FINDINGS OF THE MATHIS INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY PACIFIC WIND DEVELOPMENT, LLC (#1178)

October 26, 2017

FINDINGS

OF THE

MATHIS INDEPENDENT

SCHOOL DISTRICT BOARD OF TRUSTEES

UNDER THE

TEXAS ECONOMIC DEVELOPMENT ACT

ON THE APPLICATION SUBMITTED BY

PACIFIC WIND DEVELOPMENT, LLC (#1178)

OCTOBER 26, 2017

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STATE OF TEXAS §

COUNTIES OF SAN PATRICIO AND BEE §

On the 26th day of October 2017, a public meeting of the Board of Trustees of the Mathis Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of Pacific Wind Development, LLC ("Applicant") for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. The Board of Trustees has considered the economic impact analysis and the project certification issued by the Texas Comptroller of Public Accounts. After hearing presentations from the District's administrative staff, and from consultants retained by the District to advise the Board in this matter, and after considering the relevant documentary evidence, the Board of Trustees makes the following findings with respect to application from Applicant, and the economic impact of that application:

On February 3, 2017, the Superintendent of the District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts ("Comptroller") received an Application from Applicant for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application, as amended, is attached as **Attachment A**.

The Applicant, (Texas Taxpayer Id. 32050830580), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**.

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

The Application was delivered to the Comptroller for review pursuant to Texas Tax Code § 313.025(d). A copy of the Application was delivered to the San Patricio County and Bee County Appraisal Districts for review pursuant to 34 Tex. Admin. Code § 9.1054. On April 11, 2017, the Comptroller determined the Application to be complete.

The Application was reviewed by the Comptroller pursuant to Texas Tax Code §313.026, and a Comptroller Certificate was issued on May 1, 2017 in which the Comptroller has determined, inter alia, that: 1) Application is subject to the provisions of Chapter 171, Texas Tax Code; 2) the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised values; 3) the proposed project is reasonably likely to generate tax revenue in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement before the 25th anniversary of the beginning of the limitation period; and, 4) the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state. A copy of the Certificate is attached to the findings as **Attachment C**.

The Board of Trustees has previously directed that a specific financial analysis be conducted concerning the impact of the proposed value limitation on the finances of District. A copy of the report prepared by Moak, Casey & Associates, Inc. is attached to these findings as **Attachment D**.

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

The Texas Education Agency has evaluated the impact of the project on the District's facilities. TEA's determination is to be attached to these findings as **Attachment F.**

The Board has adopted the Texas Economic Development Agreement (Form 50-826) as promulgated by the Comptroller's Office. Form 50-826 has been altered only in accordance only the provisions of the template that the Comptroller permitted. The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's Certificate and economic analysis, and in consideration of its own studies the Board finds:

Board Finding Number 1.

> **The Board finds that the property described in the Application meets the requirements of Tex. Tax Code §313.024 for eligibility for a limitation on appraised value.**

In support of Finding 1, the Application indicates that:

> [Pacific Wind Development, LLC] proposes to construct a wind-powered electric generation facility with a nameplate capacity of approximately 200 megawatts. The proposed project would span San Patricio County and Bee County.

Property used for renewable energy electric generation is eligible for a limitation under §313.024(b)(5).

Board Finding Number 2.

> **The project proposed by the applicant is reasonably likely to generate, before the 25th anniversary of the beginning of the limitation period, tax revenue, including state tax revenue, school district maintenance and operations ad valorem tax revenue attributable to the project, and any other tax revenue attributable to the effect of the project on the economy of the state, in an amount sufficient to offset the school district maintenance and operations ad valorem tax revenue lost as a result of the agreement (as detailed in Attachment B of the Comptroller's Certification).**

Board Finding Number 3.

> **Based on the information certified by the Comptroller, the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in this state (as detailed in Attachment C of the Comptroller's Certification).**

Board Finding Number 4.

> **The Board finds that the Application Fee received was reasonable and only in such an amount as was necessary to cover the District's costs of processing the Application under consideration.**

In support of Finding 4, the Board reviewed the Application Fee payment included in the Application at Attachment A, the contract with the District's consultants and the internal costs for processing the application, if any.

Board Finding Number 5.

> **Based upon the Application and in the Comptroller's Economic Impact Evaluation and Certification, Attachment B, the Board finds that that the number of jobs to be created and the wages to be paid comply with the requirements of statute; and, the Board further finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions and information related to job creation requirements, to wit: the provisions set forth in Subsections 9.1C&D of such Agreement.**

In its Application, Applicant has committed to creating four (4) new qualifying jobs. The average salary level of qualifying jobs will be at least $59,408.80 per year. The review of the application by the Comptroller's indicated that this amount—based on Texas Workforce Commission data—complies with current Tex. Tax Code §313.021(3) requirement that qualifying jobs must pay 110 percent of the county average manufacturing wage. As defined in Section 313.021 of the Tax Code, "Qualifying Job" means a permanent full-time job that:

(A) requires at least 1,600 hours of work a year;

(B) is not transferred from one area in this state to another area in this state;

(C) is not created to replace a previous employee;

(D) is covered by a group health benefit plan for which the business offers to pay at least 80 percent of the premiums or other charges assessed for employee-only coverage under the plan, regardless of whether an employee may voluntarily waive the coverage; and

(E) pays at least 110 percent of the county average weekly wage for manufacturing jobs in the county where the job is located.

Board Finding Number 6.

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

Board Finding Number 7.

The Applicant does not intend to create any non-qualifying jobs.

In its Application, Applicant has indicated that it does not intend to create any to non-qualifying jobs. For all non-qualifying jobs the Applicant should create the Applicant will be required to pay at least the county average wage of $46,215 for all jobs in the county in accordance with the provisions of Tex. Tax Code §313.024(d).

Board Finding Number 8.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add $141.5 million to the tax base for debt service purposes at the peak investment level for the 2020-21 school year. The project remains fully taxable for debt services taxes, with the District currently levying a $0.2647 per $100 I&S rate. While the value of the Project is expected to depreciate over the life of the agreement and beyond, full access to the additional value is expected to provide at least a modest boost to the District's ability to meet its I&S requirements in the peak value year for the project. The project should help maintain the District's underlying I&S tax base in the future.

