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the *Raymondville Chronicle* and the delivery of written notice to the respective presiding officers of each taxing entity that it includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

WHEREAS, the Commissioners Court of Willacy County, Texas at such public hearing, held in accordance with the procedural requirements of Chapter 312, of the Texas Tax Code, and Chapter 551 of the Texas Government Code, invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

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

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reinvestment zone; and,

WHEREAS, the improvements set forth in the Application by Magic Valley Wind Farm II, L.L.C. for a tax abatement agreement are feasible and of benefit to the county after expiration of the tax abatement; and,

WHEREAS, the Willacy County Commissioners Court wishes to create a reinvestment zone within the boundaries of Willacy County as shown on the map attached as EXHIBIT 1 and further described by the legal description set forth in EXHIBIT 2 of this Resolution;

NOW THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF WILLACY COUNTY, TEXAS:

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

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

- (a) That the public hearing on adoption of the Willacy County-Magic Valley Reinvestment Zone Number Two has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and
- (b) That the boundaries of Willacy County-Magic Valley Reinvestment Zone Number Two should be the area depicted in the plat map indicating the boundaries hereof, attached hereto as EXHIBIT 1, and further described in the legal description of the boundaries described in EXHIBIT 2, both of which are incorporated herein by reference for all intents and purposes; and,
- (c) That creation of Willacy County-Magic Valley Reinvestment Zone Number Two with boundaries as described in EXHIBITS 1 and 2 will result in benefits to the Willacy County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) That the Willacy County-Magic Valley Reinvestment Zone Number Two, as described in Exhibit "A" and depicted in in EXHIBITS 1 and 2 meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract

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investment in the zone that would be a benefit to the property and that would contribute to the economic development of Willacy County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Willacy County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines and Criteria adopted by the Willacy County Commissioners Court, the Willacy County Commissioners Court hereby creates *Willacy County-Magla Valley Reinvestment Zone Number Two*, as a reinvestment zone for commercial-industrial tax abatement encompassing only the area within the boundaries described in EXHIBITS 1 AND 2, and such reinvestment zone is hereby designated and shall hereafter be referred to as *Willacy County Reinvestment Zone Number Two*.

SECTION 4. *Willacy County-Magla Valley Reinvestment Zone Number Two* shall take effect on July 14, 2014 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

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

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

PASSED, APPROVED AND ADOPTED on this 24th day of July 2014.

WILLACY COUNTY, TEXAS, by:


JOHN R. GONZALES, JR.
County Judge

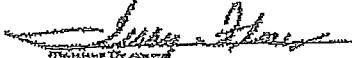
Willacy County Commissioners Court
Resolution creating *Willacy County-Magla Valley Reinvestment Zone Number Two*
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Attest:


TERRY FLORES
Willacy County Clerk

7/24/2014
Date



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GCIC Block 74	15
GCIC Block 74	16
GCIC Block 75	1
GCIC Block 75	2
GCIC Block 75	3
GCIC Block 75	4

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GCIC Block 75	6
GCIC Block 76	6
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GCIC Block 76	8
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GOIC Block 76	8
GOIC Block 76	10
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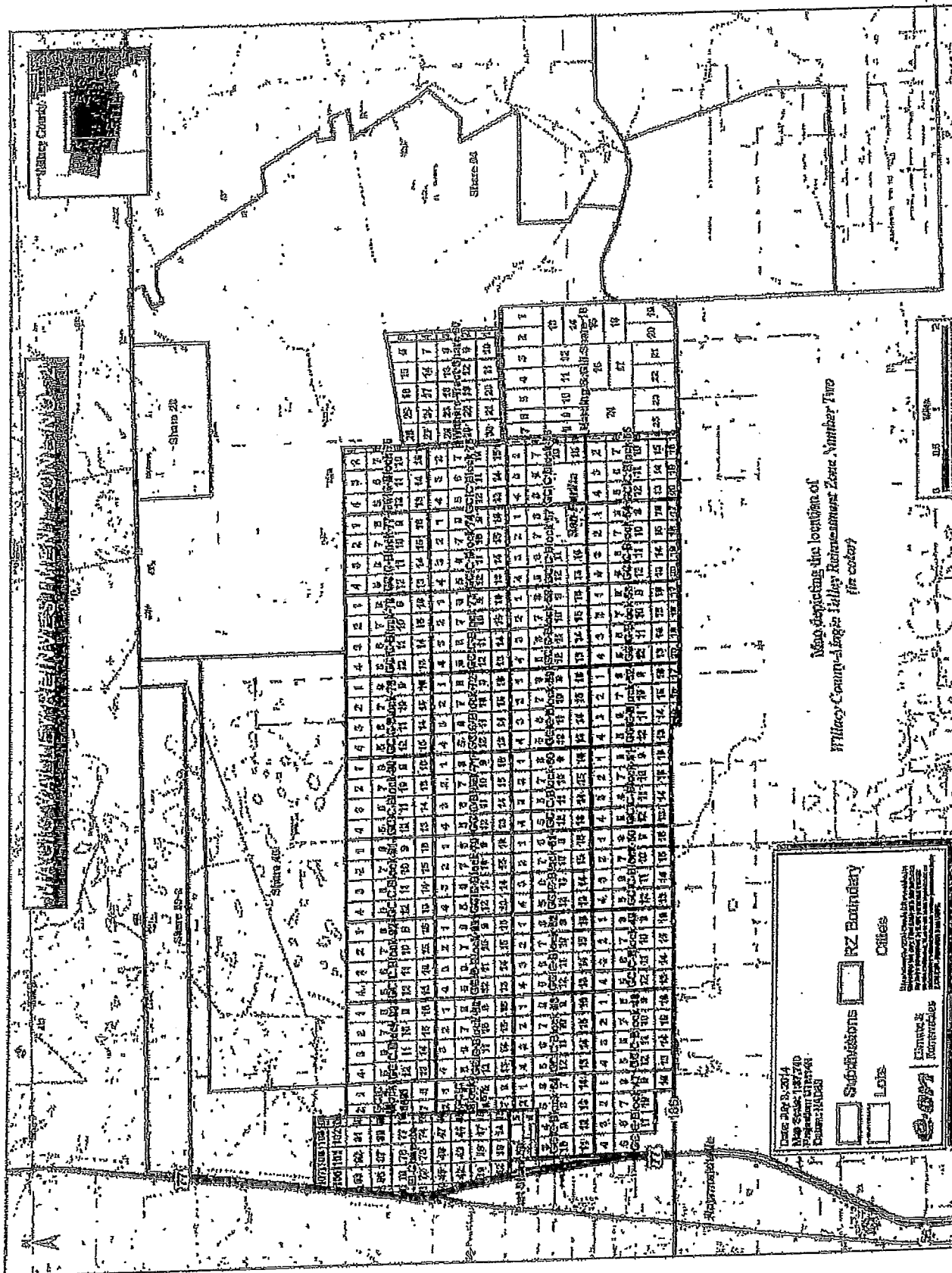
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Harding-Gill Shams 16	16

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Harding-Gill Share 18	18
Harding-Gill Share 18	19
Harding-Gill Share 18	20
Harding-Gill Share 18	21
Harding-Gill Share 18	22
Harding-Gill Share 18	23
Harding-Gill Share 18	24
Harding-Gill Share 18	25
Part Share 80	1
Part Share 80	2
Part Share 80	3
Part Share 80	4
Part Share 80	5
Share 28	
Share 48	
Share 53-2	
Share 54	
Withers Tract Share 80	1
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Withers Tract Share 80	29



ATTACHMENT B

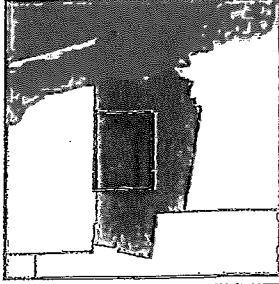
Project Specification Summary

1. The Owner of the project is Magic Valley Wind Farm II, LLC.
2. The initial project value to be abated is estimated to be One Hundred Fifty Three Million Dollars (\$153,000,000.)
3. The abatement commencement date is January 1st of the Tax Year immediately following the Calendar Year during which the Owner provides the Certificate to the County
4. The abatement termination date is December 31st of the tenth Tax Year after but including the commencement date.
5. The percentage of value to be abated each year is eighty-five percent (85%) each year for ten (10) years after commencement date.
6. The proposed use of the facilities for which the abatement is being granted is for a wind farm of approximately a 124 megawatt nameplate generating capacity.
7. The total investment in the project is estimated to be One Hundred Fifty Three Million Dollars (\$153,000,000.)
8. The number of new permanent jobs to be created in the site for the period of abatement is six (6).
9. The map and property description of the site is within *Willacy County-Magic Valley Reinvestment Zone Number Two* which is attached as ATTACHMENT A.

TAB 6

**WILLACY COUNTY, TEXAS
SAN PERLITA ISD**

Willacy County, Texas



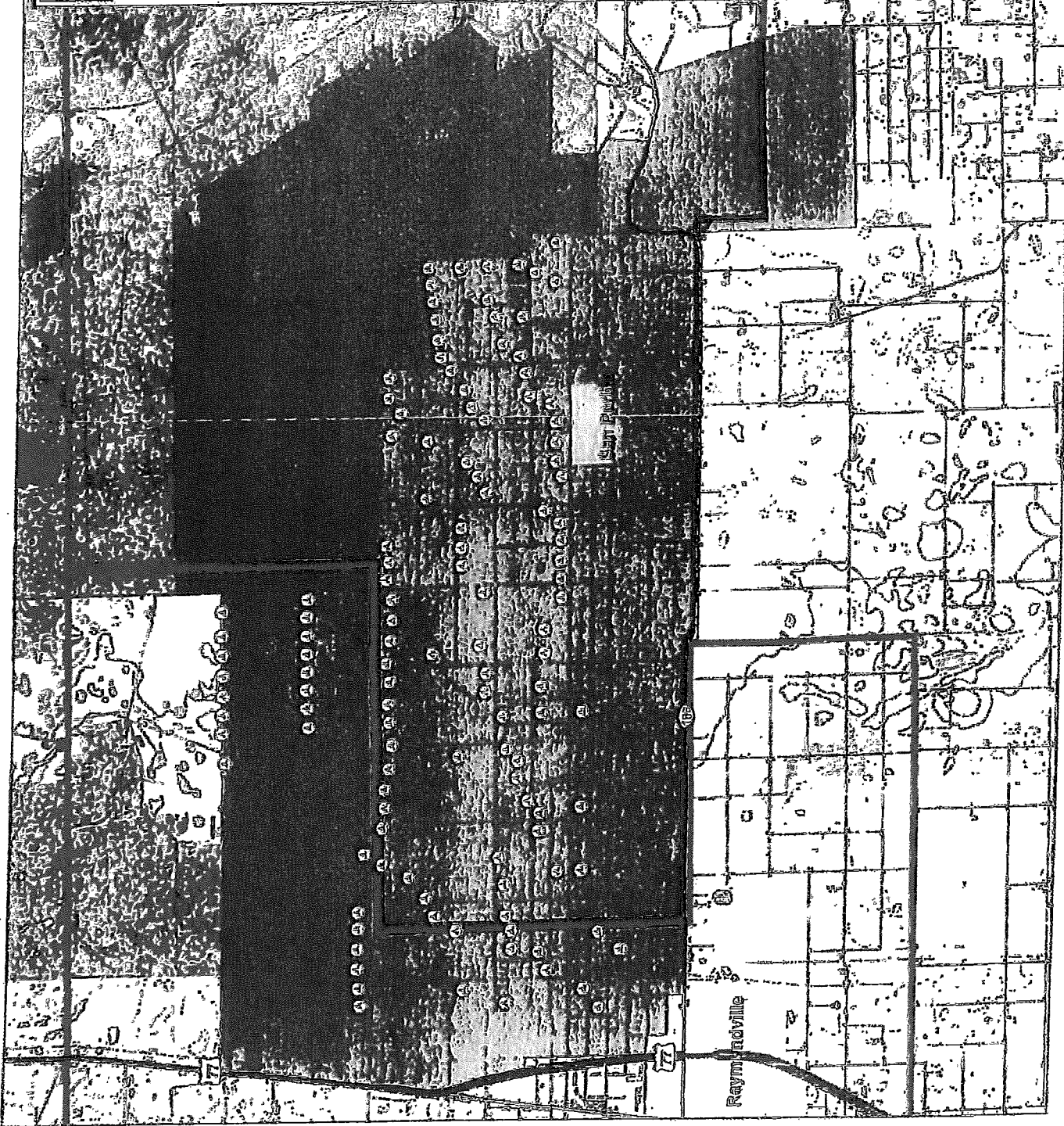
Date: August 10, 2015
 Map Scale: 1:100,000
 Projection: UTM/4N
 Datum: NAD83

- Turbines
- Raymondville ISD
- San Perlita ISD
- RZ Boundary
- Cities

Miles
 0 0.5 1 2

E.ON

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Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property

Tab 6

Section 10 — The Property

The proposed Project will consist of 83 - 125 wind turbine generators, with a capacity of 1.6 megawatts to 2.4 megawatts per generator, with an approximate total capacity of 230 MW. The final Project layout is awaiting input from the Federal Aviation Authority and is not finalized at this time and we are unable to precisely pinpoint the final location of the wind turbine generators as stated above. The project will be located within the school boundaries of San Perlita ISD and Raymondville ISD. A map of the project area, the reinvestment zone and the school districts is attached.

At this time, we are projecting a total qualified investment of \$284 million for Magic Valley Wind Farm II, LLC. Approximately 72% of the investment is located in San Perlita ISD (\$205 million), with the remaining 28% in Raymondville ISD. Approximately 166 MW will be in San Perlita ISD boundary and the remaining 64 MW will be in the Raymondville ISD boundary.

TAB 7

Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property

Tab 7

Section 11— Investment

Description of Qualified Investment

4a. & 4b. Magic Valley Wind Farm II, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 230 megawatts (the "Project"). The exact number of wind turbines and the size of each turbine will vary depending upon the wind turbines selected and the megawatt generating capacity of the project completed, but presently our plans are to install approximately 115 Vestas 2.0 megawatt turbines on property in Willacy County. Approximately 166 MW of turbine capacity will be in the San Perlita ISD boundary. The company is considering a number of different turbines and the final project may have 83-125 turbines.

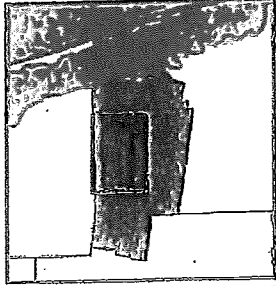
The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 83-125 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5KV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kv transmission line approximately 1.5 miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables

4c. Please see attached map. The specific locations of the roads, turbines and ancillary equipment are yet to be determined.

