

February 3, 2016

Ms. Stephanie Jones
Regional Fiscal Analysis
Local Government Assistance and
Economic Development Division
Texas Comptroller of Public Accounts
111 E. 17th Street
Austin, Texas 78774

RECEIVED

FEB 05 2016
VIA FEDERAL EXPRESS

**Data Analysis &
Transparency Division**

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

Dear Ms. Jones:

Pursuant to Tax Code §313.025(b) and 34 TAC Rules §9.1053(a)(2) and 9.1054(c),
attached are the following:

1. One (1) copy of the Application for Appraised Value Limitation on Qualified Property ("Application") submitted to the San Perlita Independent School District by Magic Valley Wind Farm II, LLC.
2. One (1) electronically digitized copy of the Application.
3. A copy of check no. 0000100374 dated August 12, 2015 for the application fee in the amount of \$75,000.00 as proof of payment of the application fee (Attachment 2 to Application).

The Application was received on August 11, 2015. The Board of Trustees of the District elected to consider the application on August 11, 2015. The District determined the Application was complete on September 4, 2015.

The District requests that the Comptroller provide an economic impact evaluation.

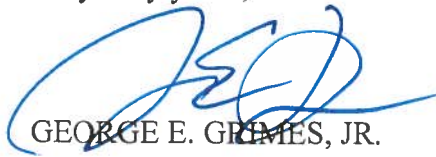
Ms. Stephanie Jones
February 3, 2016
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This is the project which was previously submitted on November 22, 2013. The District received the Comptroller's Economic Impact Evaluation and Recommendation packet dated March 10, 2014, Application No. 384. The District agreed to extend the deadline to act on the Application to June 30, 2015. The Application was terminated on March 9, 2015 due to the one (1) year time limit on the Comptroller's approval.

The Application was originally sent to your office on September 8, 2015.

Please call if you have any questions.

Very truly yours,



GEORGE E. GRIMES, JR.

GEG/paw
Enclosures

cc: Rich Saunders, Development Manger, EC&R Development, Inc.

(Via Email Delivery; wo/enclosures)

Albert Peña, IV, Superintendent of Schools

(Via Email Delivery; w/o enclosures)



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

<u>8/11/2015</u>	
Date Application Received by District	
<u>Albert</u>	<u>Pena</u>
First Name	Last Name
<u>Superintendent</u>	
Title	
<u>San Perlita Independent School District</u>	
School District Name	
<u>13937 FM 2209</u>	
Street Address	
Mailing Address	
<u>San Perlita</u>	<u>TX</u>
City	State
<u>956-248-5563</u>	<u>78590</u>
Phone Number	ZIP
	<u>956-248-5561</u>
	Fax Number
	<u>apena@spisd.org</u>
	Email Address

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

Application for Appraised Value Limitation on Qualified Property

SECTION 1: School District Information (continued)

3. Authorized School District Consultant (If Applicable)

George E.	Grimes
First Name	Last Name
Title	
Walsh, Anderson, Gallegos, Green & Trevino, P.C.	
Firm Name	
210-979-6633	210-979-7024
Phone Number	Fax Number
	ggrimes@wabsa.com
Mobile Number (optional)	Email Address

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	Bowman
First Name	Last Name
Senior Vice President	EC&R Development, LLC
Title	Organization
701 Brazos Street, Suite 1400	
Street Address	
Mailing Address	
Austin	TX
City	State
512-477-7024	78701
Phone Number	ZIP
	512-494-9581
	Fax Number
	paul.bowman@eon.com
Mobile Number (optional)	Business Email Address

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	Saunders
First Name	Last Name
Development Manager	EC&R Development, LLC
Title	Organization
701 Brazos Street, Suite 1400	
Street Address	
Mailing Address	
Austin	TX
City	State
512-482-4006	78701
Phone Number	ZIP
	512-494-9581
	Fax Number
	richard.saunders@eon.com
Mobile Number (optional)	Business Email Address

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

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

Application for Appraised Value Limitation on Qualified Property



SECTION 2: Applicant Information (continued)

4. Authorized Company Consultant (If Applicable)

First Name

Last Name

Title

Firm Name

Phone Number

Fax Number

Business Email Address

SECTION 3: Fees and Payments

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 §313.027(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 §313.027(i)? ☐ Yes ☒ No ☐ N/A

SECTION 4: Business 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 5: Applicant Business Structure

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 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 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 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 (<i>complete Section 13</i>)
☐ Expansion of existing operation on the land (<i>complete Section 13</i>)	☐ 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/

Application for Appraised Value Limitation on Qualified Property



Form 50-296-A

SECTION 9: 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? 10,000,000.00
2. What is the amount of appraised value limitation for which you are applying? 20,000,000.00
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

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

Application for Appraised Value Limitation on Qualified Property

SECTION 12: 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 13: Information on 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 651.25
 b. 110% of the average weekly wage for manufacturing jobs in the county is 717.48
 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? 37,309.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 37,309.00
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 Signatures 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