Board Finding Number 9.

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

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

Board Finding Number 10.

> **The Board finds that with the adoption of District Policy CCG (Local), implemented in conformance with both Comptroller and Texas Education Agency Rules governing Chapter 313 Agreements, it has developed a process to verify, either directly or through its consultants, the accuracy and completeness of information in annual eligibility reports and biennial progress reports regarding (1) the reported number of jobs created and (2) the reported amount invested in the property.**

Board Finding Number 11.

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

The Board has developed a written policy CCG (Local) which requires, upon the filing of an Application under Tax Code Chapter 313, the retention of consultants in order to verify: (1) that Applicant's information contained in the Application as to existing facts is true and correct; (2) that Applicant's information contained in the Application with respect to projections of future events are commercially reasonable and within the ability of Applicant to execute; (3) that information related to job creation is commercially reasonable and within the ability of Applicant to execute; (4) that Applicant's representations concerning and economic incentives being offered, if any, and (5) the proposed project meets eligibility requirements.

As a part of its verification process the Board notes that the Chapter 313 Application for which these Findings are being made has been submitted by the Applicant under oath. Chapter 313 Applications are governmental records under Tex. Penal Code §37.01(2)(A); as a result, all statements contained therein are representations of fact within the meaning of Tex. Penal Code § 37.01(3). Since Board action upon the adoption of these Findings and the approval of the Chapter 313 Tax Limitation Agreement (**Attachment G**) is an "official proceeding," a false statement on a Chapter 313 application constitutes perjury under Tex. Penal Code § 37.03.

The Board finds that sworn statements are routinely used as an acceptable verification method for reliance by fact finders in each of the three separate branches of government, including trials.

The consultants have prepared signed statements that the consultants have reviewed and verified the contents of the Application and have determined that the current statements of fact contained in the Application are true and correct. (**Attachment H**) The Board finds that reliance by the Board and its consultants upon verified statements of the Applicant, especially as to Applicant's future intentions which cannot be objectively verified is reasonable and within the intent of Chapter 313, Texas Tax Code.

Board Finding Number 12.

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

The Board finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**), in accordance with Comptroller's Form 50-826, contains all required provisions and information related to the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement. According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2015 Final Findings made under Subchapter M, Chapter 403, Government Code, the District is categorized as Subchapter C, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. The District is classified as a "rural" district due to its demographic characteristics. Given that the value of industrial property is approximately $53 million, it is classified as a Category III district which can offer a minimum value limitation of $20 million.

Board Finding Number 13.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all necessary provisions and information related to establishing the required investment amount, to wit: the amount set forth in Section 2.5 of said Agreement.**

The Board relies on the certifications of its consultants and the Comptroller's Approval of the Agreement form to make this Finding. (**Attachment I**)

Board Finding Number 14.

> **The Applicant (Taxpayer No. 32050830580) is eligible for the limitation on appraised value of qualified property as an active franchise-tax paying entity.**

The Applicant, (Texas Taxpayer No. 32050830580), is an entity subject to Chapter 171, Texas Tax Code, and is certified to be an active franchise taxpayer by the Comptroller. See **Attachment B**. The Board also finds that the Chapter 313 Tax Limitation Agreement (**Attachment G**) contains all required provisions necessary for the Board to assess eligibility of any business to which an agreement is transferred.

Board Finding Number 15.

> **The project will be located within an area that is designated as a reinvestment zone, pursuant to Chapter 312 of the Texas Tax Code.**

Board Finding Number 16.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in the first year that the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. The Agreement contains adequate revenue protection measures for the duration of the Agreement. In support of this Finding, the Board relies upon the recommendation of its consultants. (**Attachment H**)

Board Finding Number 17.

> **The Board finds that the Chapter 313 Tax Limitation Agreement (Attachment G) contains all required provisions necessary for the Board to assess performance standards and to require periodic deliverables that will enable it to hold businesses accountable for achieving desired results, to wit: the reporting requirements set forth in Article VIII of said Agreement.**

Board Finding Number 18.

> **The Board finds that there are no conflicts of interest at the time of considering the agreement.**

The Board finds that with the adoption of District Policies BBFA and BBFB, both (Legal) and (Local), set forth at http:// http://pol.tasb.org/Home/Index/1054 that it has taken appropriate action to ensure that all District Trustees and the Superintendent, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

In addition, at the public hearing, the Board caused the statement set forth in **Attachment J** to be read into the public record and that only Board members audibly responding that no conflict of interest existed either deliberated or voted on the Tax Limitation Agreement, these Findings or any matter relating to the Application upon which these Findings have been premised.

The Board finds that with the adoption of District Policies DBD, DGA, DH, and BBFB, both (Legal) and (Local) that it has taken appropriate action to ensure that all District employees and/or consultants, have disclosed any potential conflicts of interest, and that such disclosures will be made if any conflict of interest arises in the future, in compliance with the requirements of Texas Local Gov't Code §171.004.

The Board finds that that no non-disclosed conflicts of interest exist as to the Application for which these Findings are being made, as of the time of action on these Findings.

Board Finding Number 19.

> **The Board directs that a link on its Web site to the Comptroller's Office's Web site where appraisal limitation related documents are made available to the public.**

Board Finding Number 20.

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

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

Dated the 26th day of October 2017.

MATHIS INDEPENDENT SCHOOL DISTRICT

By: Angie Trejo
Angie Trejo, President, Board of Trustees

ATTEST:

By: Melinda Barajas
Melinda Barajas, Secretary, Board of Trustees

Attachment A

Application

O'HANLON, MCCOLLOM & DEMERATH
ATTORNEYS AND COUNSELORS AT LAW
808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

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

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

JUSTIN DEMERATH

February 28, 2017

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

RE: Application to the Mathis Independent School District from Pacific Wind Development, LLC
(First Qualifying Year 2018, First Value Limitation Year 2020)

To the Local Government Assistance & Economic Analysis Division:

By copy of this letter transmitting the application for review to the Comptroller's Office, the Mathis Independent School District is notifying Pacific Wind Development, LLC of its intent to consider the application for appraised value limitation on qualified property should a positive certificate be issued by the Comptroller. The Applicant submitted the Application to the school district on February 3, 2017. The Board voted to accept the application on February 6, 2017. The application has been determined complete as of February 28, 2017. The Applicant has provided the schedules in both electronic format and paper copies. The electronic copy is identical to the hard copy that will be hand delivered. The Applicant has requested that the value limitation begin in 2020. Please prepare the economic impact report.