WILMOTEC, WILMOTEC, INC.
SAN PERLITA ISD

Wilacy County, Texas



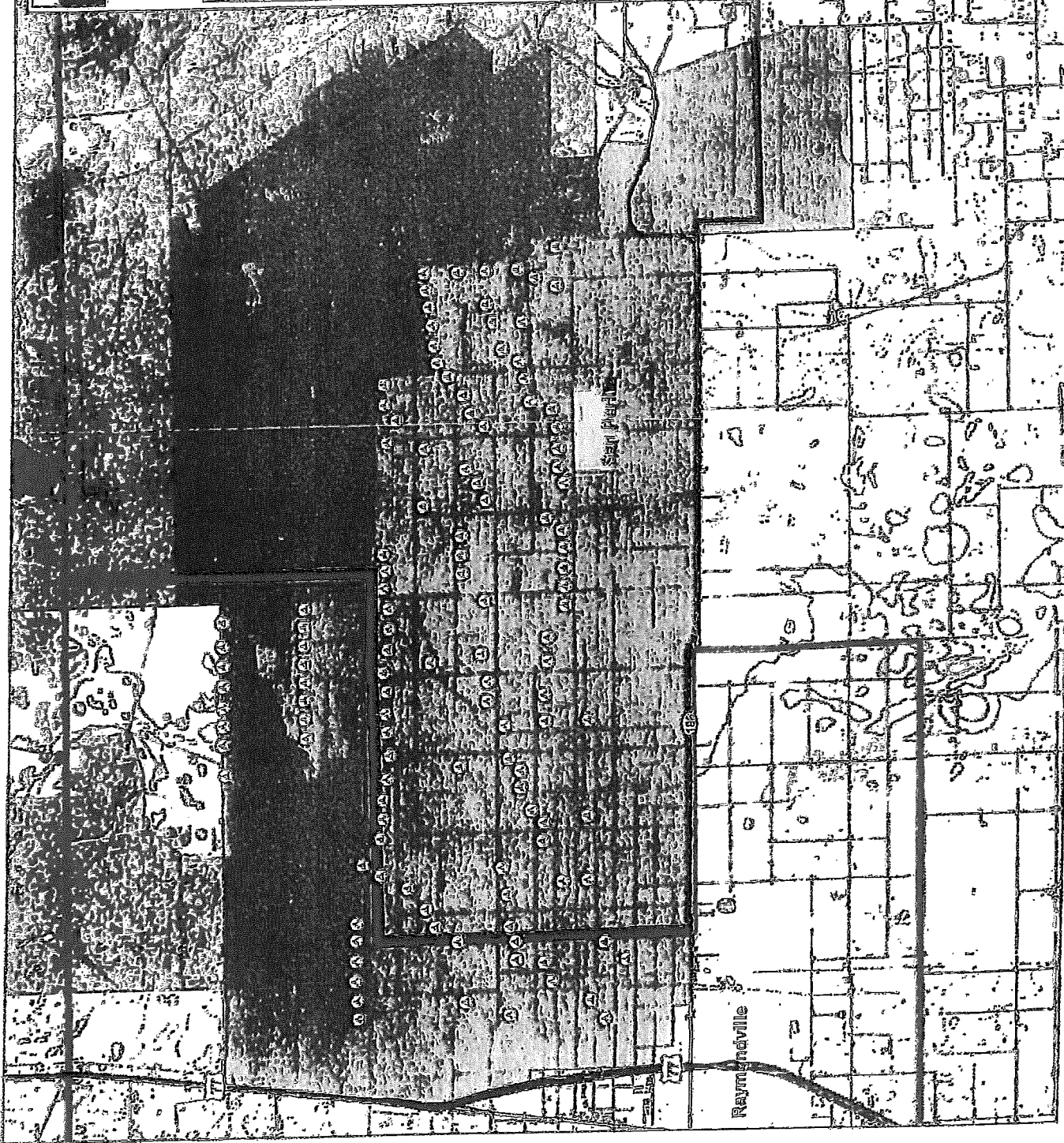
Date: August 18, 2015
Map Scale: 1:100,000
Projection: UTM14N
Datum: NAD83

-  Turbines
-  Raymondville ISD
-  San Perlita ISD
-  RZ Boundary
-  Cities

Miles
0 0.5 1 2

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TAB 8

Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property

Tab 8

Section 12-- Qualified Property

Description of Qualified Property

1a. & 1b. Magic Valley Wind Farm II, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 230 megawatts (the "Project"). The exact number of wind turbines and the size of each turbine will vary depending upon the wind turbines selected and the megawatt generating capacity of the project completed, but presently our plans are to install approximately 115 Vestas 2.0 megawatt turbines on property in Willacy County. Approximately 166 MWs of turbine capacity will be located in the San Perlita ISD. The company is considering a number of different turbines and the final project may have 83-125 turbines.

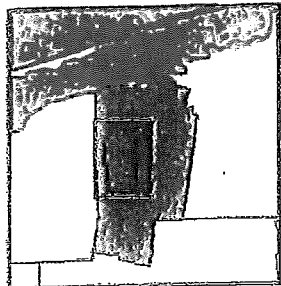
The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 83-125 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kv transmission line approximately 1.5 miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables

1c. Please see attached map. The specific locations of the roads, turbines and ancillary equipment is yet to be determined.

WILLACY VALLEY SAN PERLITA ISD

Willacy County, Texas



Date: August 10, 2015
Map Scale: 1:100,000
Projection: UTM/14N
Datum: NAD83

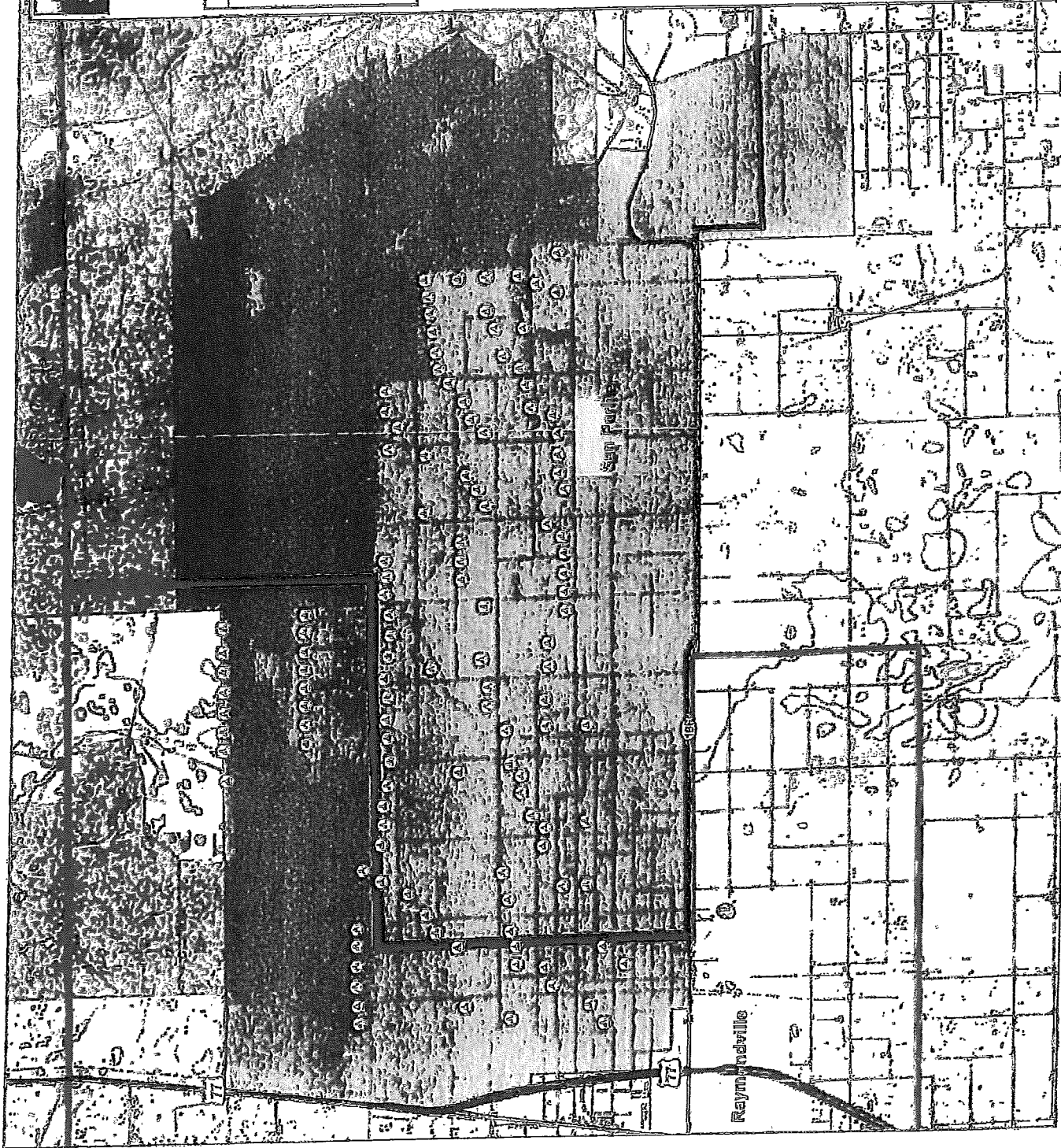
-  Turbines
-  Raymondville ISD
-  San Perlita ISD
-  RZ Boundary

Cities

Miles
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TAB 9

N/A

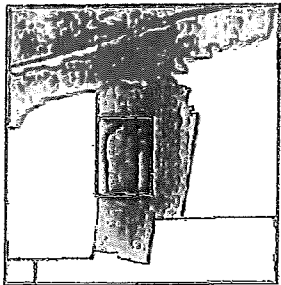
TAB 10

N/A

TAB 11

WILLACY COUNTY, TEXAS
SAN PERLITA ISD

Willacy County, Texas



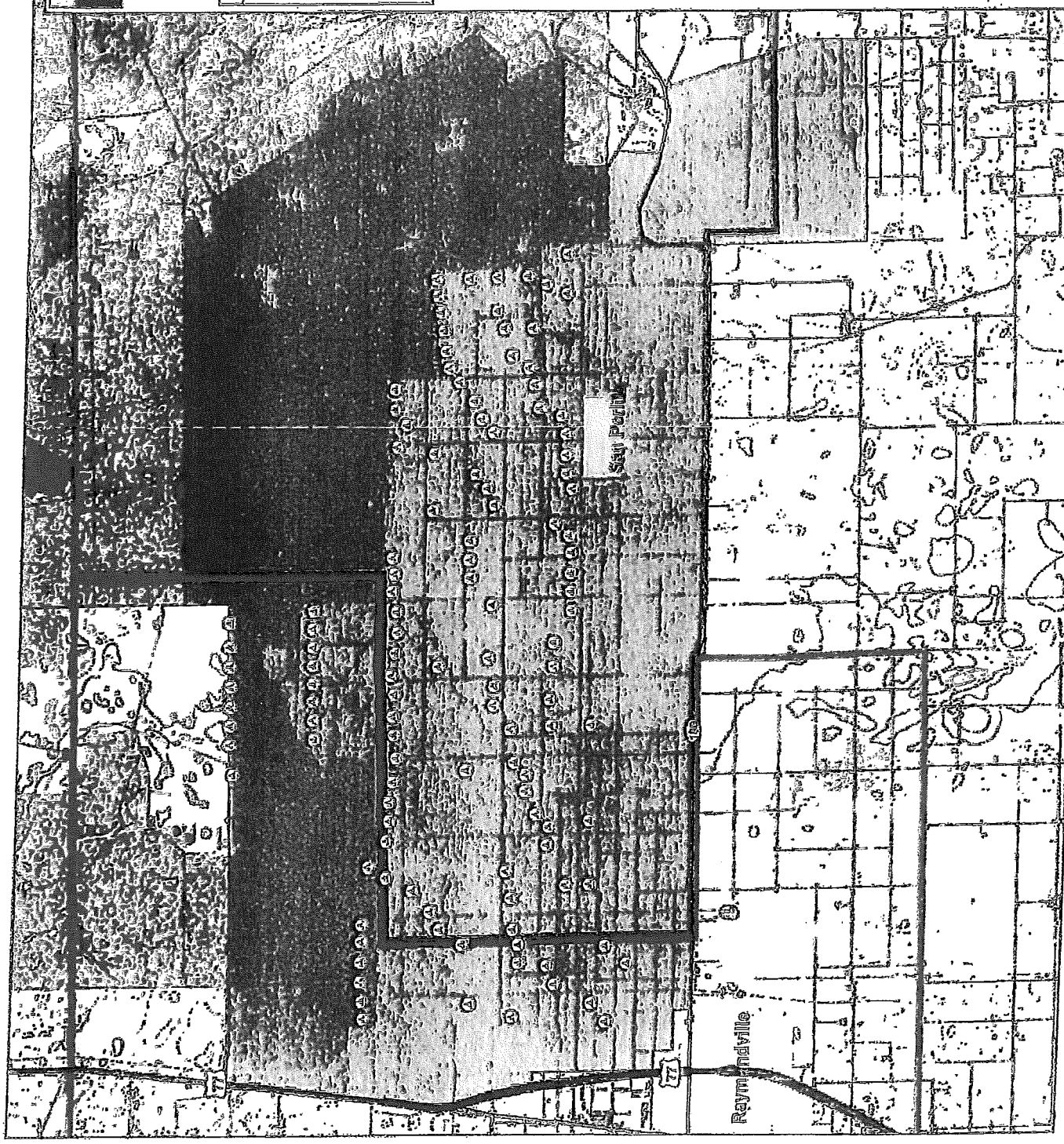
Date: August 10, 2015
Map Scale: 1:100,000
Projection: UTM/4N
Datum: NAD83

- Turbines
- Raymondville ISD
- San Perlita ISD
- RZ Boundary
- Cities

Miles
0 0.5 1 2

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TAB 12

August 10, 2015

Mr. Albert Pena
Superintendent
San Perlita Independent School District
13937 RM 2209
San Perlita, TX 78590

Re: Chapter 313 Job Waiver Request

Dear Mr. Pena,

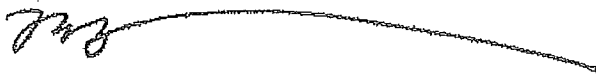
Magic Valley Wind Farm II, LLC requests that the San Perlita Independent School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(F-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility attic property owner that is described in the application.

Magic Valley Wind Farm II, LLC requests that the San Perlita Independent School District make such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Magic Valley Wind Farm II, LLC has committed to create 5 total jobs for the project.

Wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 turbines. This number may fluctuate depending on the operations and maintenance requirements of the turbine selected as well as the support and technical assistance offered by the turbine manufacturer. 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. In addition, to the onsite employees, there may be managers or technicians who support the project from offsite locations.

With kind regards,



Paul Bowman
Sr. Vice President, Development

TAB 13

CALCULATION OF WAGE REQUIREMENTS

TOTAL REGION MANUFACTURING

Council of Government	Hourly	Weekly	Annual
1. Lower Rio Grande Valley Dev. Council	\$16.25	\$650.15	\$33,808

$$\$650.15 \times 1.10 = \$715.17$$

$$\$33,808 \times 1.10 = \$37,188.80$$

TOTAL - MANUFACTURING - Willacy County

Year	Quarter	Average Weekly Wages	Annualized
2014	4Q	\$735	\$38,220
2015	1Q	\$681	\$35,412
2015	2Q	\$602	\$31,304
2015	3Q	\$528	\$27,456
		\$636.50	\$33,098
	X	<u>110% of County Average Weekly Wage for all Jobs</u>	
		\$700.15	\$36,408

TOTAL - ALL INDUSTRIES - Willacy County

Year	Quarter	Average Weekly Wages	Annualized
2014	2Q	\$681	\$35,412
2014	3Q	\$614	\$31,928
2014	4Q	\$639	\$33,228
2015	1Q	\$643	\$33,436
		\$644.25	\$33,501

**Quarterly Employment and Wages (QCEW)
Willacy County- Manufacturing**

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	4th Qtr	Willacy County	Total All	31	2	31-33	Manufacturing	\$735
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Willacy County	Total All	31	2	31-33	Manufacturing	\$681
2015	2nd Qtr	Willacy County	Total All	31	2	31-33	Manufacturing	\$682
2015	3rd Qtr	Willacy County	Total All	31	2	31-33	Manufacturing	\$628

Quarterly Employment and Wages (QCEW)
Willacy County - All Industries

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	3rd Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$921
Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	1st Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$914
2015	2nd Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$939
2015	3rd Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$943

**Quarterly Employment and Wages (QCEW)
Lower Rio Grande WDA- Manufacturing**

**2014 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$24.18	\$50,303
<u>1. Portland Regional Planning Commission</u>	\$21.07	\$43,621
<u>2. South Plains Association of Governments</u>	\$16.75	\$34,834
<u>3. NORTEX Regional Planning Commission</u>	\$20.23	\$42,077
<u>4. North Central Texas Council of Governments</u>	\$25.32	\$52,672
<u>5. Ark-Tex Council of Governments</u>	\$17.80	\$37,017
<u>6. East Texas Council of Governments</u>	\$19.87	\$41,332
<u>7. West Central Texas Council of Governments</u>	\$19.41	\$40,365
<u>8. Rio Grande Council of Governments</u>	\$17.82	\$37,063
<u>9. Permian Basin Regional Planning Commission</u>	\$23.65	\$49,196
<u>10. Concho Valley Council of Governments</u>	\$18.70	\$38,886
<u>11. Heart of Texas Council of Governments</u>	\$20.98	\$43,536
<u>12. Capital Area Council of Governments</u>	\$28.34	\$58,937
<u>13. Brazos Valley Council of Governments</u>	\$17.57	\$36,547
<u>14. Deep East Texas Council of Governments</u>	\$17.76	\$36,939
<u>15. South East Texas Regional Planning Commission</u>	\$29.21	\$60,754
<u>16. Houston-Galveston Area Council</u>	\$26.21	\$54,524
<u>17. Golden Crescent Regional Planning Commission</u>	\$23.31	\$48,487
<u>18. Alamo Area Council of Governments</u>	\$19.46	\$40,477
<u>19. South Texas Development Council</u>	\$13.91	\$28,923
<u>20. Coastal Bend Council of Governments</u>	\$25.12	\$52,240
<u>21. Lower Rio Grande Valley Development Council</u>	\$16.25	\$33,808
<u>22. Texoma Council of Governments</u>	\$20.51	\$42,668
<u>23. Central Texas Council of Governments</u>	\$18.02	\$37,488
<u>24. Middle Rio Grande Development Council</u>	\$20.82	\$41,646

Source: Texas Occupational Employment and Wages

Data published: July 2015

Data published annually, next update will be July 31, 2016

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.