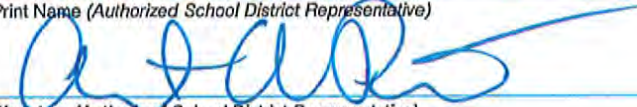
I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

print
here →

Albert Peña
Print Name (Authorized School District Representative)

Supt.
Title

sign
here →


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 →

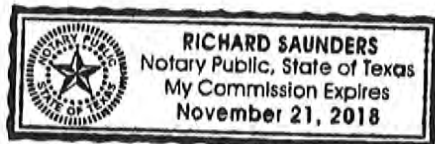
PAUL BOWMAN
Print Name (Authorized Company Representative (Applicant))

Sr. VP
Title

sign
here →


Signature (Authorized Company Representative (Applicant))

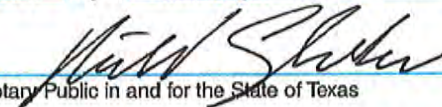
8-10-15
Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

10th day of AUGUST, 2015


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 TAB ORDER FOR REQUESTED ATTACHMENTS

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 <i>(if applicable)</i>
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 <i>(if applicable)</i>
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 <i>(if applicable)</i>
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 <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
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 <i>(applicant)</i>

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 Perlita 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 tie 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 defacto 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.**

- c. 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(e). 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. ELBERTO 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: 

Name: Paul L Bowman

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*.

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 THEREOF, 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

reinvestment zone; and,

WHEREAS, the improvements set forth in the Application by Magic Valley Wind Farm III, LLC 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 thereof, 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) 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

JULY 24, 2014

PUBLIC HEARING

RESOLUTION NO. 1540

REGULAR MEETING

ADDENDUM #1

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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-Magic 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*.

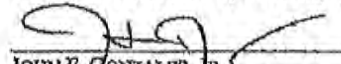
SECTION 4. *Willacy County-Magic Valley Reinvestment Zone Number Two* shall take effect on July 14, 2014 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

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 F. GONZALES, JR.
County Judge

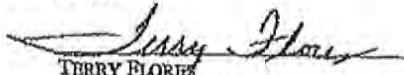
WILLACY COUNTY COMMISSIONERS COURT
Resolution creating *Willacy County-Magic Valley Reinvestment Zone Number Two*
July 24, 2014
Page 3

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Attest:


TERRY FLORES
Willacy County Clerk

7/24/2014
Date



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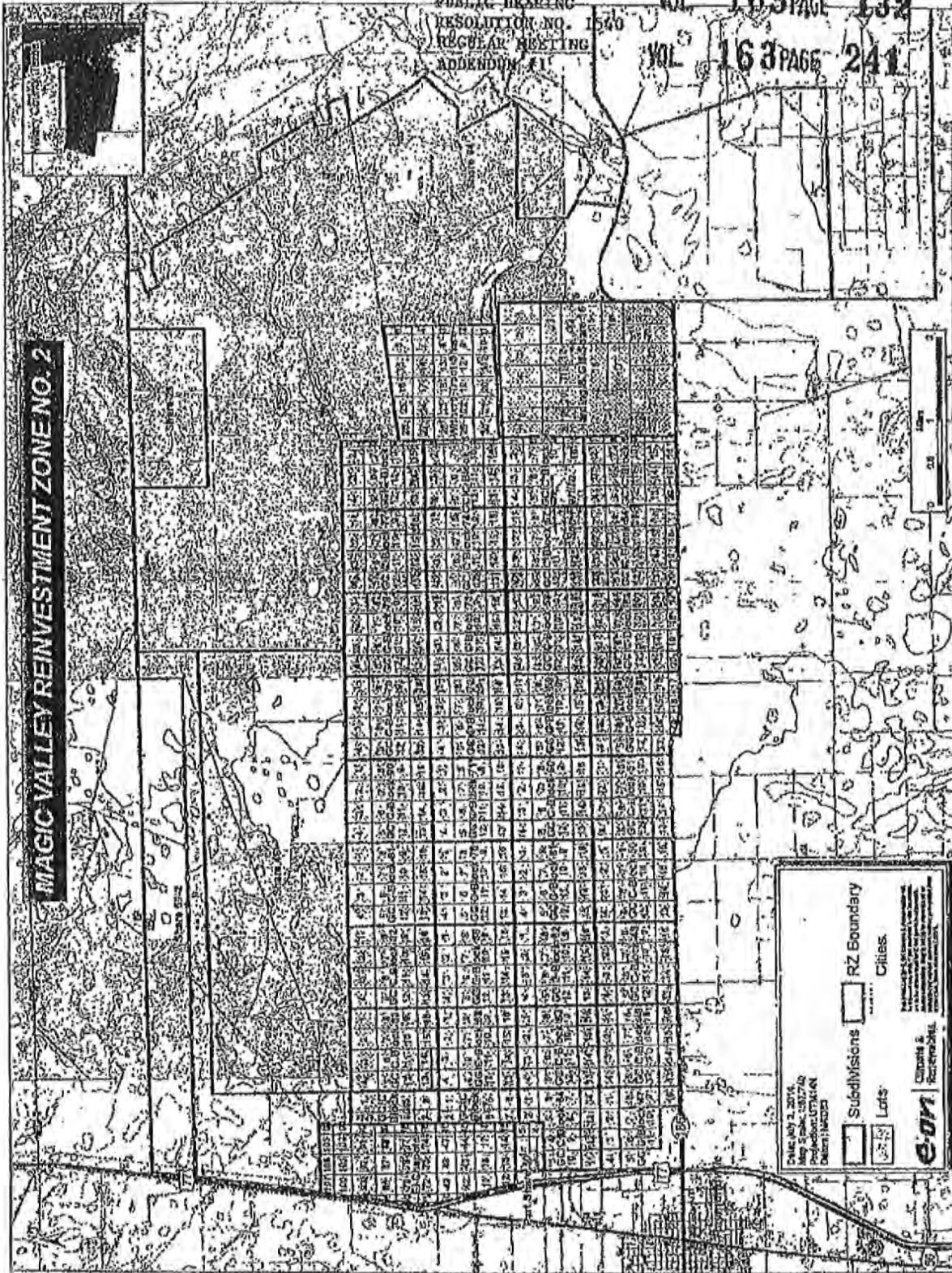
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Part Share 50	2
Part Share 50	3
Part Share 50	4
Part Share 50	5
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MAGIC VALLEY REINVESTMENT ZONE NO. 2