A copy of the application will be submitted to the San Patricio and Bell County Appraisal District.

Sincerely,

Kevin O'Hanlon
School District Consultant

Cc: San Patricio County Appraisal District
Bell County Appraisal District
Pacific Wind Development, LLC

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

Economic Development and Analysis
Form 50-296-A

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

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

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

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

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

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, issue a certificate for a limitation on appraised value to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application not later than the 150th day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

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

SECTION 1: School District Information

1. Authorized School District Representative

Date Application Received by District: 02/03/17

First Name: Mr. Benny
Last Name: Hernandez

Title: Superintendent

School District Name: Mathis Independent School District

Street Address: 602 E San Patricio Ave

Mailing Address:

City: Mathis
State: Texas
ZIP: 78368

Phone Number: (361) 547-3378
Fax Number: (361) 547-9474

Mobile Number *(optional)*:
Email Address: bhernandez@mathisisd.org

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

SECTION 1: School District Information *(continued)*

3. Authorized School District Consultant *(If Applicable)*

First Name	Last Name
Chris	Grammer

Title: Consultant

Firm Name: Moak Casey & Associates

Phone Number	Fax Number
(512) 485-7878	(512) 485-7888

Mobile Number *(optional)*	Email Address
	cgrammer@moakcasey.com; mhanley@808west.com

4. On what date did the district determine this application complete? .... February 28, 2017

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)*

First Name	Last Name
Jesse	Gronner

Title	Organization
Vice President	Avangrid Renewables, LLC

Street Address: 1125 NW Couch St., Suite 700

Mailing Address:

City	State	ZIP
Portland	Oregon	97209

Phone Number	Fax Number
(503) 796-7045	

Mobile Number *(optional)*	Business Email Address
	jesse.gronner@avangrid.com

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.

First Name	Last Name
Thomas	Russell

Title	Organization
Tax Consultant	Avangrid Renewables, LLC

Street Address: 1125 NW Couch St., Suite 700

Mailing Address:

City	State	ZIP
Portland	Oregon	97209

Phone Number	Fax Number
(503) 796-6955	

Mobile Number *(optional)*	Business Email Address
	thomas.russell@avangrid.com

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

SECTION 2: Applicant Information (continued)

4. **Authorized Company Consultant *(If Applicable)***

Bucky	Brannen
First Name	Last Name

Associate
Title

Baker Botts L.L.P.
Firm Name

(214) 953-6619	(214) 661-4619
Phone Number	Fax Number

Bucky.Brannen@bakerbotts.com
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? Pacific Wind Development, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 *(11 digits)* 32050830580
3. List the NAICS code 221115
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

   1071 Happy Independent School District 2016

SECTION 5: Applicant Business Structure

1. Identify Business Organization of Applicant *(corporation, limited liability corporation, etc)* Limited Liability Company
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**)*

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 *(complete Section 13)*
   - ☐ Expansion of existing operation on the land *(complete Section 13)*
   - ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

SECTION 9: Projected Timeline

1. Application approval by school board .... July 2017
2. Commencement of construction 3Q 2018
3. Beginning of qualifying time period 3Q 2017
4. First year of limitation 2020
5. Begin hiring new employees 1Q 2019
6. Commencement of commercial operations 4Q 2019
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? 4Q 2019

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: San Patricio County; Bee County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: San Patricio CAD; Bee 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: San Pat, 90%, .49192; Bee, 10%, .51792 *(Name, tax rate and percent of project)*

   City: n/a *(Name, tax rate and percent of project)*

   Hospital District: n/a *(Name, tax rate and percent of project)*

   Water District: Bee Water Cons. Dist., 10%, 0.005 *(Name, tax rate and percent of project)*

   Other *(describe)*: Coastal Bend College, 10%, .18524 *(Name, tax rate and percent of project)*

   Other *(describe)*: San. Pat Drainage; 90%, .05789 *(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

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? .... July 31, 2017

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): .... $ 45,000.00
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.

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)? . . . . ______

2. What is the last complete calendar quarter before application review start date:

   ☐ First Quarter ☐ Second Quarter ☐ Third Quarter ☐ Fourth Quarter of ______ *(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)? . . . . ______

   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. What is the number of new non-qualifying jobs you are estimating you will create? . . . . ______

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 . . . . ______

   b. 110% of the average weekly wage for manufacturing jobs in the county is . . . . ______

   c. 110% of the average weekly wage for manufacturing jobs in the region is . . . . ______

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? . . . . ______

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? . . . . ______

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**.

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 Mr. Benny Hernandez — Superintendent, Mathis ISD

Print Name (Authorized School District Representative) — Title

sign here [signature] — 02/28/17

Signature (Authorized School District Representative) — 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 Mr. Jesse Gronner / Jeremy R. Aird — Vice President / Authorized Representative

Print Name / Print Name (Authorized Company Representative (Applicant)) — Title / Title

sign here [signature] / [signature] — 2/2/2017 / 2/2/17

Signature / Signature (Authorized Company Representative (Applicant)) — Date / Date

OFFICIAL STAMP
ELIZABETH ANNE GONZALEZ
NOTARY PUBLIC-OREGON
COMMISSION NO. 926977
MY COMMISSION EXPIRES APRIL 01, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the

2nd day of February, 2017

[signature]

Notary Public in and for the State of ~~Texas~~ Oregon

My Commission expires: 4-1-2018

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

Tab 2

Proof of Application Filing Fee Payment

See attached

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 Membership

See attached

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

Tab 5

Information Supporting Limitation as a Determining Factor and Explanation of Affirmative Answers in Section 8

Applicant's parent, Avangrid Renewables, LLC ("Avangrid"), is part of a network of diversified energy and utility companies affiliated with Iberdrola, S.A. with operations in 25 countries around the globe. Avangrid operates utility scale renewable energy facilities throughout the United States and actively pursues various development opportunities. The Karankawa Project is one of Avangrid's many alternative development opportunities.