TAB 14

Schedule A4: Total Investment for Economic Impact (through the Qualifying Time Period)

Applicant Name: Magic Valley Wild Farm, LLC
 ISD Name: Sun Perlin ISD

Form 50-489A
 Revised Feb 2016

PROPERTY INVESTMENT AMOUNTS

(Estimated investment in each year. Do not put cumulative totals.)									
Investment made before filing complete application with district	Year	School Year (YYYY-YYYY)	Tax Year (file in actual tax year column) (YYYY)	Column A New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	Column B New investment made during the year in buildings or permanent nonexpendable components of buildings that will become Qualified Property	Column C Other non-investment made during this year that will become Qualified Property (SEE NOTE)	Column D Other non-investment made during previous year that may become Qualified Property (SEE NOTE)	Column E Total Investment (Sum of Columns A-D-C-D)	
Investment made after filing complete application with district, but before final board approval of application	Year placed in full complete tax year of the qualifying time period (assuming no forfeiture of qualifying time period)	2010-2016	2015						
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Complete tax years of qualifying time period	Q1P1	2015-2017	2016	\$ 5,000,000.00	\$ -	\$ -	\$ -	\$ 5,000,000.00	
	Q1P2	2017-2018	2017	\$ 214,640,000.00	\$ -	\$ -	\$ -	\$ 214,640,000.00	
Total Investment through Qualifying Time Period (ENTER this row in Schedule A2)				\$ 219,640,000.00	\$ -	\$ -	\$ -	\$ 219,640,000.00	
Total Qualified Investment (sum of green cells)				\$ 219,640,000.00	ENTER AMOUNTS FROM TOTAL ROW ABOVE IN SCHEDULE A2				

For All Columns: List amount invested each year, not cumulative totals

Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include estimates of investment for "replacement" property if the property is specifically described in the application.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The total dollar amount of planned investment each year in buildings or nonexpendable components of buildings replaces existing property; is used to maintain, rebuild, renovate, modify or upgrade existing property; or is added to existing property—described in SECTION 13, question 33 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment resulting from the depletion of 313 02(1) but not creating a new improvement as defined by TAC 8 1051. This is proposed property that functionally replaces existing property; is used to maintain, rebuild, renovate, modify or upgrade existing property; or is added to existing property—described in SECTION 13, question 33 of the application.
 Column E: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.
 Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from the row while the first row in Schedule A2.
 Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.

Schedule A2: Total Investment for Economic Impact (Including Qualified Property and Other Investments)

Form 10-2004
Revised July 2014

Client Name: Maple Valley Wind Farm II, LLC
Name: San Antonio ISD

PROPERTY INVESTMENT AMOUNTS												
(Estimated investment in each year. Do not put cumulative totals.)												
Year	School Year (YYYY-YYYY)	Tax Year (FY in actual tax year (below))	Column A		Column B		Column C		Column D		Column E	
			New investment (original cost) in eligible personal property placed in service during this year that will become Qualified Property	Enter amounts from TOTAL row in Schedule A1 in the row below	New investment made during 9-year period buildings or permanent improvements components of buildings that will become Qualified Property	Other investment made during the year that will become Qualified Property (SEE NOTE)	Other investment made during the year that will become Qualified Property (SEE NOTE)	Other investment made during the year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)			
Total Investment from Schedule A1*			TOTALS FROM SCHEDULE A1									
Each year prior to start of value limitation period**	0	2016-2010	2015	\$	224,840,000.00						\$	224,840,000.00
Each year after start of value limitation period**	0	2010-2017	2016	\$	5,000,000.00						\$	5,000,000.00
Each year prior to start of value limitation period**	0	2017-2018	2017	\$	216,840,000.00						\$	216,840,000.00
Value limitation period**	1	2018-2019	2018									
	2	2019-2020	2019									
	3	2020-2021	2020									
	4	2021-2022	2021									
	5	2022-2023	2022									
	6	2023-2024	2023									
	7	2024-2025	2024									
	8	2025-2026	2025									
	9	2026-2027	2026									
	10	2027-2028	2027									
Total Investment made through limitation				\$	219,840,000.00	\$	-	\$		\$	219,840,000.00	
Continue to maintain value presence	11	2028-2029	2028									
	12	2029-2030	2029									
	13	2030-2031	2030									
	14	2031-2032	2031									
	15	2032-2033	2032									
	16	2033-2034	2033									
	17	2034-2035	2034									
	18	2035-2036	2035									
	19	2036-2037	2036									
	20	2037-2038	2037									
Additional years for 25 year economic impact as required by 319.024(1)	21	2038-2039	2038									
	22	2039-2040	2039									
	23	2040-2041	2040									
	24	2041-2042	2041									
	25	2042-2043	2042									

* All investments made through the qualifying time period are captured and tracked on Schedule A1 (line box) and incorporated into the schedule in the first row.
 ** Only investment made during the period of the start of the limitation (after the end of the qualifying time period) but before the start of the Value Limitation Period should be included in the "year prior to start of value limitation period" (row 0). If the limitation starts at the end of the qualifying time period or the qualifying time period overlaps the limitation, no investment should be included on this line.
 *** If your qualifying time period will overlap your value limitation period, do not also include investment made during the qualifying time period in years 1 and/or 2 of the value limitation period, depending on the application. Only include investments that were not captured on Schedule A1.
 Column A: This represents the total dollar amount of planned investment in tangible personal property. Only include investments in the remaining rows of Schedule A2 that were not captured on Schedule A1.
 Column B: Only tangible personal property that is specifically described in the application can become qualified property.
 Column C: The dollar amount of planned investment in each year in buildings or nonmovable components of buildings.
 Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investments include investment meeting the definition of 319.024(1) but not creating a new improvement as defined by KAC 5-1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, modify or upgrade existing property; or is added to existing property described in SECTION 13, question #5 of the application.
 Column E: Dollar value of other investment that may affect economic impact and total value. Examples of other investments include investment that may result in qualified property are land or professional services.

Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)

Magic Valley Wind Farm II, LLC
San Perita ISD

Form 50-296A
Revised Feb 2014

Applicant Name D Name	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year)	Qualified Property			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 buildings or "in or on the new improvements"	Market Value less any exemptions (such as pollution control) and before limitations	Final taxable value for (less after all) reductions	Final taxable value for M&O after all reductions
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2015-2016	2015	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Limitation Period	1	2018-2019	2018	\$ -	\$ -	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00	\$ 5,000,000.00
	2	2019-2020	2019	\$ -	\$ -	\$ 205,500,000.00	\$ 205,500,000.00	\$ 205,500,000.00	\$ 15,000,000.00
	3	2020-2021	2020	\$ -	\$ -	\$ 197,280,000.00	\$ 197,280,000.00	\$ 197,280,000.00	\$ 15,000,000.00
	4	2021-2022	2021	\$ -	\$ -	\$ 189,060,000.00	\$ 189,060,000.00	\$ 189,060,000.00	\$ 15,000,000.00
	5	2022-2023	2022	\$ -	\$ -	\$ 180,840,000.00	\$ 180,840,000.00	\$ 180,840,000.00	\$ 15,000,000.00
	6	2023-2024	2023	\$ -	\$ -	\$ 172,620,000.00	\$ 172,620,000.00	\$ 172,620,000.00	\$ 15,000,000.00
	7	2024-2025	2024	\$ -	\$ -	\$ 164,400,000.00	\$ 164,400,000.00	\$ 164,400,000.00	\$ 15,000,000.00
	8	2025-2026	2025	\$ -	\$ -	\$ 156,180,000.00	\$ 156,180,000.00	\$ 156,180,000.00	\$ 15,000,000.00
	9	2026-2027	2026	\$ -	\$ -	\$ 147,960,000.00	\$ 147,960,000.00	\$ 147,960,000.00	\$ 15,000,000.00
	10	2027-2028	2027	\$ -	\$ -	\$ 139,740,000.00	\$ 139,740,000.00	\$ 139,740,000.00	\$ 15,000,000.00
	11	2028-2029	2028	\$ -	\$ -	\$ 131,520,000.00	\$ 131,520,000.00	\$ 131,520,000.00	\$ 15,000,000.00
	12	2029-2030	2029	\$ -	\$ -	\$ 123,300,000.00	\$ 123,300,000.00	\$ 123,300,000.00	\$ 123,300,000.00
	13	2030-2031	2030	\$ -	\$ -	\$ 115,080,000.00	\$ 115,080,000.00	\$ 115,080,000.00	\$ 115,080,000.00
	14	2031-2032	2031	\$ -	\$ -	\$ 106,860,000.00	\$ 106,860,000.00	\$ 106,860,000.00	\$ 106,860,000.00
	15	2032-2033	2032	\$ -	\$ -	\$ 98,640,000.00	\$ 98,640,000.00	\$ 98,640,000.00	\$ 98,640,000.00
	16	2033-2034	2033	\$ -	\$ -	\$ 90,420,000.00	\$ 90,420,000.00	\$ 90,420,000.00	\$ 90,420,000.00
	17	2034-2035	2034	\$ -	\$ -	\$ 82,200,000.00	\$ 82,200,000.00	\$ 82,200,000.00	\$ 82,200,000.00
Additional years for 25 year economic impact as required by 313.026(c)(1)	18	2035-2036	2035	\$ -	\$ -	\$ 73,980,000.00	\$ 73,980,000.00	\$ 73,980,000.00	\$ 73,980,000.00
	19	2036-2037	2036	\$ -	\$ -	\$ 65,760,000.00	\$ 65,760,000.00	\$ 65,760,000.00	\$ 65,760,000.00
	20	2037-2038	2037	\$ -	\$ -	\$ 57,540,000.00	\$ 57,540,000.00	\$ 57,540,000.00	\$ 57,540,000.00
	21	2038-2039	2038	\$ -	\$ -	\$ 49,320,000.00	\$ 49,320,000.00	\$ 49,320,000.00	\$ 49,320,000.00
	22	2039-2040	2039	\$ -	\$ -	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00
	23	2040-2041	2040	\$ -	\$ -	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00
	24	2041-2042	2041	\$ -	\$ -	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00
	25	2042-2043	2042	\$ -	\$ -	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00
	25	2042-2043	2042	\$ -	\$ -	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00
	25	2042-2043	2042	\$ -	\$ -	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00	\$ 41,100,000.00

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.
Only include market value for eligible property on this schedule.

Schedule C: Employment Information

Applicant Name: Magic Valley Wind Farm II, LLC
 ISD Name: San Petrita ISD

Form 50-296A
 Revised Feb 2011

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		Non-Qualifying 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 non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 3-13.021(3) (cumulative)	Column E Average annual wage of new qualifying jobs	
Each year prior to start of Value Limitation Period <i>list as many years as necessary</i>	0	2015-2016	2015	0	\$ -	N/A	0	N/A	
Each year prior to start of Value Limitation Period <i>list as many years as necessary</i>	0	2016-2017	2016	0	\$ -	N/A	0	N/A	
Value Limitation Period <i>The qualifying time period could encompass the entire limitation period</i>	0	2017-2018	2017	175 FTE	\$ 50,000.00	N/A	1	\$ 36,408.00	
	1	2018-2019	2018			0	5	\$ 36,408.00	
	2	2019-2020	2019			0	5	\$ 36,408.00	
	3	2020-2021	2020			0	5	\$ 36,408.00	
	4	2021-2022	2021			0	5	\$ 36,408.00	
	5	2022-2023	2022			0	5	\$ 36,408.00	
	6	2023-2024	2023			0	5	\$ 36,408.00	
	7	2024-2025	2024			0	5	\$ 36,408.00	
	8	2025-2026	2025			0	5	\$ 36,408.00	
	9	2026-2027	2026			0	5	\$ 36,408.00	
	10	2027-2028	2027			0	5	\$ 36,408.00	
Years Following Value Limitation Period	11 through 25	2028-2043				0	5	\$ 36,408.00	

Notes: See TAC § 1061 for definition of non-qualifying jobs.
 Only include jobs on the project site in this school district.

Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)
 C1. qualifying jobs in Subchapter B districts, 10 qualifying jobs in Subchapter C districts
 If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 3-13.025(k-1)?

C1b. Will the applicant avail itself of the provision in 3-13.021(3)(f)?

☒ Yes	☐ No
☒ Yes	☐ No
☐ No	☒ No

Schedule D: Other Incentives (Estimated)

Form 60-286A
Revised Feb 2014

Magic Valley Wind Farm II, LLC
San Patito ISD

Applicant Name
D Name

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
ax Code Chapter 311	County City Other					
ax Code Chapter 312	County Valley County City Other	2016 N/A	2027 N/A	\$ 1,195,690.00 N/A	85% Abatement for 10 yrs with \$1125/mw Payment in-lieu Yrs 1-10	\$ 170,354.00 N/A
Local Government Code Chapters 380/381	County City Other					
Report Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL				\$ 1,135,690.00	85% Abatement for 10 Yrs with \$1125/mw Payment in-lieu Yrs 1-10	\$ 170,354.00

Additional information on incentives for this project:

TAB 15

N/A

TAB 16

Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property
Tab 16
Section 12-- Reinvestment Zone

3b., 3c. & 3e. Please find information in Tab 5

3d. Guidelines follow this page.