DATE: JULY 2, 2014
Map Scale: 1:10,000
Projection: UTM
Datum: NAD83

☐ Subdivisions ☐ RZ Boundary
☐ Cities
☐ Lots

e-on
CITIES & COUNTY OF IDAHO
PLANNING & REVENUE DEPARTMENT

Willacy County, Texas

MAGNOLIA VALLEY REINVESTMENT ZONE NO. 2

Share 28

Share 59-2

Share 46

Share 54

Share 50
Winters-Trost Share-50

Share 16
Harding & Gill Share-16

Map depicting the location of
Willacy County-Magnolia Valley Reinvestment Zone Number Two
(in color)

Date: July 3, 2014
Map Scale: 1:87,740
Projection: UTM48N
Datum: NAD83

- Subdivisions
- Lot
- RZ Boundary
- Cities

Map created by E.ON Climate & Renewables
on behalf of the City of Willacy County, Texas
for the Magnolia Valley Reinvestment Zone Number Two
CONCEPT. See also the E.ON logo.



Climate &
Renewables

Willacy County

City of

City of

City of

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City of

City of

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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

MAGIC VALLEY II
SAN PERLITA ISD

Willacy County, Texas



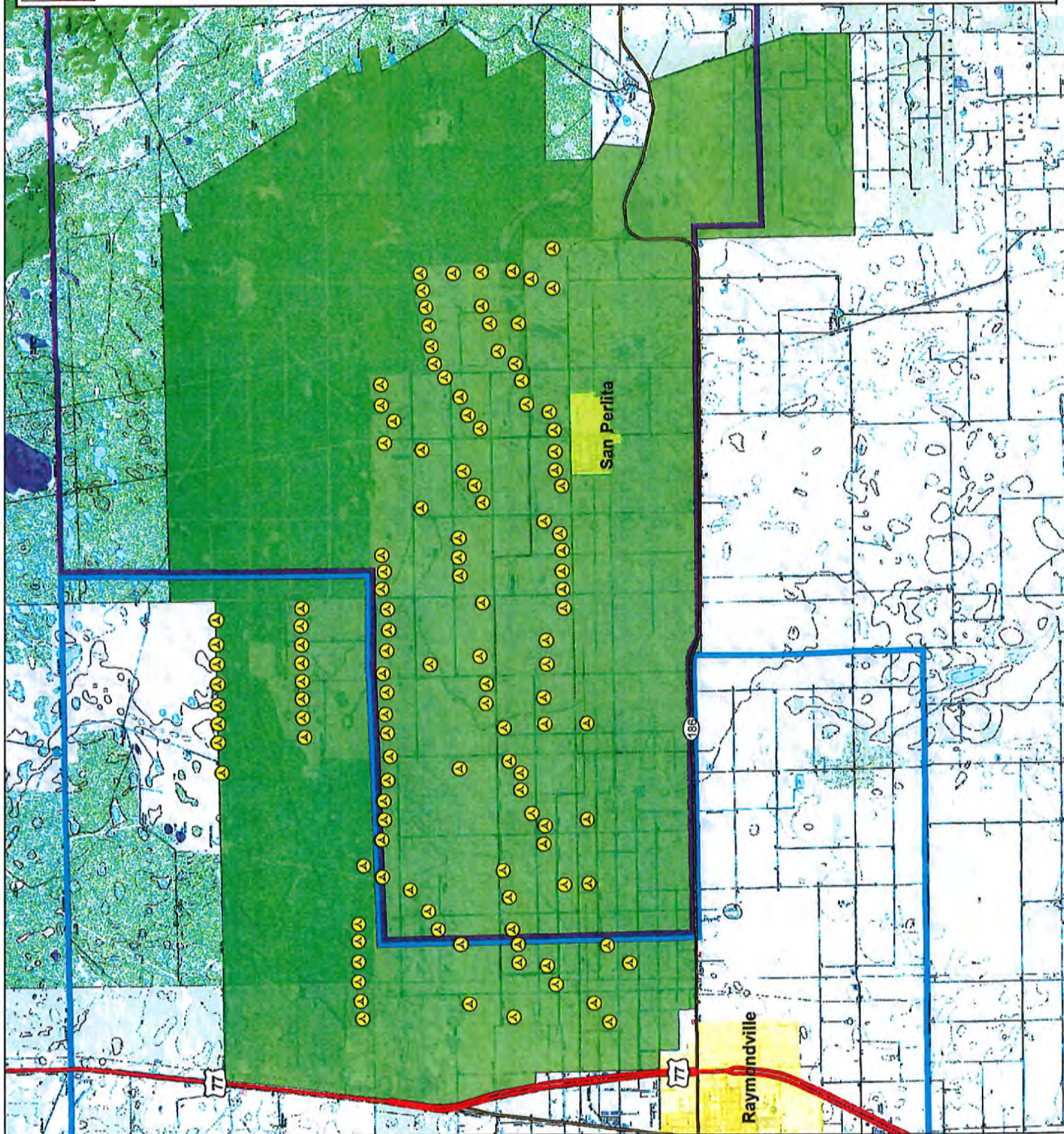
Date: August 10, 2015
Map Scale: 1:100,000
Projection: UTM14N
Datum: NAD83