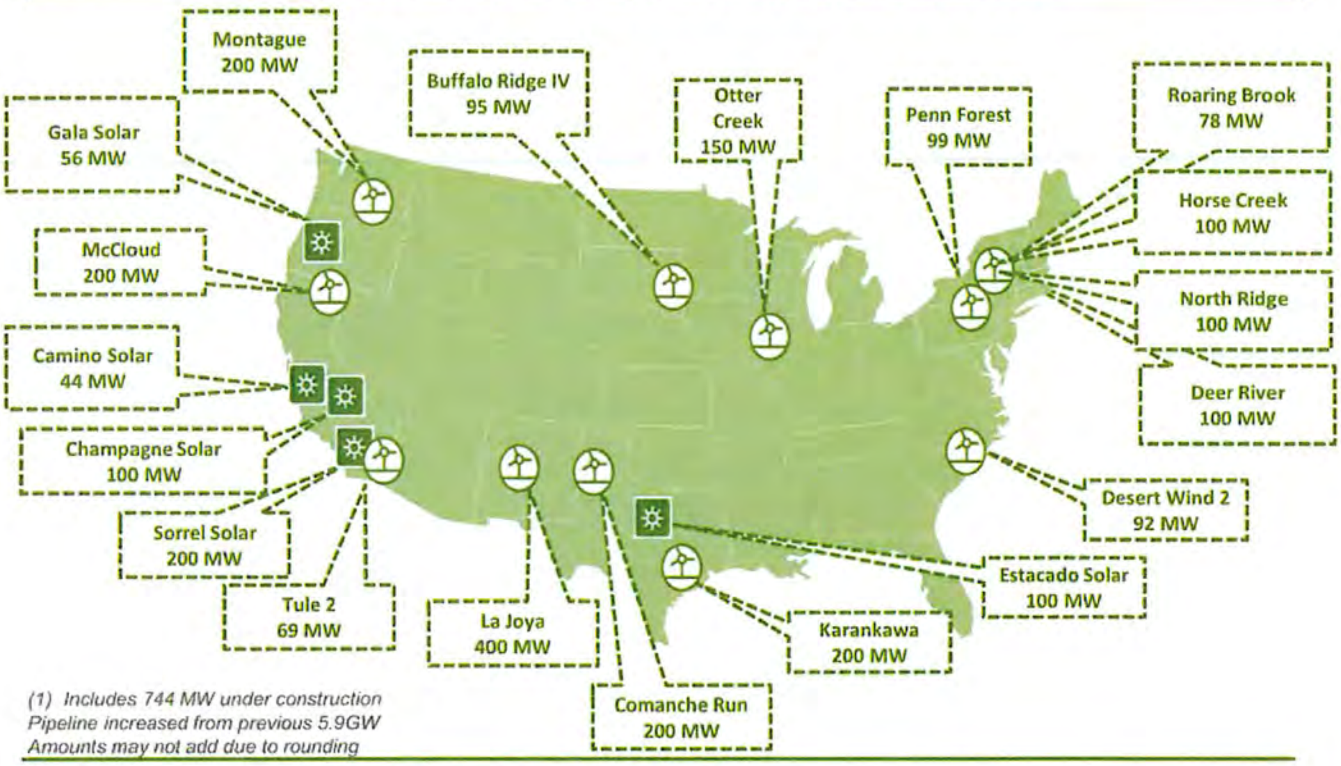
Avangrid has more than $10 billion of operating assets and owns or controls 6,000 MW of wind and solar generation facilities in 19 states. As a publicly-traded company with operations in 19 states, Avangrid maintains a multitude of potential projects, comparing the potential economic return of projects across the United States. In determining which projects to construct, Avangrid considers a variety of factors, including wind patterns, local regulatory climates, and state and local tax effects. Using these factors, Avangrid projects the estimated costs and revenues associated with the project to compare it with other alternative projects that Avangrid contemplates contemporaneously. The first attached exhibit ("Avangrid Renewables: Pipeline") shows a variety of Avangrid's potential projects that are under consideration. The proposed project is in direct competition for internal capital expenditures with most of these other projects. The second attached exhibit ("Advancements in Wind Turbine Technology") shows the broad availability of appropriate sites for renewable energy electric generation throughout of the United States. These exhibits demonstrate that Avangrid has a variety of suitable locations for renewable energy electric generation facilities and that a Chapter 313 value limitation agreement will be a determining factor in Avangrid's investment decision.

Applicant has entered into various agreements that are typical during the evaluation of a potential wind-powered electric generation facility. These agreements include lease agreements with landowners, and an interconnection study request agreement, and professional services agreements for consulting services, environmental surveys, preliminary geotechnical studies, aeronautical studies, meteorological tower installation, and preliminary engineering services. None of these contracts obligate Applicant to construct the project or otherwise commit that the project will be constructed in the proposed location. Entering into these agreements does not mean that Avangrid will necessarily construct the project, but instead secures the opportunity to evaluate the projected costs and revenues in order to compare the project to other alternative projects.

Out of an abundance of caution, applicant has checked box 4 of Section 8 of this application. In investor presentations (including the enclosed exhibit to Avangrid's Form 8-K filed with the Securities and Exchange Commission on April 26, 2016), Avangrid has mentioned the Karankawa Project along with many other potential projects. This reference does not constitute an indication that Applicant intends to construct this project, or any of the other projects in the enclosed filing. Rather, Applicant views this project as one project under consideration (an "opportunity" as the enclosure shows) subject to a variety of contingencies including, but not limited to, securing a value limitation agreement.