JULY 24, 2014
PUBLIC HEARING
RESOLUTION NO. 1539
REGULAR MEETING
ADDENDUM #1

VOL 163 PAGE 210

VOL 163 PAGE 101

**A RESOLUTION OF THE WILLACY COUNTY COMMISSIONERS
COURT ESTABLISHING GUIDELINES AND CRITERIA
GOVERNING THE GRANTING OF TAX ABATEMENT
AGREEMENTS IN REINVESTMENT ZONES CREATED IN
WILLACY COUNTY, TEXAS**

County of Willacy)(

State of Texas)(

WHEREAS, the creation, retention and diversification of job opportunities to the present and future residents of Willacy County, Texas is a high priority of the Commissioners Court; and,

WHEREAS, the purpose of a tax abatement is to provide an incentive offered by the Commissioners Court on behalf of the taxpayers of Willacy County, manufacturing and other capital intensive investments, with high paying jobs, that lead to increased local commerce, better services, and a better quality of life; and,

WHEREAS, the wealth created by these enterprises leads to increased local service and retail businesses, which, in addition to improving the quality of life in Willacy County, also increases the *ad valorem* property tax base; and,

WHEREAS, by giving a current incentive in the form of a tax abatement, the Commissioners Court, on behalf of the citizens of Willacy County, Texas, agree to give up potential short-term tax benefits in exchange for long-term benefits for the community; and,

WHEREAS, the new jobs, investment and industrial/commercial diversification will benefit the area economy, provide new and needed opportunities, strengthen the real estate market, and generate additional tax revenue to support the provision of local services by local political subdivisions; and,

WHEREAS, Willacy County must compete with other localities across both the state and nation which have or are currently offering tax inducements in various forms to attract new investments in their respective local economies; and,

WHEREAS, any tax incentives offered in Willacy County, Texas, will in the short term, reduce potential new tax revenue unless strictly limited in application only to new investments in facilities that will bring new wealth to the County; and,

WHEREAS, the statement of property taxes, when offered to attract capital investment and the creation of primary jobs in industries which bring in capital investment from outside of the County, has been consistently shown to be an effective method of enhancing and diversifying a local economy; and,

WHEREAS, Texas Tax Code Section 312.002 provides that no municipality or county may designate an area as a reinvestment zone, and that no taxing unit may execute a tax abatement agreement under Texas Tax Code chapter 312, unless it first (i) establishes guidelines and criteria for tax abatement agreements and (ii) adopts a resolution stating that the taxing unit elects to become eligible to participate in tax abatement; and,

WHEREAS, the Commissioners Court of Willacy County, Texas, for all of the reasons set forth above, desires to be eligible to participate in tax abatement under certain circumstances; now therefore:

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

Section 1. DEFINITIONS

As used in these Guidelines and Criteria, the following italicized terms shall be defined as:

- a. **"Abatement"** means the full or partial exemption from ad valorem taxes on certain real property in a reinvestment zone designated by Willacy County for economic development purposes.
- b. **"Abatement Period"** means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- c. **"Abated Facility Site"** (or **"Proposed Abated Facility Site"**) means the tract(s) or area of land underlying the proposed improvements to be abated.
- d. **"Agreement"** means a contractual agreement between a property owner and/or lessee and Willacy County, Texas for the purpose of granting a tax abatement pursuant to Chapter 312 of the Texas Tax Code.
- e. **"Base year value"** means the assessed value of eligible property January 1 preceding the execution of the agreement, plus the agreed upon value of eligible property improvements made after January 1, but before the execution of the agreement.

- i. "Deferred Maintenance" means the improvements necessary for continued operations which do not improve productivity or alter the process technology.
- ii. "Economic Development" means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Willacy County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Willacy County.
- iii. "Eligible Jurisdiction" means Willacy County and any municipality, school district, or other local taxing jurisdiction eligible to abate taxes according to Texas law, the majority of which is located in Willacy County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Willacy County.
- iv. "Employee" for the purposes of the economic qualifications of Section 2(i)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.
- v. "Existing Facility" is the facility described in Section 2(h), that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (i)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 5 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.
- vi. "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- vii. "Facility" means property improvements completed or in the process of construction which together comprise an integral whole.
- viii. "Willacy County Vendor and Services" means a company that employs Willacy County residents and pays Willacy County taxes.

- d. *"Manufacturing Facility"* means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.
- e. *"Modernization"* means the replacement and upgrading of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing, or repairing.
- f. *"New Facility"* means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- g. *"Other Basic Industry"* means buildings and structures including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside Willacy County.
- h. *"Productive Life"* means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.
- i. *"Qualified Vendors and Services"* means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.
- j. *"Research Facility"* means buildings and structures, including machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

- u. "Regional Service Facility" means buildings and structures, including machinery and equipment, used or to be used to service goods where fifty percent (50%) of the goods being serviced originate outside of Willy County.
- v. "Tangible Personal Property" means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the investment zone at any time before the period covered by the agreement with the County

Section 2. ABATEMENT AUTHORIZED

- a. Authorized Facility. A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, or Regional Service Facility, Other Basic Industry, or a Facility that Commissioners Court determines would enhance job creation and the economic future of Willy County.
- b. Applicable Only to New Value. Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Willy County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Willy County may require.
- c. Applicable New and Existing Facilities. Abatement may be granted for new facilities and new improvements to existing facilities for purposes of modernization or expansion.
- d. Eligible Property. Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.
- e. Tangible Personal Property. Abatement may be granted with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation:
 - 1. all or a portion of the value of the real property;
 - 2. all or a portion of the value of the tangible personal property located on the real property; or;
 - 3. all or a portion of the value of both.

An abatement may be granted with the owner of tangible personal property or an improvement located on tax-exempt real property that is located in

a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

1. **Ineligible Property.** The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Willacy County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by state law.

In addition to the foregoing, all property owned by Owner, which was located within the Willacy County Reinvestment Zone Number One before the date of any tax abatement agreement shall be excluded from this agreement and shall be fully taxable.

2. **Leased Facilities/Leasehold Interest.** An abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

Lessee Interest: An abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation:

1. all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease;
2. all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or;
3. all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

An applicant for an abatement who does not own the land upon which the project for which the abatement is sought shall be required to submit to the County a copy of the executed memorandum of lease agreement or other acceptable document between lessor/lessee demonstrating a lease term, including options for extensions, of at least fifteen years.

- ii. **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court Order granting the abatement and approving the abatement application. One hundred percent of the value (or such percentage of value that shall be set by Commissioners Court order) of new eligible properties shall be abated for up to ten years or one-half (1/2) the productive life of the improvement whichever is less. The "productive life" will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1st following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

- i. **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:

1. must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;
2. must create employment for at least five (5) people on a full-time (40 hours per week equivalent) basis in Willacy County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of five (5) employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:

- a. "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be

considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 5 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/investment zone shall be considered "created" employment for purposes of this sub-section. The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.

3. must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.

4. must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

5. must file a plan statement with application demonstrating willingness and planned efforts to use qualified Willacy County vendors and services where applicable in the construction and operations of the facility. Willacy County vendors and services must be competitive with non-county vendors and services regarding price, quality, safety, availability and ability to perform.
6. will annually, for the term of the abatement, contribute all required payments in lieu of taxation as may be required in any Agreement made pursuant to these Guidelines and Criteria.

Section 3. APPLICATION

- a. An Application for tax abatement must be filed with the County Judge's Office and must be accompanied by an application fee. Willacy County has established a \$10,000 application fee.
- b. Any present or potential owner of taxable property in Willacy County may request the creation of a reinvestment zone and tax abatement by filing a tax abatement application with Willacy County. The application shall be filed with the County Judge by providing one original copy and an electronic version and must be accompanied by the application fee.
- c. The application shall consist of a completed application letter accompanied by: a general description of the proposed use and the general nature and extent of the modernization, expansion or new improvements which will be a part of the facility; a map and property description; a time schedule for undertaking and completing the planned improvements. In the case of modernizing, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the application.
- d. Upon receipt of a completed application and application fee, the County Judge shall notify in writing the presiding officer of the legislative body of each eligible jurisdiction. Before acting upon the application, Willacy County Commissioners Court shall hold a public hearing at which interested parties shall be entitled to speak and present written materials for or against the approval of the tax abatement. The public hearing shall also afford the Applicant and the designated representative of any eligible jurisdiction opportunity to show cause why the abatement should or should not be granted.
- e. If upon written request for a legal opinion or interpretation from the Commissioners Court or its members, the legal counsel for Willacy County determines that the application does not appear to comply with the written language of the Guidelines and Criteria, a public hearing on said application if already set, shall be postponed. The Applicant may file a supplement or

addendum to its application to show cause why the Application should be approved and shall present reasons at the public hearing on the same.

- f. Any final decision or interpretation as to the intent and meaning or policy of any provision or its written language; any final decision as to whether or not an application complies or does not comply with the guidelines and criteria; and any final decision as to whether to grant or deny tax abatement shall be made by the Commissioners Court at its sole discretion.
- g. Willacy County shall not establish a reinvestment zone for the purpose of abatement if it finds that the request for the abatement was filed after the commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion or new facility.
- h. Requests for variance may be made in written form to the County Judge. Such requests shall include a complete description of the circumstances explaining why the Applicant should be granted a variance. Approval of a request requires a four-fifths (4/5) vote of the Commissioners Court.

Section 4. ADDITIONAL REQUIREMENTS

Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

- a. there would be a substantial adverse effect on the provision of government service or tax base;
- b. the Applicant has insufficient financial capacity;
- c. the planned or potential use of the property would constitute hazard to public safety, health or morals; or,
- d. the planned or potential use of the property would constitute a violation of other codes or laws.

Section 5. APPROVAL OF AGREEMENT

After approval, Willacy County Commissioners Court shall formally pass a resolution and execute an agreement with the Applicant as required which shall include:

- a. the estimated value to be abated and the base year value;
- b. the percent of value to be abated each year as provided in Section 2(h);
- c. the commencement date and the termination date of abatement unless deferred;

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- d. the proposed use of the facility; nature of construction, time schedule, map, property description and improvement list as provided in the Application;
- e. contractual obligations in the event of default, violation of terms or conditions, delinquent taxes, recapture, administration and assignment as provided in these guidelines and criteria, specifically Sections 2(e), 2(g), 2(h), 2(i) 6, 7, and 8;
- f. size of investment and average number of jobs involved for the period of abatement; and,
- g. provision that Applicant shall annually furnish information necessary for Willacy County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria, together with an additional provision that Willacy County may, at its election, request and obtain reasonable information from Applicant as is necessary for the County's evaluation of Applicant's compliance with the terms and conditions of the tax abatement agreement and these guidelines and criteria.

Section 6. COUNTY REMEDIES IN THE EVENT OF DEFAULT

- a. In the event the facility contemplated herein is completed and begins producing product or service, but the company fails to maintain the level of employment (including the projected creation or retention of employment) stated in the abatement application for the property that is the subject of the abatement agreement, the county may elect to:
 1. Declare a default and terminate the abatement agreement without recapturing prior years' abated taxes;
 2. Declare a default, terminate the agreement and order a recapture of all or part of the previous years' abated taxes; or,
 3. Set specific terms and conditions for the continuation of the abatement exemption for the duration of the term of the agreement under its present terms or alter the amount of the abatement for the remaining term of the agreement.
- b. Should Willacy County determine that the company or individual is in default according to the terms and conditions of its agreement, Willacy County shall notify the company or individual in writing at the address stated in the agreement and if such is not cured within ninety (90) days from the date of such notice ("Cure Period"), then the agreement may be terminated.

- c. In the event that the company or individual (1) allows its ad valorem taxes owed the County to become delinquent and fails to timely and properly follow the legal procedures for their protest and/or contest, or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the Cure Period, the agreement then may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination.
- d. Failure to provide any requested statement or information pursuant to the provisions described in Section 5(g) without just cause within sixty (60) days of the request for the information or the presentation of any false or misleading statement may, at the County's option, be construed as a default by the company or individual and cause for immediate termination of the tax abatement agreement and recapture of all previously abated taxes, if after written notice of default, the company or individual has not cured such default prior to the expiration of thirty (30) days from such written notice. The Cure Period provisions of sub-sections (b) and (c) above are not applicable to a default and termination under this paragraph.

Section 7. ADMINISTRATION

- a. The Chief Appraiser of Willacy County shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Chief Appraiser with such information as may be necessary for the administration of the abatement. Once value has been established, the Chief Appraiser shall notify the eligible jurisdictions which levies taxes on the amount of the assessment.
- b. The agreement shall stipulate Willacy County and its agents will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of seventy-two (72) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with their safety standards.
- c. Upon completion of construction, the owner of an abated facility must submit a written report/statement of compliance annually during the life of the abatement to the Willacy County Commissioners Court clearly detailing the status of the facility and how it is complying with the abatement guidelines.
- d. The County shall timely file with the Texas Department of Commerce and the Property Tax Division of the State Comptroller's office all information required by the Tax Code.

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Section 8. ASSIGNMENT

A tax abatement granted under these Guidelines and Criteria may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of Willacy County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Willacy County. No assignment or transfer shall be approved if the new parties to the existing agreement, the new owner or new lessee are liable to Willacy County or any eligible jurisdiction for delinquent taxes or other obligations. Approval shall not be unreasonably withheld.

Section 9. SUNSET PROVISION

These Guidelines and Criteria are effective upon the date of their adoption and will remain in force for two years, at which time all reinvestment zones and tax abatement contracts created pursuant to its provisions will be reviewed by Willacy County to determine whether the goals have been achieved. Based on that review, the Guidelines and Criteria will be modified, renewed or eliminated, provided that such actions shall not affect existing contracts or applications for tax abatement filed prior to the expiration of said Guidelines and Criteria. Applications for abatement filed prior to the expiration of the Guidelines and Criteria shall be governed by the provisions of these Guidelines and Criteria regardless of any subsequent modification or amendment.

These guidelines and policies for Tax Abatement shall be effective September 27, 2013, and shall remain in force until September 27, 2015, unless amended or superseded, modified, renewed, or eliminated by Commissioners Court prior to that date.

Section 10. NO LIMIT ON DISCRETION

In accordance with Texas Tax Code section 312.002, these guidelines and criteria shall not limit the discretion of the County to decide whether to enter into a specific tax abatement agreement. Accordingly, the County may enter into a particular tax abatement agreement whenever it determines that it is in the best interests of the County to enter into such agreement and provide such abatement with respect to a particular applicant. In doing so, the County may vary from the provisions of this Tax Abatement Policy Statement in any respect that is not contrary to state law.

PASSED, APPROVED, AND ADOPTED THIS _____ day of _____
2014.

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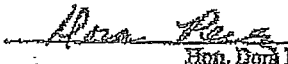
COMMISSIONERS COURT
WILLACY COUNTY, TEXAS


Hon. John F. Gonzalez, Jr.

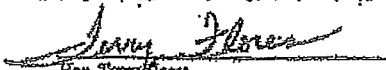

Hon. Gilberto Guerra
Commissioner, Precinct 1


Hon. Fred Senata
Commissioner, Precinct 3


Hon. Nos Loya
Commissioner, Precinct 2


Hon. Dora Perez
Commissioner, Precinct 4

ATTEST:


Hon. Terry Flores
Willacy County Clerk



TAB 17

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES by and between SAN PERLITA INDEPENDENT SCHOOL
DISTRICT and MAGIC VALLEY WIND FARM II, LLC

EXHIBIT B

Comptroller's Letter



GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

P.O.Box 13528 • Austin, TX 78711-3528

November 9, 2016

Albert Pena
Superintendent
San Perlita Independent School District
13937 FM 22098
San Perlita, Texas 78590

Re: Certificate for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between San Perlita Independent School
District and Magic Valley Wind Farm II, LLC, Application 1123

Dear Superintendent Pena:

On August 11, 2016, the Comptroller issued written notice that Magic Valley Wind Farm II, LLC (applicant) submitted a completed application (Application 1123) for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted on August 11, 2015, to the San Perlita Independent School District (school district) by the applicant.

This presents the results of the Comptroller's review of the application and determinations required:

- 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 issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.
Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1123.

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

Based on the information provided by the applicant, the Comptroller has determined that the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

The Comptroller has determined that the project proposed by the applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period. See Attachment B.

Determination required by 313.026(c)(2)

The Comptroller has determined that the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. See Attachment C.

Based on these determinations, the Comptroller issues a certificate for a limitation on appraised value. This certificate is contingent on the school district's receipt and acceptance of the Texas Education Agency's determination per 313.025(b-1).