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

Miles
0 0.5 1 2

e-on

Map produced by E.ON Next Generation for internal use only. Map is not to be reproduced or redistributed without expressly written permission from E.ON.



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 \$312 million for Magic Valley Wind Farm II, LLC. Approximately 72% of the investment is located in San Perlita ISD (\$224.6 million), with the remaining 28% in Raymondville ISD.

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. 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.

MAGIC VALLEY II
SAN PERLITA ISD

Willacy County, Texas



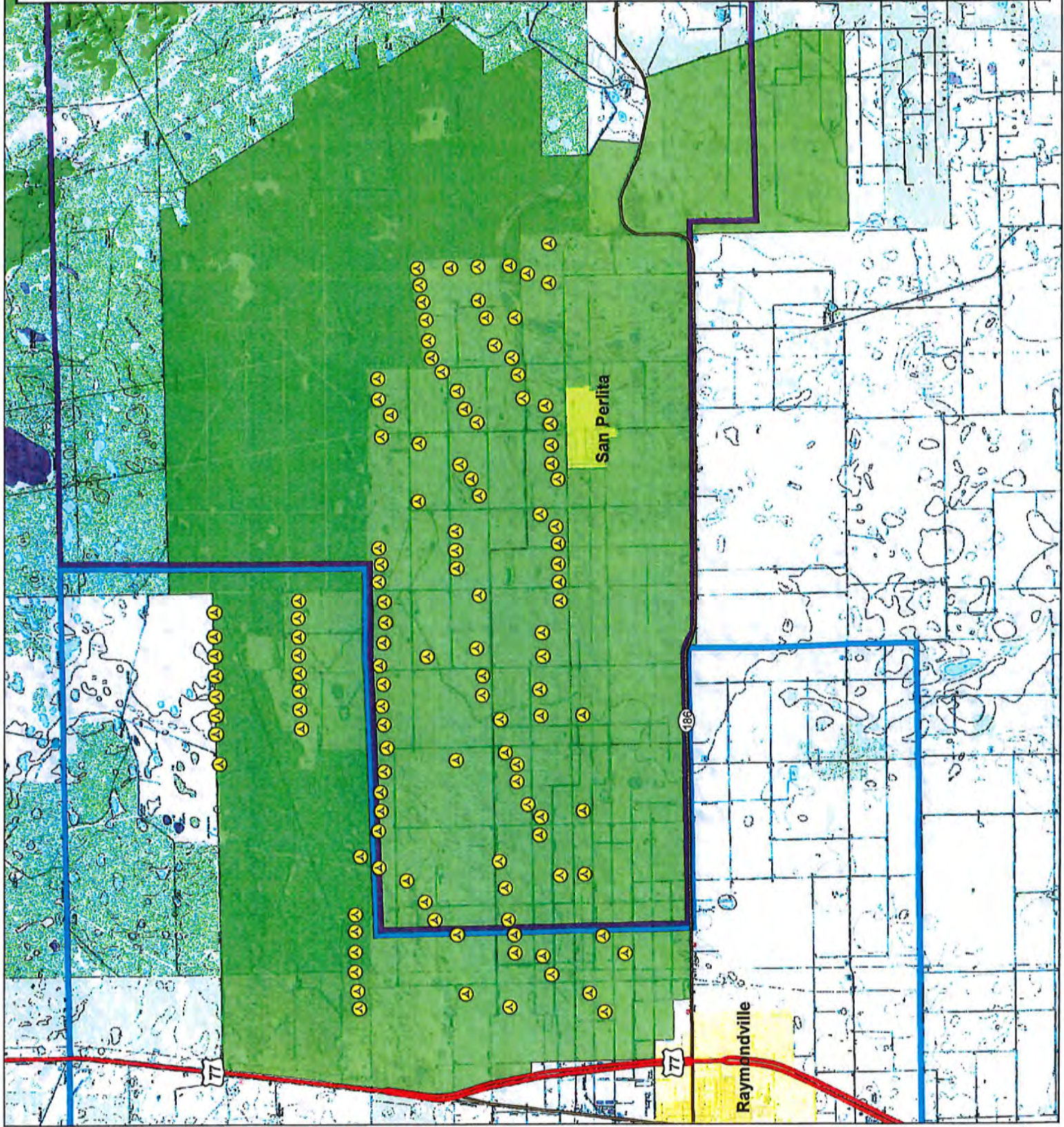
Date: August 10, 2015
Map Scale: 1:100,000
Projection: UTM14N
Datum: NAD83