AVANGRID Renewables: Pipeline

6.1GW pipeline(1), of which 1,700 MW of Wind & 550 MW of Solar projects provides opportunity in 2018-2020

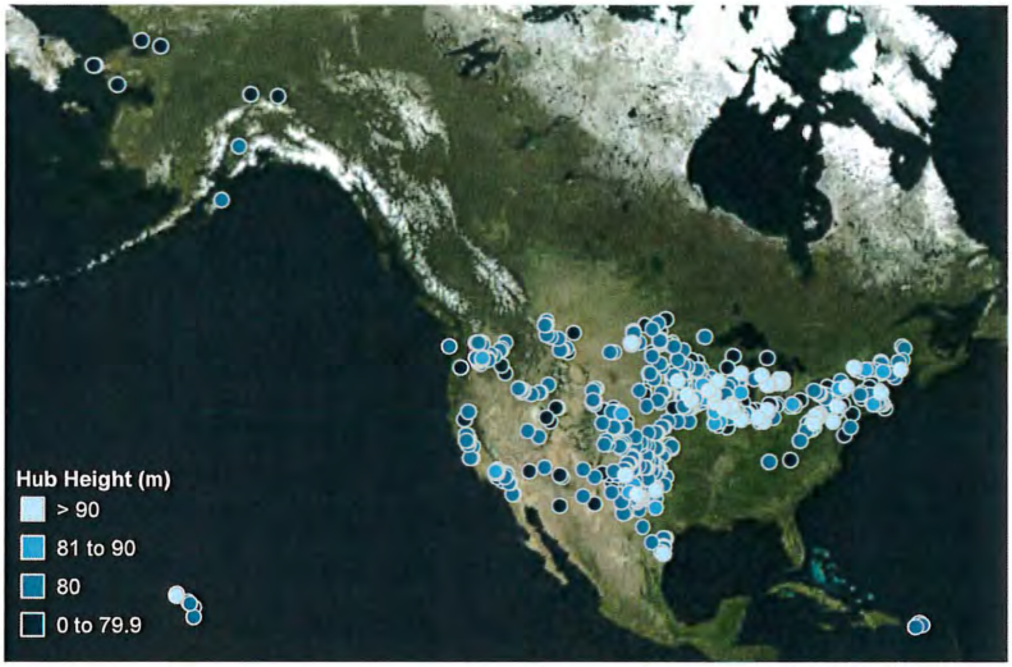


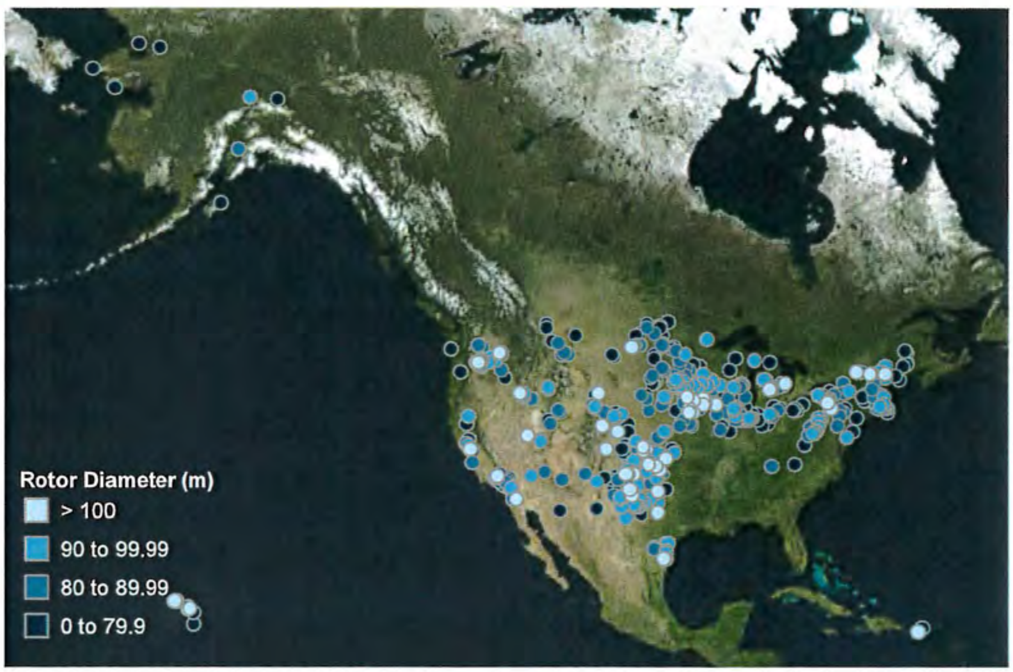
(1) Includes 744 MW under construction
Pipeline increased from previous 5.9GW
Amounts may not add due to rounding

Advancements in Wind Turbine Technology

Use the slider to see how wind projects installed over time have increased hub heights and rotor diameters

2014





Tab 6

Additional Information on Project Scope and Size to Assist in Economic Analysis

The proposed project site consists of a total of 39,265.62 acres that would be used for the construction of a utility-scale renewable energy electricity generation facility. Of this total acreage, 12,178.48 acres are located within Skidmore-Tynan Independent School District's boundaries and 25,558.29 acres are located within Mathis Independent School District's boundaries. A relatively small portion consisting of 1,528.85 acres of the proposed project site is located in Sinton Independent School District's boundaries. Accordingly, from a strictly geographic standpoint, 31.02% of the project area would be located within Skidmore-Tynan ISD's boundaries, 65.09% of the project area would be located within Mathis ISD's boundaries, and 3.89% of the project area would be located within Sinton ISD's boundaries.

Because the density of potential turbine locations and other potential project improvements is different in each of the school districts, the proposed investment in each of the school district's boundaries would be $108,500,000 (43.4%) in Skidmore-Tynan ISD's boundaries and $141,500,000 (56.6%) in Mathis ISD's boundaries. Applicant does not intend to pursue a Chapter 313 value limitation agreement with Sinton ISD because only a small portion of the potential project would be within Sinton ISD's boundaries.

Applicant anticipates it would construct approximately 77 – 95 turbines for the entire project. Of these total turbines, approximately 33 – 41 turbines would be located in Skidmore-Tynan Independent School District, and approximately 43 – 54 turbines would be located in Mathis Independent School District.

Although Applicant has preliminarily analyzed the proposed project location and considered the factors that affect turbine placement, the exact number and placement of these turbines depend on wind and environmental factors still being considered, as well as other business decisions yet to be made.

WG | WALSH GALLEGOS
TREVIÑO RUSSO & KYLE P.C.