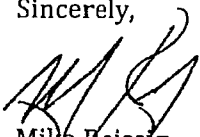
The Comptroller's review of the application assumes the accuracy and completeness of the statements in the application. If the application is approved by the school district, the applicant shall perform according to the provisions of the Texas Economic Development Act Agreement (Form 50-826) executed with the school district. The school district shall comply with and enforce the stipulations, provisions, terms, and conditions of the agreement, applicable Texas Administrative Code and Chapter 313, per TAC 9.1054(i)(3).

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2016.

Note that any building or improvement existing as of the application review start date of August 11, 2016, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

Should you have any questions, please contact Will Counihan, Director, Data Analysis & Transparency, by email at will.counihan@cpa.texas.gov or by phone toll-free at 1-800-531-5441, ext. 6-0758, or at 512-936-0758.

Sincerely,



Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES by and between SAN PERLITA INDEPENDENT SCHOOL
DISTRICT and MAGIC VALLEY WIND FARM II, LLC

EXHIBIT C

Economic Impact Evaluation

Attachment A – Economic Impact Analysis

The following tables summarize the Comptroller's economic impact analysis of Magic Valley Wind Farm II, LLC (the project) applying to San Perlita Independent School District (the district), as required by Tax Code, 313.026 and Texas Administrative Code 9.1055(d)(2).

Table 1 is a summary of investment, employment and tax impact of Magic Valley Wind Farm II, LLC.

Applicant	Magic Valley Wind Farm II, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation
School District	San Perlita ISD
Estimated 2014-2015 Average Daily Attendance	258
County	Willacy County
Proposed Total Investment in District	\$219,640,000
Proposed Qualified Investment	\$219,640,000
Limitation Amount	\$15,000,000
Qualifying Time Period (Full Years)	2017-2018
Number of new qualifying jobs committed to by applicant *	5
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	\$700
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)(A)	\$644
Minimum annual wage committed to by applicant for qualified jobs	\$36,408
Minimum weekly wage required for non-qualifying jobs	\$644
Minimum annual wage required for non-qualifying jobs	\$33,502
Investment per Qualifying Job	\$43,928,000
Estimated M&O levy without any limit (15 years)	\$23,525,640
Estimated M&O levy with Limitation (15 years)	\$7,253,580
Estimated gross M&O tax benefit (15 years)	\$16,272,060
* Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).	

Table 2 is the estimated statewide economic impact of Magic Valley Wind Farm II, LLC (modeled).

Year	Employment			Personal Income		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2016	0	1,354	1,354	\$0	\$80,566,410	\$80,566,410
2017	176	1,178	1,354.5	\$8,786,408	\$71,780,002	\$80,566,410
2018	5	970	975	\$182,040	\$64,759,370	\$64,941,410
2019	5	901	906	\$182,040	\$65,491,790	\$65,673,830
2020	5	823	828	\$182,040	\$64,759,370	\$64,941,410
2021	5	743	748	\$182,040	\$62,317,960	\$62,500,000
2022	5	661	666	\$182,040	\$59,022,060	\$59,204,100
2023	5	587	592	\$182,040	\$55,359,950	\$55,541,990
2024	5	518	523	\$182,040	\$52,430,260	\$52,612,300
2025	5	466	471	\$182,040	\$48,768,160	\$48,950,200
2026	5	413	418	\$182,040	\$45,350,190	\$45,532,230
2027	5	366	371	\$182,040	\$42,298,430	\$42,480,470
2028	5	315	320	\$182,040	\$38,636,320	\$38,818,360
2029	5	274	279	\$182,040	\$35,218,350	\$35,400,390
2030	5	239	244	\$182,040	\$31,800,380	\$31,982,420

Source: CPA REMI, Magic Valley Wind Farm II, LLC

Table 3 examines the estimated direct impact on ad valorem taxes to the region if all taxes are assessed.

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives							
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		San Perlita ISD I&S Tax Levy	San Perlita ISD M&O Tax Levy	San Perlita ISD M&O and I&S Tax Levies	Willacy County Tax Levy
			Tax Rate ¹	0.2698	1.0600		0.7175
2018	\$ 205,500,000	\$ 205,500,000		\$554,439	\$2,178,300	\$2,732,739	\$1,474,463
2019	\$ 197,280,000	\$ 197,280,000		\$532,261	\$2,091,168	\$2,623,429	\$1,415,484
2020	\$ 189,060,000	\$ 189,060,000		\$510,084	\$2,004,036	\$2,514,120	\$1,356,506
2021	\$ 180,840,000	\$ 180,840,000		\$487,906	\$1,916,904	\$2,404,810	\$1,297,527
2022	\$ 172,620,000	\$ 172,620,000		\$465,729	\$1,829,772	\$2,295,501	\$1,238,549
2023	\$ 164,400,000	\$ 164,400,000		\$443,551	\$1,742,640	\$2,186,191	\$1,179,570
2024	\$ 156,180,000	\$ 156,180,000		\$421,374	\$1,655,508	\$2,076,882	\$1,120,592
2025	\$ 147,960,000	\$ 147,960,000		\$399,196	\$1,568,376	\$1,967,572	\$1,061,613
2026	\$ 139,740,000	\$ 139,740,000		\$377,019	\$1,481,244	\$1,858,263	\$1,002,635
2027	\$ 131,520,000	\$ 131,520,000		\$354,841	\$1,394,112	\$1,748,953	\$943,656
2028	\$ 123,300,000	\$ 123,300,000		\$332,663	\$1,306,980	\$1,639,643	\$884,678
2029	\$ 115,080,000	\$ 115,080,000		\$310,486	\$1,219,848	\$1,530,334	\$825,699
2030	\$ 106,860,000	\$ 106,860,000		\$288,308	\$1,132,716	\$1,421,024	\$766,721
2031	\$ 98,640,000	\$ 98,640,000		\$266,131	\$1,045,584	\$1,311,715	\$707,742
2032	\$ 90,420,000	\$ 90,420,000		\$243,953	\$958,452	\$1,202,405	\$648,764
			Total	\$5,987,941	\$23,525,640	\$29,513,581	\$15,924,195

Source: CPA, Magic Valley Wind Farm II, LLC

¹Tax Rate per \$100 Valuation

Table 4 examines the estimated direct impact on ad valorem taxes to the school district and Willacy County, with all property tax incentives sought being granted using estimated market value from the application. The project has applied for a value limitation under Chapter 313, Tax Code and tax abatement with Willacy County.

The difference noted in the last line is the difference between the totals in Table 3 and Table 4.

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought								
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		San Perlita ISD I&S Tax Levy	San Perlita ISD M&O Tax Levy	San Perlita ISD M&O and I&S Tax Levies	Willacy County Tax Levy	Estimated Total Property Taxes
			Tax Rate ¹	0.2698	1.0600		0.7175	
2018	\$205,500,000	\$15,000,000		\$554,439	\$159,000	\$713,439	\$221,169	\$934,608
2019	\$197,280,000	\$15,000,000		\$532,261	\$159,000	\$691,261	\$212,323	\$903,584
2020	\$189,060,000	\$15,000,000		\$510,084	\$159,000	\$669,084	\$203,476	\$872,560
2021	\$180,840,000	\$15,000,000		\$487,906	\$159,000	\$646,906	\$194,629	\$841,535
2022	\$172,620,000	\$15,000,000		\$465,729	\$159,000	\$624,729	\$185,782	\$810,511
2023	\$164,400,000	\$15,000,000		\$443,551	\$159,000	\$602,551	\$176,936	\$779,487
2024	\$156,180,000	\$15,000,000		\$421,374	\$159,000	\$580,374	\$168,089	\$748,462
2025	\$147,960,000	\$15,000,000		\$399,196	\$159,000	\$558,196	\$159,242	\$717,438
2026	\$139,740,000	\$15,000,000		\$377,019	\$159,000	\$536,019	\$150,395	\$686,414
2027	\$131,520,000	\$15,000,000		\$354,841	\$159,000	\$513,841	\$141,548	\$655,389
2028	\$123,300,000	\$123,300,000		\$332,663	\$1,306,980	\$1,639,643	\$884,678	\$2,524,321
2029	\$115,080,000	\$115,080,000		\$310,486	\$1,219,848	\$1,530,334	\$825,699	\$2,356,033
2030	\$106,860,000	\$106,860,000		\$288,308	\$1,132,716	\$1,421,024	\$766,721	\$2,187,745
2031	\$98,640,000	\$98,640,000		\$266,131	\$1,045,584	\$1,311,715	\$707,742	\$2,019,457
2032	\$90,420,000	\$90,420,000		\$243,953	\$958,452	\$1,202,405	\$648,764	\$1,851,169
			Total	\$5,987,941	\$7,253,580	\$13,241,521	\$5,647,191	\$18,888,713
			Diff	\$0	\$16,272,060	\$16,272,060	\$10,277,004	\$26,549,064

Source: CPA, Magic Valley Wind Farm II, LLC

¹Tax Rate per \$100 Valuation

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.

Attachment B – Tax Revenue before 25th Anniversary of Limitation Start

This represents the Comptroller's determination that Magic Valley Wind Farm II, LLC (project) is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement. This evaluation is based on an analysis of the estimated M&O portion of the school district property tax levy and direct, indirect and induced tax effects from project employment directly related to this project, using estimated taxable values provided in the application.

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2015	\$0	\$0	\$0	\$0
	2016	\$0	\$0	\$0	\$0
	2017	\$53,000	\$53,000	\$0	\$0
Limitation Period (10 Years)	2018	\$159,000	\$212,000	\$2,019,300	\$2,019,300
	2019	\$159,000	\$371,000	\$1,932,168	\$3,951,468
	2020	\$159,000	\$530,000	\$1,845,036	\$5,796,504
	2021	\$159,000	\$689,000	\$1,757,904	\$7,554,408
	2022	\$159,000	\$848,000	\$1,670,772	\$9,225,180
	2023	\$159,000	\$1,007,000	\$1,583,640	\$10,808,820
	2024	\$159,000	\$1,166,000	\$1,496,508	\$12,305,328
	2025	\$159,000	\$1,325,000	\$1,409,376	\$13,714,704
	2026	\$159,000	\$1,484,000	\$1,322,244	\$15,036,948
	2027	\$159,000	\$1,643,000	\$1,235,112	\$16,272,060
Maintain Viable Presence (5 Years)	2028	\$1,306,980	\$2,949,980	\$0	\$16,272,060
	2029	\$1,219,848	\$4,169,828	\$0	\$16,272,060
	2030	\$1,132,716	\$5,302,544	\$0	\$16,272,060
	2031	\$1,045,584	\$6,348,128	\$0	\$16,272,060
	2032	\$958,452	\$7,306,580	\$0	\$16,272,060
Additional Years as Required by 313.026(c)(1) (10 Years)	2033	\$871,320	\$8,177,900	\$0	\$16,272,060
	2034	\$784,188	\$8,962,088	\$0	\$16,272,060
	2035	\$697,056	\$9,659,144	\$0	\$16,272,060
	2036	\$609,924	\$10,269,068	\$0	\$16,272,060
	2037	\$522,792	\$10,791,860	\$0	\$16,272,060
	2038	\$435,660	\$11,227,520	\$0	\$16,272,060
	2039	\$435,660	\$11,663,180	\$0	\$16,272,060
	2040	\$435,660	\$12,098,840	\$0	\$16,272,060
	2041	\$435,660	\$12,534,500	\$0	\$16,272,060
	2042	\$435,660	\$12,970,160	\$0	\$16,272,060

\$12,970,160

is less than

\$16,272,060

Analysis Summary

Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?

No

NOTE: The analysis above only takes into account this project's estimated impact on the M&O portion of the school district property tax levy directly related to this project.

Year	Employment			Personal Income			Revenue & Expenditure		
	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total	Revenue	Expenditure	Net Tax Effect
2016	0	1,354	1,354	\$0	\$80,566,410	\$80,566,410	1129150	-625610	\$1,754,760
2017	176	1,178	1354.5	\$8,786,408	\$71,780,002	\$80,566,410	1129150	-625610	\$1,754,760
2018	5	970	975	\$182,040	\$64,759,370	\$64,941,410	106810	221250	-\$114,440
2019	5	901	906	\$182,040	\$65,491,790	\$65,673,830	91550	213620	-\$122,070
2020	5	823	828	\$182,040	\$64,759,370	\$64,941,410	76290	213620	-\$137,330
2021	5	743	748	\$182,040	\$62,317,960	\$62,500,000	76290	175480	-\$99,190
2022	5	661	666	\$182,040	\$59,022,060	\$59,204,100	61040	167850	-\$106,810
2023	5	587	592	\$182,040	\$55,359,950	\$55,541,990	53410	137330	-\$83,920
2024	5	518	523	\$182,040	\$52,430,260	\$52,612,300	68660	114440	-\$45,780
2025	5	466	471	\$182,040	\$48,768,160	\$48,950,200	91550	106810	-\$15,260
2026	5	413	418	\$182,040	\$45,350,190	\$45,532,230	106810	91550	\$15,260
2027	5	366	371	\$182,040	\$42,298,430	\$42,480,470	106810	68660	\$38,150
2028	5	315	320	\$182,040	\$38,636,320	\$38,818,360	83920	53410	\$30,510
2029	5	274	279	\$182,040	\$35,218,350	\$35,400,390	68660	53410	\$15,250
2030	5	239	244	\$182,040	\$31,800,380	\$31,982,420	7630	22890	-\$15,260
2031	5	206	211	\$182,040	\$29,358,980	\$29,541,020	-30520	-15260	-\$15,260
2032	5	181	186	\$182,040	\$25,941,010	\$26,123,050	-30520	-30520	\$0
2033	5	157	162	\$182,040	\$24,232,020	\$24,414,060	-53410	-91550	\$38,140
2034	5	136	141	\$182,040	\$22,523,040	\$22,705,080	-83920	-114440	\$30,520
2035	5	118	123	\$182,040	\$20,569,910	\$20,751,950	-122070	-137330	\$15,260
2036	5	93	98	\$182,040	\$19,105,070	\$19,287,110	-144960	-205990	\$61,030
2037	5	77	82	\$182,040	\$16,175,380	\$16,357,420	-144960	-221250	\$76,290
2038	5	58	63	\$182,040	\$14,954,680	\$15,136,720	-167850	-259400	\$91,550
2039	5	65	70	\$182,040	\$16,419,520	\$16,601,560	-167850	-267030	\$99,180
2040	5	65	70	\$182,040	\$15,931,240	\$16,113,280	-198360	-328060	\$129,700
2041	5	69	74	\$182,040	\$16,907,800	\$17,089,840	-244140	-358580	\$114,440
2042	5	71	76	\$182,040	\$18,372,650	\$18,554,690	-228880	-366210	\$137,330
2043	5	73	78	\$182,040	\$20,325,770	\$20,507,810	-259400	-419620	\$160,220
Total							\$1,380,890	-\$2,426,140	\$3,807,030
\$16,777,190 is greater than \$16,272,060									
Analysis Summary									
Is the project reasonably likely to generate tax revenue in an amount sufficient to offset the M&O levy loss as a result of the limitation agreement?									Yes

Source: CPA, Magic Valley Wind Farm II, LLC

Attachment C – Limitation as a Determining Factor

Tax Code 313.026 states that the Comptroller may not issue a certificate for a limitation on appraised value under this chapter for property described in an application unless the comptroller determines that “the limitation on appraised value is a determining factor in the applicant’s decision to invest capital and construct the project in this state.” This represents the basis for the Comptroller’s determination.

Methodology

Texas Administrative Code 9.1055(d) states the Comptroller shall review any information available to the Comptroller including:

- the application, including the responses to the questions in Section 8 (Limitation as a Determining Factor);
- public documents or statements by the applicant concerning business operations or site location issues or in which the applicant is a subject;
- statements by officials of the applicant, public documents or statements by governmental or industry officials concerning business operations or site location issues;
- existing investment and operations at or near the site or in the state that may impact the proposed project;
- announced real estate transactions, utility records, permit requests, industry publications or other sources that may provide information helpful in making the determination; and
- market information, raw materials or other production inputs, availability, existing facility locations, committed incentives, infrastructure issues, utility issues, location of buyers, nature of market, supply chains, other known sites under consideration.