- 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. 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.

MAGIC VALLEY II
SAN PERLITA ISD

Willacy County, Texas



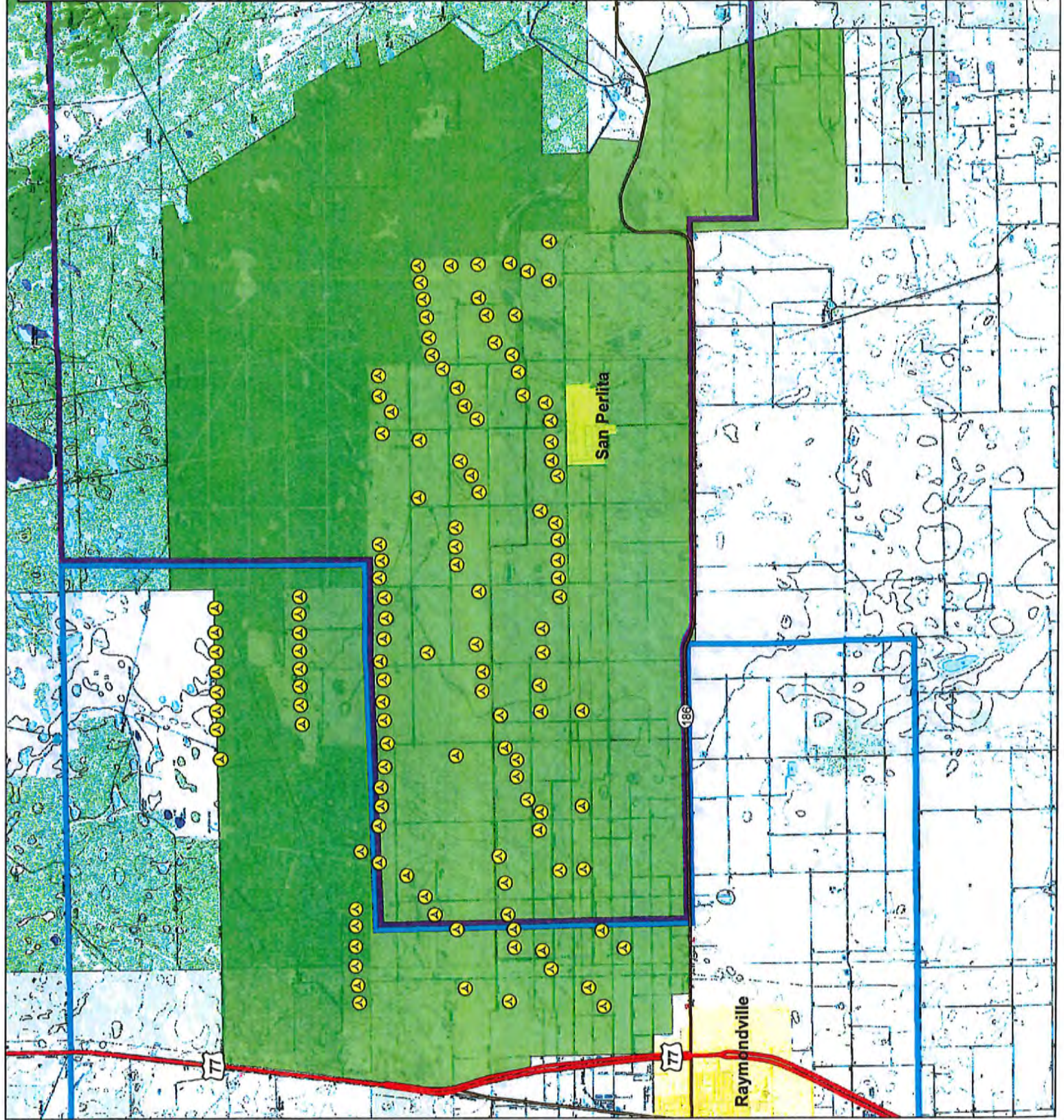
Date: August 10, 2015
Map Scale: 1:100,000
Projection: UTM14N
Datum: NAD83