February 14, 2017

Office of the Governor
Economic Development and Tourism Office
221 East 11th Street, 4th Floor
Austin, Texas 78701

VIA FEDERAL EXPRESS DELIVERY

Re: Chapter 313 Texas Economic Development Act
Application for Single Unified Project Designation

Dear Economic Development and Tourism Office:

We represent the Skidmore-Tynan Independent School District ("District") in regards to an Application for Appraised Value Limitation on the Qualified Property submitted to the Skidmore-Tynan Independent School District and Mathis Independent School District by Pacific Wind Development, LLC.

Pursuant to Texas Tax Code Subsection 313.024(d-2), attached are the following:

1. Skidmore-Tynan Independent School District's letter requesting Single Unified Project designation;
2. Skidmore-Tynan Independent School District's letter authorizing consent to its inclusion in the Single Unified Project with Mathis Independent School District; and
3. Mathis Independent School District's letter authorizing consent to its inclusion in the Single Unified Project with Skidmore-Tynan Independent School District.

If you have any questions, please contact me by phone (210-979-6633) or e-mail (ggrimes@wabsa.com).

Very truly yours,

GEORGE E. GRIMES, JR.

GEG/paw
Enclosures

cc: Randy Hoyer *(Via Email Delivery; without enclosures)*
Benny Hernandez *(Via Email Delivery; without enclosures)*
Jason Du Terroil *(Via Email Delivery; with enclosures)*
Bucky Brannen *(Via Email Delivery; with enclosures)*

Skidmore – Tynan Independent School District

Randy Hoyer, Ed.D.
Randy.Hoyer@stbobcats.net
Superintendent of Schools

224 W. Main St.
Skidmore, Texas 78389
CENTRAL ADMINISTRATIVE OFFICE
Phone: (361) 287 - 3426
Fax: (361) 287 - 3442

Office of the Governor
Economic Development and Tourism Office
221 East 11th Street, 4th Floor
Austin, TX 78701

Re: Chapter 313 Texas Economic Development Act
Application for Single Unified Project Designation

Dear Economic Development and Tourism Office:

As explained in the enclosed letters from Skidmore-Tynan ISD and Mathis ISD, Pacific Wind Development, LLC ("PWD") is considering developing a 200MW renewable energy electric generation facility (i.e., a wind farm) which would be located on an area extending into both Skidmore-Tynan ISD's and Mathis ISD's boundaries. PWD has submitted an Application for Appraised Value Limitation on Qualified Property pursuant to Texas Tax Code Chapter 313 and determined that it would need a 'Single Unified Project' designation from your office because of its location in separate school districts.

The Texas Tax Code, Subsection 313.024(d-2) provides:

> For purposes of determining whether a property owner has created the number of new qualifying jobs required for eligibility for a limitation on appraised value under this subchapter, the new qualifying jobs created under an agreement between the property owner and another school district may be included in the total number of new qualifying jobs created in connection with the project if the Texas Economic Development and Tourism Office determines that the projects covered by the agreements constitute a single unified project.

Subsection 313.024(d-2) also grants authority to the Office of the Governor, Economic Development and Tourism Office to adopt rules to implement this subsection. The Economic Development and Tourism Office has adopted Title 10, Chapter 178 of the Texas Administrative Code application procedures for the "single unified project" designation" pursuant to this grant of authority.

Rule 178.3(a) requires that "A company seeking a Single Unified Project designation must notify each school district intended to be a party to a Chapter 313 Appraised Value Limitation Agreement and intended to be included in the Single Unified Project of their intent to seek Single Unified Project status." PWD has notified Skidmore-Tynan ISD and Mathis ISD of its intent to seek single unified project status.

Rule 178.3(b) requires that "the company seeking Single Unified Project designation shall obtain a letter from each included school district, authorized by the school board, specifying the school district's acceptance of their inclusion in the Single Unified Project." PWD has obtained letters from Skidmore-Tynan ISD and Mathis ISD authorizing their inclusion in the single unified project. These authorization letters are enclosed as Exhibit A and Exhibit B, respectively.

Skidmore – Tynan Independent School District

Randy Hoyer, Ed.D.
Randy.Hoyer@stbobcats.net
Superintendent of Schools

224 W. Main St.
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CENTRAL ADMINISTRATIVE OFFICE
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Rule 178.3(c) requires that one of the school districts intended to be included in the single unified project submit an application to the Economic Development and Tourism Office.

Rule 178.2(b) provides a "definition" of "Single Unified Project" which imposes several requirements in order for a project to meet the Economic Development and Tourism Office's requirements. Please find below a list of each discrete requirement along with an explanation of why PWD's proposed project meets each requirement:

(1) consisting of a site or a collection of sites located in contiguous school districts;

The proposed project consists of a single site located in two contiguous school districts, Skidmore-Tynan ISD and Mathis ISD. Please find attached as Exhibit C a map showing that the project is a single site, that the project is located in two school districts, and that Skidmore-Tynan ISD and Mathis ISD are contiguous school districts.

(2) comprised of separate investments that are subject to two or more Chapter 313 Appraised Value Limitation Agreements;

It is anticipated that the proposed project will comprise of separate investments that will be subject to two separate Chapter 313 Appraised Value Limitation Agreements. The entire project is projected to result in a combined $250 million total investment. PWD has submitted two separate applications for separate Chapter 313 Appraised Value Limitation Agreements with Skidmore-Tynan ISD and Mathis ISD. PWD's applications contemplate separate investments of $108,500,000 for the portion of the project located in Skidmore-Tynan ISD and $141,500,000 for the portion of the project located in Mathis ISD.

(3) sufficiently integrated to contribute to the delivery of the same product or service;

The project is completely integrated as a single large renewable energy electric generation facility (i.e., a wind farm). The turbines will be linked to one or more processing substation(s) that will deliver the same product—electricity—as the output of the entire integrated project.

(4) whose qualifying investments are made and managed by members of the same controlled group and;

The qualifying investments will be made and managed by PWD or its affiliates, which are members of the same controlled group as shown by the 2016 Texas Franchise Tax Form enclosed as Exhibit D.

(5) that has been issued a Single Unified Project Certificate by the Office.