Determination

The Comptroller has determined that the limitation on appraised value is a determining factor in the Magic Valley Wind Farm II, LLC’s decision to invest capital and construct the project in this state. This is based on information available, including information provided by the applicant. Specifically, the comptroller notes the following:

- Magic Valley Wind Farm II, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
 - A. “Magic Valley Wind Farm II, LLC has entered into contracts for work for preliminary land work.”
 - B. “Magic Valley Wind Farm II, LLC is located entirely in Willacy County. The property is in a reinvestment zone created by Willacy County. The project has received a property tax abatement for 10 years from Willacy County.”
 - C. “The Company is considering several projects in Texas, Oklahoma, Indiana, and Illinois, as well as other states/countries. The Company has received tax incentives on several of these projects which are considered very favorably in the analysis of the investment. The lack of a Chapter 313 school tax limitation would severely impact the financial viability of this project. It is important to note that no final investment decisions have been made on this project. No contracts for the sale of power from the project have been executed.”
- December 12, 2011 San Perlita Independent School District and Magic Valley Wind Farm I, LLC (application 203) executed an agreement for limitation on appraised value of property for maintenance and operations taxes and the project is in the third year of the value limitation period.
- November 22, 2013, San Perlita Independent School District submitted an application seeking appraised value limitation on qualified property on behalf of Magic Valley Wind Farm II, LLC to the Comptroller’s office (application 384). The applicant never executed an agreement with the school district.
- February 3, 2016 San Perlita Independent School District resubmitted a new application seeking appraised value limitation on qualified property on behalf of Magic Valley Wind Farm II, LLC to the Comptroller’s office (application 1123).

- Magic Valley Wind Farm, LLC also has two wind projects in the neighboring school district Raymondville Independent School District. These include; Magic Valley Wind Farm I, LLC (application 206) and Magic Valley Wind Farm II, LLC (application 1104). December 13, 2011, Raymondville Independent School District and Magic Valley Wind Farm I, LLC (application 206) executed the agreement for limitation on appraised value of property for school district maintenance and operation taxes. September 24, 2015 Raymondville Independent School District submitted the application seeking appraised value limitation on qualified property on behalf of Magic Valley Wind Farm II, LLC (application 1104) to the Comptroller's office and the first year of limitation is 2018.

Supporting Information

- a) Section 8 of the Application for a Limitation on Appraised Value
- b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value

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.

Supporting Information

Section 8 of the Application for
a Limitation on Appraised Value



Application for Appraised Value Limitation on Qualified Property

SECTION 6: Eligibility Under Tax Code Chapter 313.024

1. Are you an entity subject to the tax under Tax Code, Chapter 171? ☒ Yes ☐ No
2. The property will be used for one of the following activities:
 - (1) manufacturing ☐ Yes ☒ No
 - (2) research and development ☐ Yes ☒ No
 - (3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☒ No
 - (4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☐ Yes ☒ No
 - (5) renewable energy electric generation ☒ Yes ☐ No
 - (6) electric power generation using integrated gasification combined cycle technology ☐ Yes ☒ No
 - (7) nuclear electric power generation ☐ Yes ☒ No
 - (8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☒ No
 - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 8.1051 ☐ Yes ☒ No
3. Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☒ No
4. Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☒ No
5. Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☒ No
6. Are you including property that is owned by a person other than the applicant? ☐ Yes ☒ No
7. Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☒ No

SECTION 7: Project Description

1. In Tab 4, attach 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.
2. Check the project characteristics that apply to the proposed project:

☒ Land has no existing improvements	☐ Land has existing improvements (complete Section 13)
☐ Expansion of existing operation on the land (complete Section 13)	☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

1. Does the applicant currently own the land on which the proposed project will occur? ☐ Yes ☒ No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project? ☒ Yes ☐ No
3. Does the applicant have current business activities at the location where the proposed project will occur? ☐ Yes ☒ No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location? ☐ Yes ☒ No
5. Has the applicant received any local or state permits for activities on the proposed project site? ☐ Yes ☒ No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site? ☒ Yes ☐ No
7. Is the applicant evaluating other locations not in Texas for the proposed project? ☒ Yes ☐ No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities? ☐ Yes ☒ No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project? ☐ Yes ☒ No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas? ☐ Yes ☒ No

Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.

For more information, visit our website: www.TexasAhead.org/tax_programs/chapter313/

Supporting Information

Attachments provided in Tab 5
of the Application for a
Limitation on Appraised Value

Magic Valley Wind Farm II, LLC
Application for Appraised Value Limitations on Qualified Property

Tab 5

Section 8 — Limitation as Determining Factor

- 1) N/A
- 2) Magic Valley Wind Farm II, LLC has entered into contracts for work for preliminary land work.
- 3) N/A
- 4) N/A
- 5) N/A
- 6) Magic Valley Wind Farm II, LLC is located entirely in Willacy County. The property is in a Reinvestment Zone, created by Willacy County. The project has received a property tax abatement for 10 years from Willacy County.
- 7) The Company is considering several projects in Texas, Oklahoma, Indiana, and Illinois, as well as other states/countries. The Company has received tax incentives on several of these projects which are considered very favorably in the analysis of the investment. The lack of a Chapter 313 school tax limitation would severely impact the financial viability of this project. It is important to note that no final investment decisions have been made on this project. No contracts for the sale of power from the project have been executed.
- 8) N/A
- 9) N/A
- 10) N/A

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES by and between SAN PERLITA INDEPENDENT SCHOOL
DISTRICT and MAGIC VALLEY WIND FARM II, LLC

EXHIBIT D

Tax Limitation Agreement

December 13, 2016

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

by and between

SAN PERLITA INDEPENDENT SCHOOL DISTRICT

and

MAGIC VALLEY WIND FARM II, LLC

(Texas Taxpayer ID #32052229906)

Comptroller Application #1123

Dated

December 13, 2016

WHEREAS, the Board of Trustees has reviewed and carefully considered the economic impact evaluation and certificate for limitation on appraised value submitted by the Texas Comptroller's Office pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, on December 13, 2016, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on December 13, 2016, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; (v) this Agreement is in the best interest of the District and the State of Texas and; (vi) if the job creation requirement set forth in Texas Tax Code § 313.051(b) (*i.e.*, 10 jobs) was applied, for the size and scope of the project described in the Application and in **EXHIBIT 3**, the required number of jobs would exceed the industry standard for the number of employees reasonably necessary for the operation of the facility;

WHEREAS, on December 13, 2016, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on November 18, 2016, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

WHEREAS, on December 13, 2016, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

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

ARTICLE I **DEFINITIONS**

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

"Act" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended.

"Agreement" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented as approved pursuant to Sections 10.2 and 10.3.

"Applicant" means Magic Valley Wind Farm II, LLC, (Texas Taxpayer ID #32052229906), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

"Applicant's Qualified Investment" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in **EXHIBIT 3** of this Agreement.

"Applicant's Qualified Property" means the Qualified Property of the Applicant to which the value limitation identified in the Agreement will apply and as more fully described in **EXHIBIT 3** of this Agreement.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on August 11, 2015. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

"Appraised Value" shall have the meaning assigned to such term in Section 1.04(8) of the TEXAS TAX CODE.

"Appraisal District" means the Willacy County Appraisal District.

"Board of Trustees" means the Board of Trustees of the San Perlita Independent School District.

"Commercial Operation" means the generation of electricity (other than test energy) by Applicant from all of the wind turbines included in the Qualified Property for which electricity

Applicant is entitled to receive compensation from a third party power purchaser, offtaker, merchant buyer, spot market buyer, or other third party purchaser.

"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 in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"County" means Willacy County, Texas.

"District" or "School District" means the San Perlita Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries 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 the last date of the final year in which the Applicant is required to Maintain Viable Presence and as further identified in Section 2.3.E of this Agreement.

"Force Majeure" means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within thirty (30) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

"Land" means the real property described on EXHIBIT 2, which is attached hereto and incorporated herein by reference for all purposes.

"Maintain Viable Presence" means (i) the operation during the term of this Agreement of the facility or facilities for which the tax limitation is granted; and (ii) the Applicant's maintenance of jobs and wages as required by the Act and as set forth in its Application.

"Market Value" shall have the meaning assigned to such term in Section 1.04(7) of the TEXAS TAX CODE.

"New Qualifying Jobs" means the total number of jobs to be created by the Applicant after the Application Approval Date in connection with the project that is the subject of its Application that meet the criteria of Qualifying Job as defined in Section 313.021(3) of the TEXAS TAX CODE and the Comptroller's Rules.

"New Non-Qualifying Jobs" means the number of Non-Qualifying Jobs, as defined in 34 TEXAS ADMIN. CODE Section 9.1051(14), to be created by the Applicant after the Application Approval Date in connection with the project which is the subject of its Application.

“Qualified Investment” has the meaning set forth in Section 313.021(1) of the TEXAS TAX CODE, as interpreted by the Comptroller’s Rules.

“Qualified Property” has the meaning set forth in Section 313.021(2) of the TEXAS TAX CODE and as interpreted by the Comptroller’s Rules and the Texas Attorney General, as these provisions existed on the Application Review Start Date.

“Qualifying Time Period” means the period defined in Section 2.3.C, during which the Applicant shall make investment on the Land where the Qualified Property is located in the amount required by the Act, the Comptroller’s Rules, and this Agreement.

“State” means the State of Texas.

“Supplemental Payment” means any payments or transfers of things of value made to the 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 and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

“Tax Limitation Amount” means the maximum amount which may be placed as the Appraised Value on the Applicant’s Qualified Property for maintenance and operations tax assessment in each Tax Year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE.

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

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

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

Section 1.2. NEGOTIATED DEFINITIONS. Wherever used in Articles IV, V, and VI, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning or otherwise; provided however, if there is a conflict between a term defined in this section and a term defined in the Act, the Comptroller’s Rules, or Section 1.1 of Agreement, the conflict shall be resolved by reference to Section 10.9.C.

“Applicable School Finance Law” means Chapters 41 and 42 of the Texas Education Code; the Texas Economic Development Act (Chapter 313 of the Texas Tax Code); the provisions of Chapter 403; Subchapter M, of the Texas Government Code applicable to the District; the Constitution and general laws of the State applicable to the independent school districts of the State; applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State; and judicial decisions

construing or interpreting any or all of the above. The term also includes any amendments or successor statutes that may be adopted in the future which impact or alter the calculation of the Applicant's ad valorem tax obligation to the District, either with or without the limitation of property values made pursuant to this Agreement.

"Revenue Protection Amount" means 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 which shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the formula set out in Section 4.2 of this Agreement.

"Stipulated Supplemental Payment Amount" means the amount calculated as set out in Section 6.3.

ARTICLE II

AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. 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 Section 313.027 of the TEXAS TAX CODE.

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

Section 2.3. TERM OF THE AGREEMENT.

- A. The Application Review Start Date for this Agreement is August 11, 2016, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.
- B. The Application Approval Date for this Agreement is December 13, 2016.
- C. The Qualifying Time Period for this Agreement:
 - i. Starts on December 13, 2016, the Application Approval Date; and
 - ii. Ends on December 31, 2018, the last day of the second complete Tax Year following the Qualifying Time Period start date.
- D. The Tax Limitation Period for this Agreement:
 - i. Starts on January 1, 2018, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and
 - ii. Ends on December 31, 2027.
- E. The Final Termination Date for this Agreement is December 31, 2032.
- F. This Agreement, and the obligations and responsibilities created by this Agreement, shall be and become effective on the Application Approval Date identified in Section 2.3.B. This Agreement, and the obligations and responsibilities created by this Agreement, terminate on the

Final Termination Date identified in Section 2.3.E, unless extended by the express terms of this Agreement.

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

- A. the Market Value of the Applicant's Qualified Property; or
- B. Fifteen Million Dollars (\$15,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the Application Approval Date, as set out by Section 313.052 of the TEXAS TAX CODE.

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

- A. have completed the Applicant's Qualified Investment in the amount of Five Million Dollars (\$5,000,000.00) during the Qualifying Time Period;
- B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and
- C. pay an average weekly wage of at least \$715.17 for all New Non-Qualifying Jobs created by the Applicant.

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

- A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;
- B. provide payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project, as more fully specified in Article V;
- C. provide such Supplemental Payments as more fully specified in Article VI;
- D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and
- E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III

QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information

concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described in **EXHIBIT 2**, which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** unless amended pursuant to the provisions of Section 10.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE, the Comptroller's Rules, and Section 10.2 of this Agreement.

Section 3.4. CURRENT INVENTORY OF QUALIFIED PROPERTY. In addition to the requirements of Section 10.2 of this Agreement, if there is a material change in the Qualified Property described in **EXHIBIT 4**, then within sixty (60) days from the date commercial operation begins, the Applicant shall provide to the District, the Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, and/or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. The Applicant's Qualified Property described in Section 3.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as renewable energy electricity generation.

ARTICLE IV

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of 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 as a result of, or on account of, the Parties' entering into this Agreement. Such compensation shall be independent of, and in addition to, all such other payments as are set forth in Article V and Article VI. Subject only to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the risk of any negative financial consequence to the District as a result of Applicant's location of Applicant's Qualified Investment and Applicant's Qualified Property in the District and the Parties' entering 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 VI.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF MAINTENANCE AND OPERATIONS REVENUES BY THE DISTRICT. Subject to the provisions of Sections 7.1 and 7.2, 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 "Revenue Protection Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

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

A. 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 and 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.

B. In making the calculations required by this Section 4.2:

- 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 4.2 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 4.2, Subsection A.ii, of this Agreement (relating to the definition of "New M&O Revenue") will reflect the Tax Limitation Amount for such year.
- v. All calculations made under this Section 4.2 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 4.3. COMPENSATION FOR LOSS OF OTHER REVENUES. In addition to the amounts determined pursuant to Section 4.2 above, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

- A. All non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the Applicant's Qualified Investment that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the Applicant's Qualified Investment. The Applicant may contest any such costs certified by the District's external auditor under the provisions of Section 4.8;
- B. Any other loss of District revenues which are, or may be, attributable to the payment by the Applicant to or on behalf of any other third party beneficiary; and
- C. Any other cost to the District, including costs under Section 8.6(C) below, which are or may be attributable to compliance with State-imposed cost of compliance with the terms of this Agreement.

Section 4.4. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Article 4 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 9.3 of this Agreement.

Section 4.5. DATA USED FOR CALCULATIONS. The calculations under this Agreement shall be initially based upon the valuations which are 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 4.4. 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 roll or any other changes in student counts, tax collections, or other data.

Section 4.6. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 4.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Section 4.2 and Article VI, or under Section 7.1 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 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.

Section 4.7. 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 4.6, above, plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or Tax Credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section and Section 4.6, above, in excess of Ten Thousand Dollars (\$10,000.00).

Section 4.8. RESOLUTION OF DISPUTES. Pursuant to Section 4.4 and Section 4.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days of receipt of the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, in law or in equity.

Section 4.9. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

A. In the event that, at the time the Third Party selected under Section 4.4 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the taxable values placed by the Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

B. In the event that the 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 the change of any amount 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 4.10. EFFECT OF STATUTORY CHANGES. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, the Applicant shall make payments to the District, up to the Revenue Protection Amount limit set forth in Section 7.1, 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.

ARTICLE V

PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

The District and the Applicant agree that this Agreement does not cause the District to incur extraordinary education-related expenses.

ARTICLE VI

SUPPLEMENTAL PAYMENTS

Section 6.1. SUPPLEMENTAL PAYMENTS. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article IV, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for supplemental payments (the "Supplemental Payments") set forth in this Article VI.