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

Miles
0 0.5 1 2

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TAB 9

N/A

TAB 10

N/A

TAB 11

MAGIC VALLEY II
SAN PERLITA ISD

Willacy County, Texas



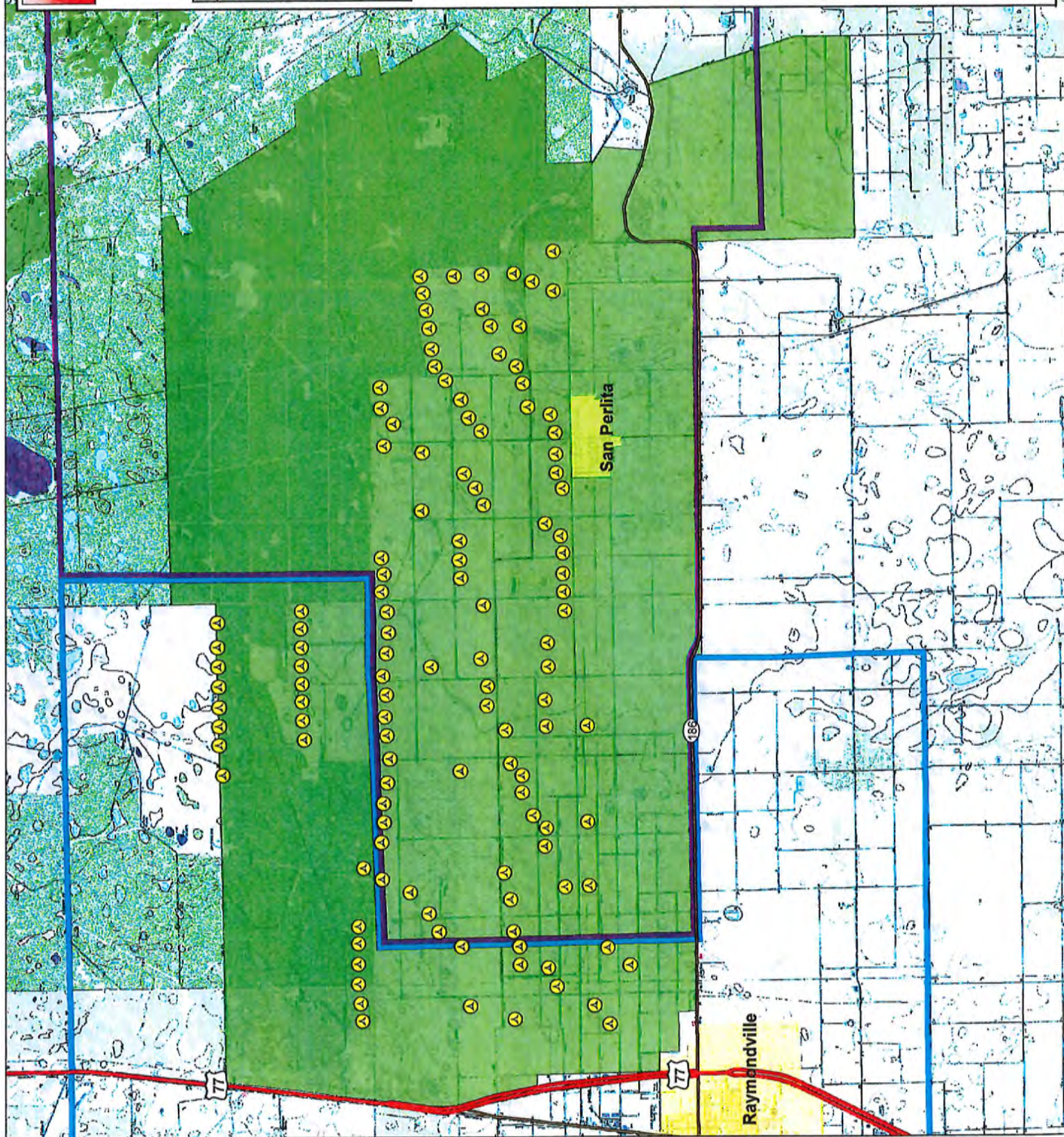
Date: August 10, 2015
Map Scale: 1:100,000
Projection: UTM14N
Datum: NAD83

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

Miles
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TAB 12

August 10, 2015

Mr. Albert Pena
Superintendent
San Perlita Independent School District
13937 FM 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,

A handwritten signature in black ink, appearing to read 'Paul Bowman', with a long, sweeping horizontal line extending to the right.