This letter constitutes Skidmore-Tynan ISD's application, on behalf of PWD, for a single unified project designation. Although Rule 178.3(c) provides that an application "should include the applicable request form promulgated by the [Economic Development and Tourism Office]," we understand that your office has not yet promulgated a request form because the concept of a

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single unified project designation is still in its infancy. Accordingly, please treat this letter as our request for PWD to receive a single unified project designation.

Please let us know if there is anything else we can provide to assist in expediting this process.

Randy Hoyer, Ed.D.
Superintendent of Schools

Skidmore – Tynan Independent School District

Randy Hoyer, Ed.D.
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Superintendent of Schools

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Office of the Governor
Economic Development and Tourism Office
221 East 11th Street, 4th Floor
Austin, TX 78701

Re: Chapter 313 Texas Economic Development Act
Single Unified Project Designation
Skidmore-Tynan ISD's Acceptance of Inclusion in Single Unified Project

Dear Economic Development and Tourism Office:

Pacific Wind Development, LLC ("PWD") is considering developing a 200MW renewable energy electric generation facility (i.e., a wind farm) which would be located on an area extending into both Skidmore-Tynan ISD's and Mathis ISD's boundaries. PWD has submitted an Application for Appraised Value Limitation on Qualified Property pursuant to Texas Tax Code Chapter 313 and determined that it would need a 'Single Unified Project' designation from your office because of its location in separate school districts.

The Texas Tax Code, Subsection 313.024(d-2) provides:

> For purposes of determining whether a property owner has created the number of new qualifying jobs required for eligibility for a limitation on appraised value under this subchapter, the new qualifying jobs created under an agreement between the property owner and another school district may be included in the total number of new qualifying jobs created in connection with the project if the Texas Economic Development and Tourism Office determines that the projects covered by the agreements constitute a single unified project.

Subsection 313.024(d-2) also grants authority to the Office of the Governor, Economic Development and Tourism Office to adopt rules to implement this subsection. The Economic Development and Tourism Office has adopted Title 10, Chapter 178 of the Texas Administrative Code application procedures for the "single unified project" designation pursuant to this grant of authority. Rule 178.3(b) states, "the company seeking Single Unified Project designation shall obtain a letter from each included school district, authorized by the school board, specifying the school district's acceptance of their inclusion in the Single Unified Project."

Skidmore-Tynan ISD's school board has authorized Skidmore-Tynan ISD to consent to its inclusion in a "Single Unified Project" with Mathis ISD for purposes of PWD's proposed Application for Appraised Value Limitation on Qualified Property. By copy of this letter, Skidmore-Tynan Independent School District hereby accepts its inclusion in the Single Unified Project.

Randy Hoyer, Ed.D.
Superintendent of Schools

Mathis Independent School District

MR. BENNY P. HERNANDEZ, SUPERINTENDENT
"Building Minds"

602 E. San Patricio Ave.
Mathis, Texas

Phone: (361) 547-3378
Fax: (361) 547-9474
www.mathisisd.org

Office of the Governor
Economic Development and Tourism Office
221 East 11th Street, 4th Floor
Austin, TX 78701

Re: Chapter 313 Texas Economic Development Act
Single Unified Project Designation
Mathis ISD's Acceptance of Inclusion in Single Unified Project

Dear Economic Development and Tourism Office:

Pacific Wind Development, LLC ("PWD") is considering developing a 200MW renewable energy electric generation facility (i.e., a wind farm) which would be located on an area extending into both Skidmore-Tynan ISD's and Mathis ISD's boundaries. PWD has submitted an Application for Appraised Value Limitation on Qualified Property pursuant to Texas Tax Code Chapter 313 and determined that it would need a 'Single Unified Project' designation from your office because of its location in separate school districts.

Texas Tax Code, Section 313.024(d-2) provides:

For purposes of determining whether a property owner has created the number of new qualifying jobs required for eligibility for a limitation on appraised value under this subchapter, the new qualifying jobs created under an agreement between the property owner and another school district may be included in the total number of new qualifying jobs created in connection with the project if the Texas Economic Development and Tourism Office determines that the projects covered by the agreements constitute a single unified project.

Subsection 313.024(d-2) also grants authority to the Office of the Governor, Economic Development and Tourism Office to adopt rules to implement this subsection. The Economic Development and Tourism Office has adopted Title 10, Chapter 178 of the Texas Administrative Code application procedures for the "single unified project" designation pursuant to this grant of authority. Rule 178.3(b) states, "the company seeking Single Unified Project designation shall obtain a letter from each included school district, authorized by the school board, specifying the school district's acceptance of their inclusion in the Single Unified Project."

Mathis ISD's school board has authorized Mathis ISD to consent to its inclusion in a "Single Unified Project" with Skidmore-Tynan ISD for purposes of PWD's proposed Application for Appraised Value Limitation on Qualified Property. By copy of this letter, Mathis Independent School District hereby accepts Mathis ISD's inclusion in the Single Unified Project.

[signature] 02/04/17

Benny P. Hernandez
Superintendent of Schools

Tab 7

Description of Qualified Investment

The proposed project entails the design and construction of a utility-scale renewable energy electricity generation facility including all associated project infrastructure. The entire project, spanning multiple counties and school districts, will have a total rated production capacity (*i.e.*, nameplate capacity) of 200 megawatts. The estimated total investment for the entire project is $250 million, with an estimated $108,500,000 of investment in Skidmore-Tynan Independent School District and an estimated $141,500,000 of investment in Mathis Independent School District.

If approved by the Comptroller and school districts, the proposed facilities would be constructed in vacant, rural farm land located within San Patricio County and Bee County. The legal description of the land within the reinvestment zone is located below in **Tab 16**.

Potential new project improvements for which Applicant seeks the value limitation include, but are not limited to:

- turbines (including rotor blades, nacelles, gearbox generators, power cables, and towers);
- pad-mount or nacelle step-up transformers;
- brake systems;
- lighting and electrical infrastructure; and
- inverters.

The potential new project improvements include support infrastructure for which Applicant seeks the value limitation, including, but not limited to:

- concrete and gravel turbine foundations, pad-mount transformer foundations, and the processing substation foundation;
- underground collection systems;
- transmission lines;
- tie lines;
- interconnects;
- met towers;
- roads;
- a processing substation; and
- operations and maintenance building(s).