A. Amounts Exclusive of Indemnity Amounts. It is the express intent of the Parties that the Applicant's obligation to make Supplemental Payments under this Article VI are separate and independent of the obligation of the Applicant to pay the amounts described in Article IV; provided, however, that all payments under Articles IV, V and VI are subject to the limitations contained in Section 7.1.

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 VI, shall not exceed the limit imposed by the provisions of Texas Tax Code § 313.027(i) unless that limit is allowed or required to be 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 6.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO SUPPLEMENTAL PAYMENT LIMITATION. On or before January 31, 2017 (the payment due date for Tax Year 2016), and continuing thereafter on or before the January 31 of each of the fourteen (14) years thereafter (i.e., through January 31, 2031, the payment due date for Tax Year 2030), the Applicant shall make a Supplemental Payment to the District in an amount equal to the greater of the following:

- A. the Supplemental Payment Limitation as defined in Section 6.5; or,
- B. to the extent permitted by then-current law, the Applicant's "Stipulated Supplemental Payment Amount" as defined in Section 6.3.

Section 6.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT. The Parties agree that for each Tax Year described in Section 6.2, the Applicant's Stipulated Supplemental Payment Amount will be calculated in accordance with the following formula:

The Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year;

Plus,

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

Minus,

Any amounts previously paid to the District under Article V for such Tax Year;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 6.2 and 6.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 4.4, above, shall adjust the Applicant's Stipulated Supplemental Payment Amount calculation to reflect such changes in the data.

SECTION 6.4. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS.

A. If the Supplemental Payment is based on the Supplemental Payment Limitation, the District Superintendent of Schools or his or her designee shall make the calculations. If the Supplemental Payment is based on the Stipulated Supplemental Payment Amount the calculations shall be made by the Third Party selected pursuant to Section 4.4.

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 4.6.

C. The payment of all amounts due under this Article shall be made at the time set forth in Section 4.7.

Section 6.5. SUPPLEMENTAL PAYMENT LIMITATION. Notwithstanding the foregoing:

A. the total of the Supplemental Payments made pursuant to this Article shall not exceed for any calendar year of this Agreement an amount equal to the greater of One Hundred Dollars (\$100.00) per student per year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or Fifty Thousand Dollars (\$50,000.00) per year times the number of years beginning with the first complete or partial year of the Qualifying Time Period identified in Section 2.3.C and ending with the year for which the Supplemental Payment is being calculated minus all Supplemental Payments previously made by the Application;

B. Supplemental Payments may only be made during the period starting the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

C. the limitation in Section 6.2.A does not apply to amounts described by Section 313.027(f)(1)–(2) of the TEXAS TAX CODE as implemented in Articles IV and V of this Agreement.

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of \$50,000 or \$100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's Average Daily Attendance for the previous school year.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, 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 IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that 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 Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from the Applicant to the District under Article IV, Article V, or Article VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to terminate this Agreement by notifying the District of its election in writing not later than the July 31 of the year following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

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

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to 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; and

B. the provisions of this Agreement regarding payments (including liquidated damages and tax payments), records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 8.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall Maintain Viable Presence in the District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure, provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure.

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports

required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

Section 8.3. COMPTROLLER'S REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide the Comptroller with all information reasonably necessary for the Comptroller to assess performance under this Agreement for the purpose of issuing the Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 8.4. DATA REQUESTS. Upon the written request of the District, the State Auditor's Office, the Appraisal District, or the Comptroller during the term of this Agreement, the Applicant, the District or any other entity on behalf of the District shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its rights, obligations or responsibilities, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 8.5. SITE VISITS AND RECORD REVIEW. The Applicant shall allow authorized employees of the District, the Comptroller, the Appraisal District, and the State Auditor's Office to have reasonable access to the Applicant's Qualified Property and business records from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property.

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

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

Section 8.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; AUTHORITY OF STATE AUDITOR. By executing this Agreement, implementing the authority of, and accepting the benefits provided by Chapter 313 of the TEXAS TAX CODE, the Parties agree that this Agreement and their performance pursuant to its terms are subject to review and audit by the State Auditor as if they are parties to a State contract and subject to the provisions of Section 2262.154 of the TEXAS GOVERNMENT CODE and Section 313.010(a) of the TEXAS TAX CODE. The Parties further agree to comply with the following requirements:

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

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

B. During the time period defined under Section 8.6.A, the District and the Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to this Agreement; the Applicant's Application; and the Applicant's Qualified Property, Qualified Investment, New Qualifying Jobs, and wages paid for New Non-Qualifying Jobs such as work papers, reports, books, data, files, software, records, calculations, spreadsheets and other supporting documents pertaining to this Agreement, for purposes of inspecting, monitoring, auditing, or evaluating by the Comptroller, State Auditor's Office, State of Texas or their authorized representatives. The Applicant and the District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all of such property as requested by the Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, the Applicant's or the District's failure to comply with this Section shall constitute a Material Breach of this Agreement.

C. In addition to and without limitation on the other audit provisions of this Agreement, the acceptance of tax benefits or funds by the Applicant or the District or any other entity or person directly under this Agreement acts as acceptance of the authority of the State Auditor, under the direction of the legislative audit committee, to conduct an audit or investigation in connection with those funds. Under the direction of the legislative audit committee, the Applicant or the District or other entity that is the subject of an audit or investigation by the State Auditor must provide the State Auditor with access to any information the State Auditor considers relevant to the investigation or audit. The Parties agree that this Agreement shall for its duration be subject to all rules and procedures of the State Auditor acting under the direction of the legislative audit committee.

D. The Applicant shall include the requirements of this Section 8.6 in its subcontract with any entity whose employees or subcontractors are subject to wage requirements under the Act, the Comptroller's Rules, or this Agreement, or any entity whose employees or subcontractors are included in the Applicant's compliance with job creation or wage standard requirement of the Act, the Comptroller's Rules, or this Agreement.

Section 8.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any supplements or amendments thereto, without which the Comptroller would not have approved this Agreement and the District would not have executed this Agreement. By signature to this Agreement, the Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct to the best of its knowledge;

B. agrees and acknowledges that the Application and all related attachments and schedules are included by reference in this Agreement as if fully set forth herein; and

C. acknowledges that if the Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that the Applicant has violated any of the representations, warranties, guarantees, certifications, or affirmations included in the Application or this Agreement, the Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by Section 9.2 of this Agreement.

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING 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 (each a "Material Breach"):

- A. The Application, any Application Supplement, or any Application Amendment on which this Agreement is approved is determined to be inaccurate as to any material representation, information, or fact or is not complete as to any material fact or representation or such application;
- B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;
- C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;
- D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;
- E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;
- F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;
- G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;
- H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;
- I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;
- J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;
- K. The Applicant failed to provide the District or the Comptroller with all information reasonably necessary for the District or the Comptroller to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement;
- L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;
- M. The Applicant failed to comply with a request by the State Auditor's office to review and audit the Applicant's compliance with this Agreement;
- N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant

to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

O. The Applicant failed to comply with the conditions included in the certificate for limitation issued by the Comptroller.

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, the Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in breach of its obligations under this Agreement, or that it has cured or undertaken to cure any such breach.

B. If the Board of Trustees is not satisfied with such response or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to:

- i. whether or not a breach of this Agreement has occurred;
- ii. whether or not such breach is a Material Breach;
- iii. the date such breach occurred, if any;
- iv. whether or not any such breach has been cured; and

C. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall at that time determine:

- i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);
- ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and
- iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have thirty (30) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to 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 initiates mediation, 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 Willacy County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE

AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) 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.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in Willacy County, 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 contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the thirty (30) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that 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 Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

Section 9.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 7.2 of this Agreement, the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of the notice of breach.

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the thirty (30) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. 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 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. 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.

D. In the event that the District determines that the Applicant has committed a Material Breach identified in Section 9.1, after the notice and mediation periods provided by Sections 9.2 and 9.3, then the District may, in addition to the payment of liquidated damages required pursuant to Section 9.4.C, terminate this Agreement.

E. 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 less all credits under Section 9.4.C owed for each Tax Year during the Tax Limitation Period. The District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 9.4.C had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 9.5. 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 amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make Five Million Dollars (\$5,000,000.00) of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

Section 9.7. REMEDY FOR FAILURE TO CREATE AND MAINTAIN REQUIRED NEW QUALIFYING JOBS. Pursuant to Section 313.0276 of the TEXAS TAX CODE, for any full Tax Year that commences after the project has become operational, in the event that it has been determined that the Applicant has failed to meet the job creation or retention requirements defined in Sections 9.1.C, the Applicant shall not be deemed to be in Material Breach of this Agreement until such time as the Comptroller has made a determination to rescind this Agreement under Section 313.0276 of TEXAS TAX CODE, and that determination is final.

Section 9.8. REMEDY FOR FAILURE TO CREATE AND MAINTAIN COMMITTED NEW QUALIFYING JOBS.

A. In the event that the Applicant fails to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application, an event constituting a Material Breach as defined in Section 9.1.D, the Applicant and the District may elect to remedy the Material Breach through a penalty payment.

B. Following the notice and mediation periods provided by Sections 9.2 and 9.3, the District may request the Applicant to make a payment to the State in an amount equal to: (i) multiplying the maintenance and operations tax rate of the school district for that Tax Year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the market value of the property identified on the Appraisal District's records for each tax year the Material Breach occurs.

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

D. The penalty shall be paid no later than thirty (30) days after the notice of breach and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE.

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or permitted hereunder shall be in writing and deemed sufficiently given for all purposes hereof if (i) delivered in person, by 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 or email transmission, with notice 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 or email 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.

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

Superintendent of Schools
San Perlita Independent School District
22987 Trojan Drive / P.O. Box 37
San Perlita, Texas 78590
Phone: 956-248-5679
Fax: 956-248-5561

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

Paul Bowman, Senior Vice President
Magic Valley Wind Farm II, LLC
701 Brazos Street, Suite 1400
Austin, Texas 78701
Phone: 512-477-7024
Fax: 512-494-9581
Email: paul.bowman@eon.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

A. This Agreement may not be modified, or amended except by an instrument or instruments in writing signed by all of the Parties and after completing the requirements of Section 10.2.B. Waiver of any term, condition, or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition, or provision, or a waiver of any other term, condition, or provision of this Agreement.

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

- i. The Applicant shall submit to the District and the Comptroller:
 - a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;
 - b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;
 - c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;
- ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within ninety (90) days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the ninety (90) day period, the request is denied; and
- iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

C. Any amendment of the Application and this Agreement adding additional or replacement Qualified Property pursuant to this Section 10.2 of this Agreement shall:

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

D. The Application and this Agreement may not be amended to extend the value limitation time period beyond its ten-year statutory term.

E. The Comptroller determination made under Section 313.026(c)(2) of the TEXAS TAX CODE in the original certificate for a limitation satisfies the requirement of the Comptroller to make the same determination for any amendment of the Application and this Agreement, provided that the facts upon which the original determination was made have not changed.

Section 10.3. ASSIGNMENT.

A. Any assignment of any rights, benefits, obligations, or interests of the Parties in this Agreement, other than an assignment purely for the benefit of creditors of the project, is considered an amendment to the Agreement and such Party may only assign such rights, benefits, obligations, or interests of this Agreement after complying with the provisions of Section 10.2 regarding amendments to the Agreement. Other than an assignment to a creditor, this Agreement may only be assigned to an entity that is eligible to apply for and execute an agreement for limitation on appraised value pursuant to the provisions of Chapter 313 of the TEXAS TAX CODE and the Comptroller's Rules.

B. 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.

C. In the event of an assignment to a creditor, the Applicant must notify the District and the Comptroller in writing no later than thirty (30) days after the assignment. This Agreement shall be binding on the assignee.

Section 10.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 10.5. 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 a state district court in Willacy County.

Section 10.6. 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 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term,

provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, 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 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. 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.

B. 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.

C. The provisions of the Act and the Comptroller's Rules are incorporated by reference as if fully set forth in this Agreement. In the event of a conflict, the conflict will be resolved by reference to the following order of precedence:

- i. The Act;
- ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and
- ii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. 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 10.11. PUBLICATION OF DOCUMENTS. The Parties acknowledge that the District is required to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project submitted to the District; and the approved and executed copy of this Agreement or any amendment thereto, as follows:

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

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

C. This Section does not require the publication of information that is confidential under Section 313.028 of the TEXAS TAX CODE.

Section 10.12. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. The Applicant shall immediately notify the District in writing of any actual or anticipated change in the control or ownership of the Applicant and of any legal or administrative investigations or proceedings initiated against the Applicant related to the project regardless of the jurisdiction from which such proceedings originate.

Section 10.13. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by the Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, the Applicant's duty to disclose continues throughout the term of this Agreement.

Section 10.14. CONFLICTS OF INTEREST.

A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, has disclosed any conflicts of interest in obtaining or performing this Agreement and related activities, appropriately recused from any decisions relating to this Agreement when a disclosure has been made, and the performance of this Agreement will not create any appearance of impropriety. The District represents that it, the District's local public officials or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

B. The Applicant represents that, after diligent inquiry, each of its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, involved in the representation of the Applicant with the District has complied with the provisions of Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE. The Applicant represents that it and its agents, as defined in Chapter 176 of the TEXAS LOCAL GOVERNMENT CODE, have not given, nor intend to give, at any time hereafter, any future employment, gift, loan, gratuity, special discount, trip, favor, or service to a public servant, employee, or representative of the other Party or the State of Texas in connection with this Agreement.

C. The District and the Applicant each separately agree to notify the other Party and the Comptroller immediately upon learning of any conflicts of interest.

Section 10.15. PROVISIONS SURVIVING EXPIRATION OR TERMINATION. Notwithstanding the expiration or termination (by agreement, breach, or operation of time) of this Agreement, the provisions of this Agreement regarding payments (including liquidated damages and tax payments), reports, records, and dispute resolution of the Agreement shall survive the termination or expiration dates of this Agreement until the following occurs:

- A. all payments, including liquidated damage and tax payments, have been made;
- B. all reports have been submitted;

- C. all records have been maintained in accordance with Section 8.6.A; and
- D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

A. This Agreement may be duly executed and delivered in person, by mail, or by facsimile or other electronic format (including portable document format (pdf) transmitted by e-mail). The executing Party must promptly deliver a complete, executed original or counterpart of this Agreement to the other executing Parties. This Agreement shall be binding on and enforceable against the executing Party whether or not it delivers such original or counterpart.

B. Delivery is deemed complete as follows:

- i. When delivered if delivered personally or sent by express courier service;
- ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;
- iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or
- iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this _____ day of _____, 2016.

MAGIC VALLEY WIND FARM II, LLC

SAN PERLITA INDEPENDENT SCHOOL DISTRICT

By: 
Name: Paul Bowman
Title: Senior Vice President

By: _____
Name: _____
Title: _____

ATTEST:

Name: _____
Title: _____ Board of Trustees

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 13th day of Dec., 2016.

MAGIC VALLEY WIND FARM II, LLC

SAN PERLITA INDEPENDENT SCHOOL DISTRICT

By: _____
Name: _____
Title: _____

By: Melissa Guadiana
Name: Melissa Guadiana
Title: President

ATTEST:

Maggie Sepulveda
Name: Maggie Sepulveda
Title: Secretary Board of Trustees

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

At the time of the Application Approval Date, pursuant to Chapter 312 of the Texas Tax Code, the Willacy County Commissioner's Court had created the Willacy County-Magic Valley Reinvestment Zone No. Two. A map of this Willacy County-Magic Valley Reinvestment Zone No. Two is attached as the last page of this **EXHIBIT 1** following the legal description of the zone. All of the Applicant's Qualified Property and Applicant's Qualified Investment that is subject to this Agreement will be located within the boundaries of the Willacy County Reinvestment Zone No. Two and the boundaries of the District.