Paul Bowman
Sr. Vice President, Development

TAB 13

CALCULATION OF WAGE REQUIREMENTS

TOTAL REGION MANUFACTURING

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

$$\$650.15 \times 1.10 = \textbf{\$715.17}$$

$$\$33,808 \times 1.10 = \textbf{\$37,188.80}$$

TOTAL – MANUFACTURING – Willacy County

Year	Quarter	Average Weekly Wages	Annualized
2014	2Q	\$658	\$34,216
2014	3Q	\$535	\$27,820
2014	4Q	\$735	\$38,220
2015	1Q	\$681	\$35,412
		\$652.25	\$33,917
	X	<u>110% of County Average Weekly Wage for all Jobs</u>	
		\$717.48	\$37,309

TOTAL— ALL INDUSTRIES – Willacy County

Year	Quarter	Average Weekly Wages	Annualized
2014	2Q	\$639	\$33,228
2014	3Q	\$669	\$34,788
2014	4Q	\$682	\$35,464
2015	1Q	\$615	\$31,980
		\$651.25	\$33,865

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

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	2nd Qtr	Willacy County	Total All	31	2	31-33	Manufacturing	\$658
2014	3rd Qtr	Willacy County	Total All	31	2	31-33	Manufacturing	\$535
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	\$621

Quarterly Employment and Wages (QCEW) **Willacy County – All Industries**

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	2nd Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$639
2014	3rd Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$669
2014	4th Qtr	Willacy County	Total All	00	0	10	Total, All Industries	\$682
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	\$615

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

COG	Wages	
	Hourly	Annual
Texas	\$24.18	\$50,305
<u>1. Panhandle Regional Planning Commission</u>	\$21.07	\$43,821
<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	\$43,636
<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	\$37,486
<u>24. Middle Rio Grande Development Council</u>	\$20.02	\$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

PROPERTY INVESTMENT AMOUNTS

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. Only tangible personal property that is specifically described in the application can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonmovable component of buildings.

Column C: 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 meeting the definition of §15.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #3 of the application.

Column D: 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 this row into 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)

Applicant Name Magic Valley Wind Farm II, LLC
ISD Name San Pilita ISD

PROPERTY INVESTMENT AMOUNTS (Estimated investment in each year. Do not put cumulative totals.)										
Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below)	Column A	Column B	Column C	Column D	Column E			
			New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Other investment made during this year that will <u>not</u> become Qualified Property (SEE NOTE)	Other investment made during this year that will become Qualified Property (SEE NOTE)	Total Investment (A+B+C+D)			
Total Investment from Schedule A1*			Enter amounts from TOTAL row in Schedule A1 in the row below							
	-	TOTALS FROM SCHEDULE A1	\$ 224,640,000.00				\$ 224,640,000.00			
Each year prior to start of value limitation period** Insert as many rows as necessary	0	2015-2016								
Each year prior to start of value limitation period** Insert as many rows as necessary	0	2016-2017	\$ 10,000,000.00				\$ 10,000,000.00			
Each year prior to start of value limitation period** Insert as many rows as necessary	0	2017-2018	\$ 214,640,000.00				\$ 214,640,000.00			
Value limitation period***	1	2018-2019								
	2	2019-2020								
	3	2020-2021								
	4	2021-2022								
	5	2022-2023								
	6	2023-2024								
	7	2024-2025								
	8	2025-2026								
	9	2026-2027								
	10	2027-2028								
Total Investment made through limitation			\$ 224,640,000.00	\$ -	\$ -	\$ -	\$ 224,640,000.00			
Continue to maintain Viable presence	11	2028-2029								
	12	2029-2030								
	13	2030-2031								
	14	2031-2032								
	15	2032-2033								
	16	2033-2034								
	17	2034-2035								
	18	2035-2036								
	19	2036-2037								
	20	2037-2038								
Additional years for 25 year economic impact as required by 313.026(c)(1)	21	2038-2039								
	22	2039-2040								
	23	2040-2041								
	24	2041-2042								
	25	2042-2043								
	26	2043-2044								

* All investments made through the qualifying time period are captured and totaled on Schedule A1 (blue box) and incorporated into this schedule in the first row.

** Only investment made during deferrals of the start of the limitation (after the end of 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(s). 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 overlap. Only include investments/years that were not captured on Schedule A1.

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: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings.

Column C: 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 meeting the definition of 313.021(1) but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: 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.