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Harding-Gill Share 16	5
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Harding-Gill Share 16	23
Harding-Gill Share 16	24
Harding-Gill Share 16	25
Part Share 50	1
Part Share 50	2
Part Share 50	3
Part Share 50	4
Part Share 50	5
Share 28	
Share 48	
Share 59-2	
Share 64	
Withers Tract Share 60	1
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EXHIBIT 1

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property that is subject to this Agreement shall be located, and on which the Qualified Investment that is subject to this Agreement shall be made, is described by the map attached to this **Exhibit 2** within the boundaries of the District.

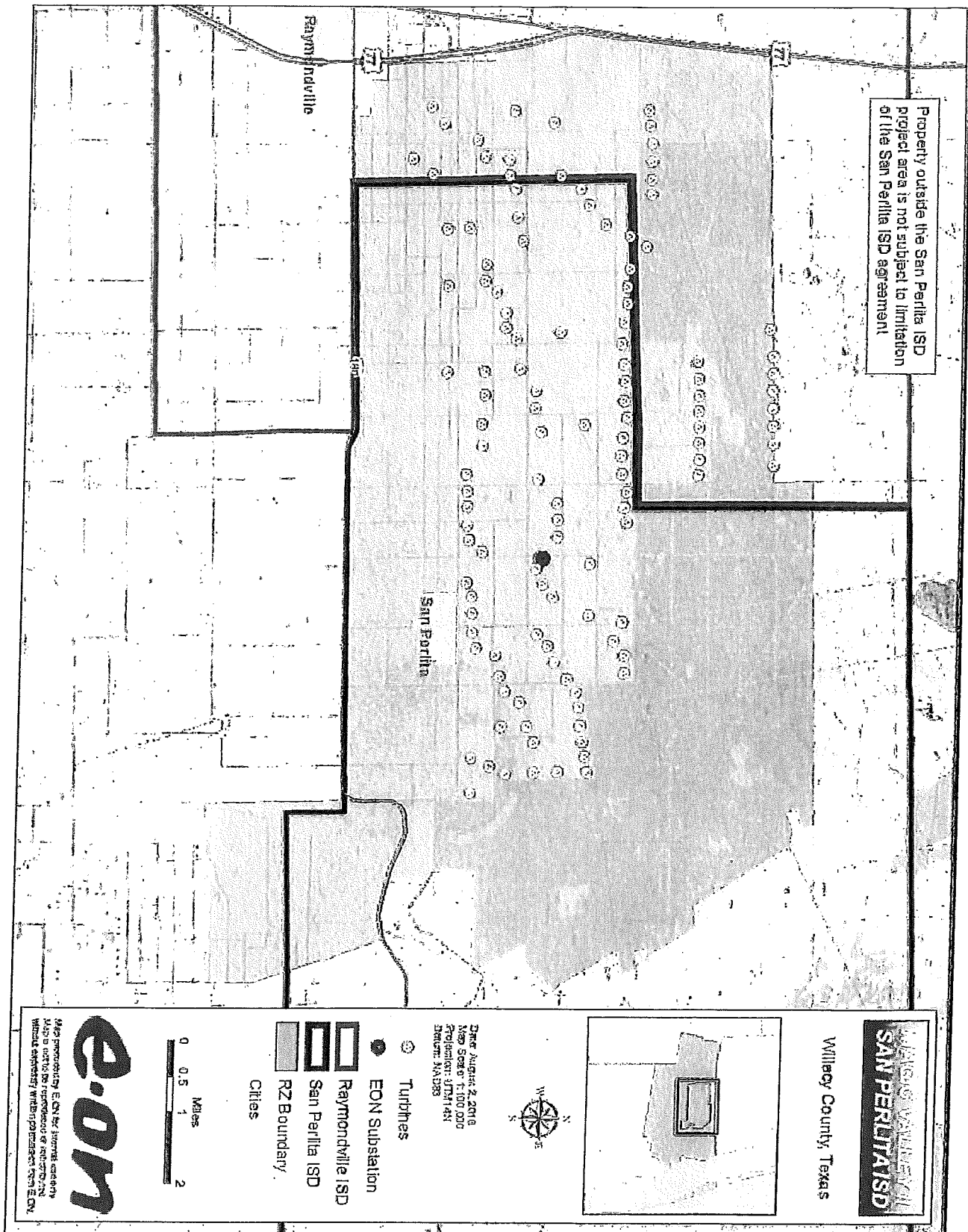


EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment that is subject to this Agreement shall be all tangible personal property first placed in service after December 13, 2016, owned by the Applicant, as more fully described in Tab 7 of the Application and in this **Exhibit 3** below, and located within the boundaries of the District and the project boundaries depicted on the map attached on the last page of this **EXHIBIT 3**.

Magic Valley Wind Farm II, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 230 megawatts (the "Project"). The exact number of wind turbines and the size of each turbine will vary depending upon the wind turbines selected and the megawatt generating capacity of the project completed, but presently our plans are to install approximately 115 Vestas 2.0 megawatt turbines on property in Willacy County. Approximately 166 MW of turbine capacity will be in the San Perlita ISD boundary. The company is considering a number of different turbines and the final project may have 83-125 turbines.

The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 83-125 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kV transmission line approximately 1.5 miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables.

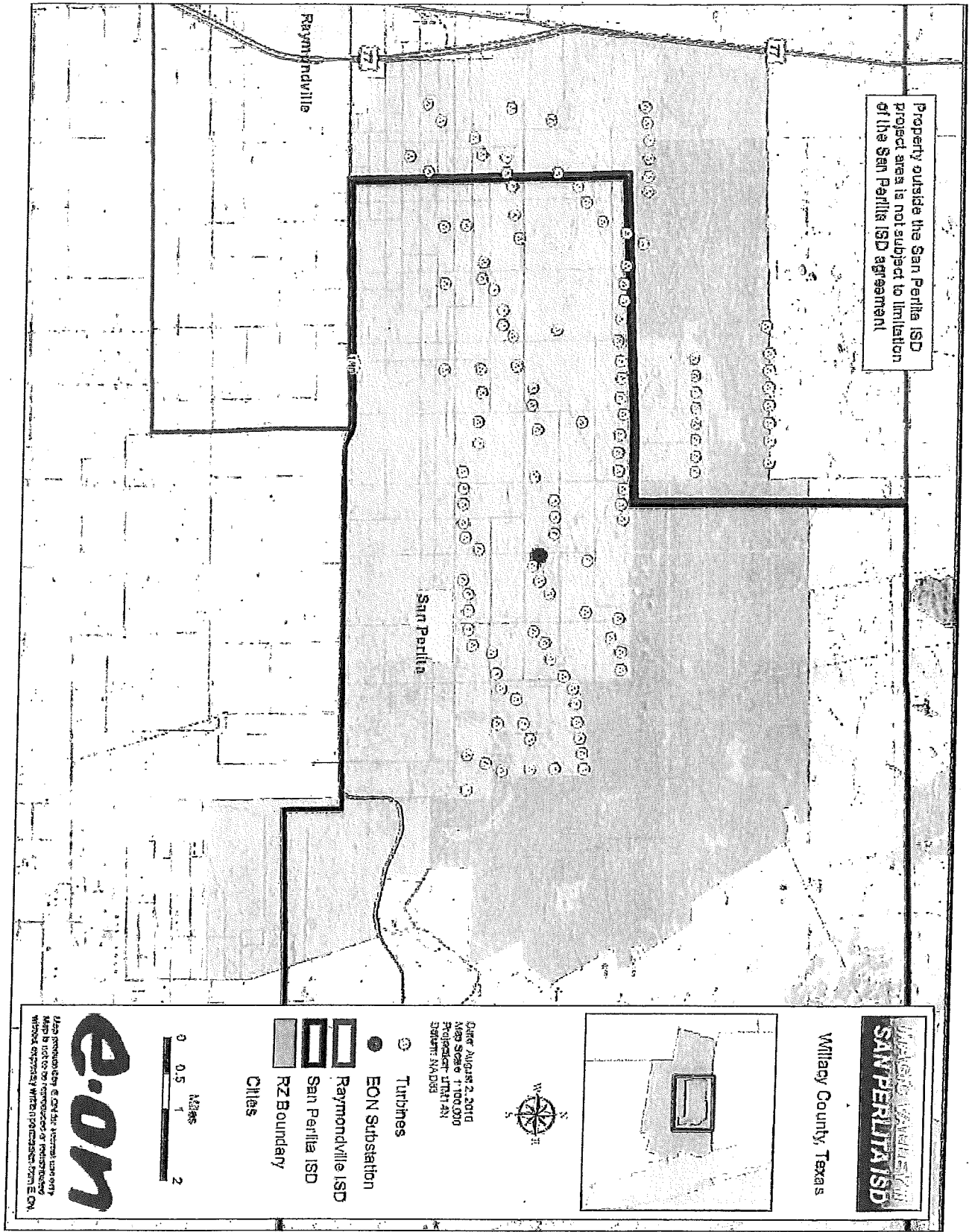


EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

This Agreement covers all qualified property within the District necessary for the commercial operations of the wind-powered electric generating facility with an operating capacity of approximately 230 megawatts as more fully described in Tab 4 of the Application and in this **Exhibit 4**. The wind-powered electric generating facility will be located entirely within the Willacy County-Magic Valley Reinvestment Zone No. Two, and across two different school districts: Raymondville Independent School District and San Perlita Independent School District. Furthermore, all Qualified Property that is subject to this Agreement will be located within the project boundaries indicated on the map attached on the last page of this **EXHIBIT 4**.

Magic Valley Wind Farm II, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 230 megawatts (the "Project"). The exact number of wind turbines and the size of each turbine will vary depending upon the wind turbines selected and the megawatt generating capacity of the project completed, but presently our plans are to install approximately 115 Vestas 2.0 megawatt turbines on property in Willacy County. Approximately 166 MW of turbine capacity will be in the San Perlita ISD boundary. The company is considering a number of different turbines and the final project may have 83-125 turbines.

The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 83-125 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kV transmission line approximately 1.5 miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables.

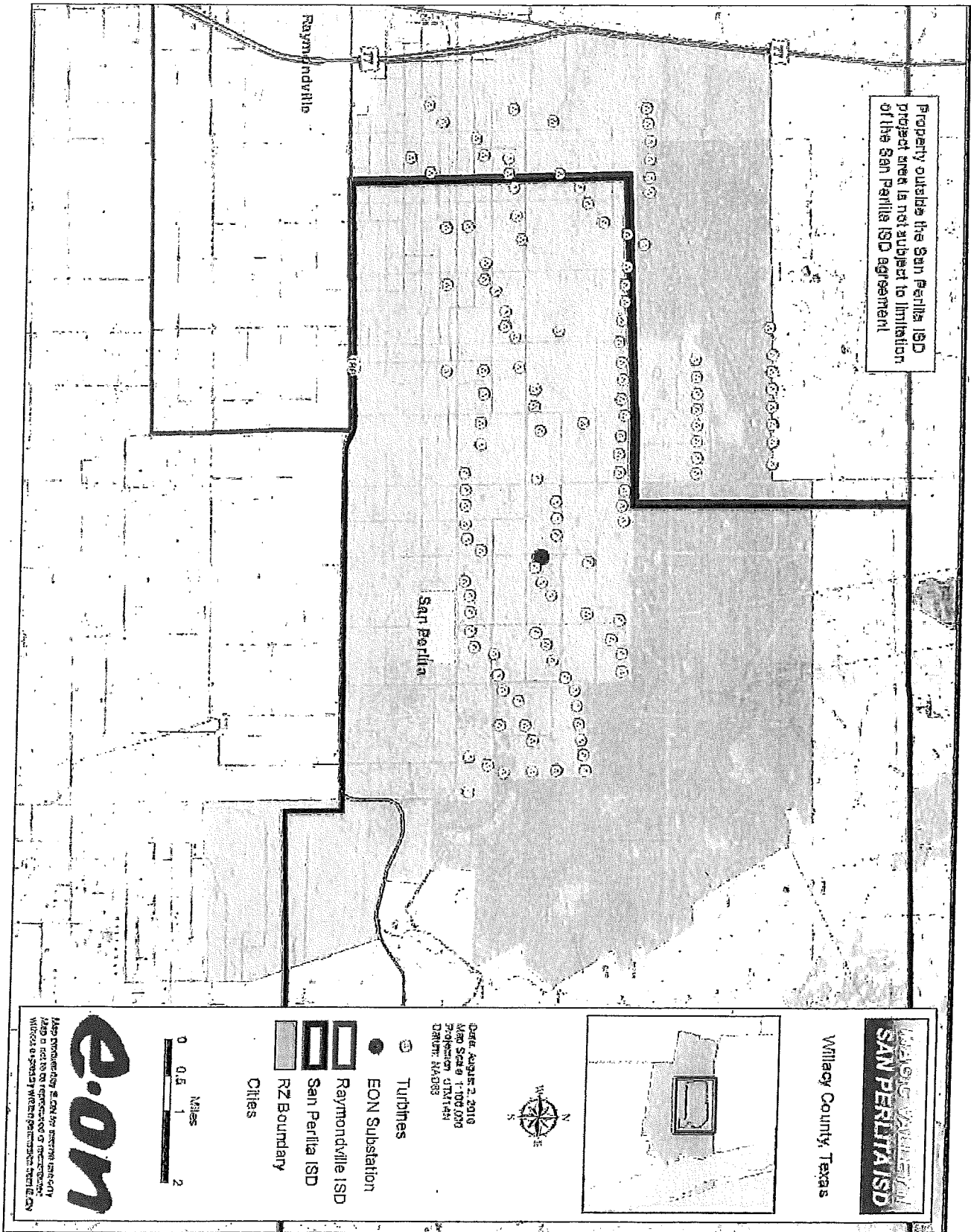


EXHIBIT 5

AGREEMENT SCHEDULE

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Application Review Start Date	January 1, 2016	2016-17	2016	Start of Qualifying Time Period beginning with the Application Approval Date (12/13/16). No limitation on appraised value.
Year prior to start of value limitation period	January 1, 2017	2017-18	2017	Qualifying Time Period. No limitation on value.
1	January 1, 2018	2018-19	2018	\$ 15 million property value limitation.
2	January 1, 2019	2019-20	2019	\$ 15 million property value limitation.
3	January 1, 2020	2020-21	2020	\$ 15 million property value limitation.
4	January 1, 2021	2021-22	2021	\$ 15 million property value limitation.
5	January 1, 2022	2022-23	2022	\$ 15 million property value limitation.
6	January 1, 2023	2023-24	2023	\$ 15 million property value limitation.
7	January 1, 2024	2024-25	2024	\$ 15 million property value limitation.
8	January 1, 2025	2025-26	2025	\$ 15 million property value limitation.
9	January 1, 2026	2026-27	2026	\$ 15 million property value limitation.
10	January 1, 2027	2027-28	2027	\$ 15 million property value limitation.
11	January 1, 2028	2028-29	2028	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2029	2029-30	2029	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2030	2030-31	2030	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
14	January 1, 2031	2031-32	2031	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
15	January 1, 2032	2032-33	2032	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.

AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT
MAINTENANCE AND OPERATIONS TAXES by and between SAN PERLITA INDEPENDENT SCHOOL
DISTRICT and MAGIC VALLEY WIND FARM II, LLC

EXHIBIT E

Comptroller's Franchise Tax Account Status



Franchise Tax Account Status

As of : 11/14/2016 17:40:58 PM

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

MAGIC VALLEY WIND FARM II, LLC

Texas Taxpayer Number 32052229906

Mailing Address 353 N CLARK ST FL 30 CHICAGO, IL
60654-4704

Right to Transact Business in Texas ACTIVE

State of Formation DE

Effective SOS Registration Date 10/15/2013

Texas SOS File Number 0801867213

Registered Agent Name C T CORPORATION SYSTEM

Registered Office Street Address 1999 BRYAN ST., STE. 900 DALLAS, TX
75201