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

Applicant Name
Magic Valley Wind Farm II, LLC

Form 50-296A

San Perlita ISD

Revised Feb 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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 limitation	Final taxable value for I&S 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	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2016-2017	2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Each year prior to start of Value Limitation Period Insert as many rows as necessary	0	2017-2018	2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Limitation Period	1	2018-2019	2018	\$ -	\$ -	\$ 10,000,000.00	\$ 10,000,000.00	\$ 10,000,000.00	\$ 10,000,000.00
	2	2019-2020	2019	\$ -	\$ -	\$ 205,500,000.00	\$ 205,500,000.00	\$ 205,500,000.00	\$ 20,000,000.00
	3	2020-2021	2020	\$ -	\$ -	\$ 197,280,000.00	\$ 197,280,000.00	\$ 197,280,000.00	\$ 20,000,000.00
	4	2021-2022	2021	\$ -	\$ -	\$ 189,060,000.00	\$ 189,060,000.00	\$ 189,060,000.00	\$ 20,000,000.00
	5	2022-2023	2022	\$ -	\$ -	\$ 180,840,000.00	\$ 180,840,000.00	\$ 180,840,000.00	\$ 20,000,000.00
	6	2023-2024	2023	\$ -	\$ -	\$ 172,620,000.00	\$ 172,620,000.00	\$ 172,620,000.00	\$ 20,000,000.00
	7	2024-2025	2024	\$ -	\$ -	\$ 164,400,000.00	\$ 164,400,000.00	\$ 164,400,000.00	\$ 20,000,000.00
	8	2025-2026	2025	\$ -	\$ -	\$ 156,180,000.00	\$ 156,180,000.00	\$ 156,180,000.00	\$ 20,000,000.00
	9	2026-2027	2026	\$ -	\$ -	\$ 147,960,000.00	\$ 147,960,000.00	\$ 147,960,000.00	\$ 20,000,000.00
	10	2027-2028	2027	\$ -	\$ -	\$ 139,740,000.00	\$ 139,740,000.00	\$ 139,740,000.00	\$ 20,000,000.00
Continue to maintain viable presence	11	2028-2029	2028	\$ -	\$ -	\$ 131,520,000.00	\$ 131,520,000.00	\$ 131,520,000.00	\$ 20,000,000.00
	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
	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
Additional years for 25 year economic impact as required by 313.026(c)(1)	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

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

Construction				Qualifying Jobs		
Column A		Column B	Column C	Column D	Column E	
Number of Construction FTE's or man-hours (specify)		Average annual wage rates for construction workers	Number of non-qualifying jobs applicant estimates it will create (cumulative)	Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Average annual wage of new qualifying jobs	
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY			
	0	2015-2016	2015			
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2016-2017	2016			
	0	2017-2018	2017			
Value Limitation Period <i>The qualifying time period could overlap this value limitation period.</i>	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			
Years Following Value Limitation Period	11 through 26	2028-2043	2028-2043			

Notes: See TAC 9.1051 for definition of non-qualifying jobs.
Only include jobs on the project site in this school district.

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25 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 313.025(f-1)?
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)?

Yes	☒	No	☐
Yes	☒	No	☐
Yes	☐	No	☒

Schedule D: Other Incentives (Estimated)

Applicant Name
ISD Name

Magic Valley Wind Farm II, LLC
San Perlita ISD

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
Tax Code Chapter 311	County: City: Other:					
Tax Code Chapter 312	County: Willacy County City: Other:	2018 N/A	2027 N/A	\$ 1,135,690.00 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:					
Freeport 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	65% 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 abatement 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.

- f. *"Deferred Maintenance"* means the improvements necessary for continued operations which do not improve productivity or alter the process technology.
- g. *"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.
- h. *"Eligible Jurisdiction"* means Willacy County and any municipality, school district, or other local taxing jurisdictions 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.
- i. *"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.
- j. *"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 (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.
- k. *"Expansion"* means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- l. *"Facility"* means property improvements completed or in the process of construction which together comprise an integral whole.
- m. *"Willacy County Vendor and Services"* means a company that employs Willacy County residents and pays Willacy County taxes.

- n. *"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.
- o. *"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.
- p. *"New Facility"* means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- q. *"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.
- r. *"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.
- s. *"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.
- t. *"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 Willacy 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 Willacy 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 Willacy County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Willacy 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

JULY 24, 2014

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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.

- f. **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.

- g. **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.

- h. **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/reinvestment 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;

- 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(a), 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.

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.

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

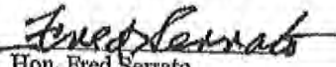
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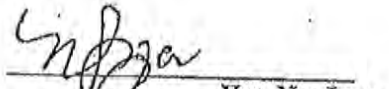
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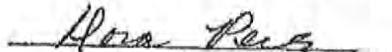
COMMISSIONERS COURT
WILLACY COUNTY, TEXAS


Hon. John F. Gonzales, Jr.

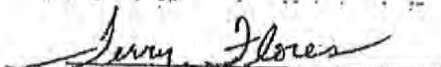

Hon. Eliberto Guerra
Commissioner, Precinct 1


Hon. Fred Serrato
Commissioner, Precinct 3


Hon. Nos Loya
Commissioner, Precinct 2


Hon. Dorja Perez
Commissioner, Precinct 4

ATTEST:


Hon. Terry Flores
Willacy County Clerk



TAB 17