Applicant anticipates the proposed project would include the above improvements. Because of technological developments and engineering considerations, however, the exact nature of the improvements is subject to change. For example, Applicant could determine that the initial step-up transformers should be located within the nacelle at the top of each tower instead of on a separate foundation at the base of each tower.

Tab 8

Description of Qualified Property

Same as Tab 7. See above description.

Tab 9

Description of Land

Pacific Wind Development, LLC has leased private property that consists primarily of ranch and farmland, all located in the project area shown in the maps in Tab 11. Please see the attached survey including a legal description of the property.

Legal Description of the Land

The Land is comprised of the following parcels.

San Patricio County:

1. I.&G.N. RR Company Survey, Abstract No. 172, San Patricio County, Texas that lies north and east of Interstate 37.
2. I.&G.N. RR Company Survey, Abstract No. 173, San Patricio County, Texas.
3. I.&G.N. RR Company Survey, Abstract No. 174, San Patricio County, Texas that lies north and east of Interstate 37.
4. I.&G.N. RR Company Survey, Abstract No. 175, San Patricio County, Texas that lies north and east of Interstate 37.
5. W.R. Pay Survey, Abstract No. 337, San Patricio County, Texas.
6. M.G. Frazier Survey, Abstract No. 118, San Patricio County Texas.
7. The W. Allen Survey, Abstract No. 36 in San Patricio County.
8. M.G. Frazier Survey, Abstract No. 117, San Patricio County, Texas.
9. The portion of the V. Juarez Survey, Abstract No. 11, San Patricio County, Texas that lies north and east of Interstate 37.
10. The portion of the J. Delgado Survey, Abstract No. 4, San Patricio County, Texas that lies north and east of Interstate 37.
11. The J A Stockman Survey, Abstract No. 330, San Patricio County, Texas.
12. The J Stockman Survey, Abstract No. 410, San Patricio County, Texas.
13. The J W Moore Survey, Abstract No. 347, San Patricio County, Texas.
14. The portion of the San Patricio De Hibernia Survey, Abstract No. 30, San Patricio County, Texas that lies north and east of Interstate 37.
15. The W.G. Goosley Survey, Abstract No. 325, San Patricio County, Texas.
16. M.P.J. (aka Juan, Miguel, Pedro) and Nepomuceno Delgado Survey, Abstract No. 4 , San Patricio County, Texas.
17. The portion of the J. De La Garza Survey, Abstract No. 7, San Patricio County, Texas that lies north and east of Interstate 37.
18. The AB&M Survey, No. 306, San Patricio County, Texas.
19. The AB&M Survey, No. 355, San Patricio County, Texas.
20. I.&G.N. RR Company Survey, Abstract No. 171, San Patricio County, Texas.
21. The AB&M Survey, Abstract No. 323, San Patricio County, Texas.
22. The J. Carlise Survey, Abstract No. 91, San Patricio County, Texas.
23. The J. Carlise Survey, Abstract No. 90, San Patricio County.
24. The A.B.&M. Survey, Abstract No. 350, San Patricio County, Texas.
25. The A.B.&M. Survey, Abstract No. 307, San Patricio County, Texas.
26. The portion of the A.B.&M. Survey, Abstract No. 356, San Patricio County.
27. The portion of the B.S.&F. Survey, Abstract No. 310, San Patricio County, Texas that lies within the Mathis Independent School District.
28. The A.B.&M. Survey, Abstract No. 305, San Patricio, County, Texas.
29. The D. Anderson Survey, Abstract No. 39, San Patricio County, Texas.
30. The D. Anderson Survey, Abstract No. 38, San Patricio County, Texas.
31. I.&G.N. RR Company Survey, Abstract No. 316, San Patricio County, Texas.

32. I.&G.N. RR Company Survey, Abstract No. 315, San Patricio County, Texas.
33. The J.J. Welder Survey, Abstract No. 385, San Patricio County, Texas.
34. The A.B.&M. Survey, Abstract No. 353, San Patricio County, Texas.
35. The R. Williams Survey, Abstract No. 342, San Patricio County, Texas.
36. The R. Gallardo Survey, Abstract No. 339, San Patricio County, Texas.
37. The C.S. De Gomez Survey, Abstract No. 340, San Patricio County, Texas.
38. The J. Conti Survey, Abstract No. 343, San Patricio County, Texas.
39. The J. Saunders Survey, Abstract No. 344, San Patricio County,.
40. The portion of the F. Miranda Survey, Abstract No. 336, San Patricio County, Texas.
41. The W. Quinn Survey, Abstract No. 28, San Patricio County, Texas.
42. The J.B. Wilson Survey, Abstract No. 381, San Patricio, County, Texas.
43. The State of Texas, Abstract No. ?1, San Patricio County, Texas.
44. The Cuadrillo Irrigation Company Survey, Abstract No. 335, San Patricio County, Texas.
45. The Cuadrillo Irrigation Company Survey, Abstract No. 418, San Patricio County, Texas.

Bee County:

1. The W. Allen Survey, Abstract No. 336, Bee County, Texas.
2. The G. Garcia Survey, Abstract No. 167, Bee County, Texas.
3. The H.H. Williams Survey, Abstract No. 403, Bee County, Texas.
4. The W. Quinn Survey, Bee, County, Texas.
5. The J.B. Wilson Survey, Abstract No. 322, Bee, County, Texas.
6. The Cuadrillo Irrigation Company Survey, Abstract No. 446, Bee County, Texas.
7. The B.S.&F. Survey, Abstract No. 471, Bee County, Texas.
8. The B.S.&F. Survey, Abstract No. 346, Bee County, Texas.
9. The S.K.&K. Survey, Abstract No. 526, Bee County, Texas.
10. The J. Zoaller Survey, Abstract No. 334, Bee County Texas.
11. The Cuadrillo Irrigation Company Company Survey, Abstract No. 1228, Bee County, Texas.
12. The J. Chappell Survey, Abstract No. 140, Bee County, Texas.
13. The N. Ryons Survey, Abstract No. 283, Bee County Texas.
14. The O. H. Delano Survey, Abstract No. 153, Bee County, Texas.

Tab 10

Description of Property Not Eligible to Become Qualified Property

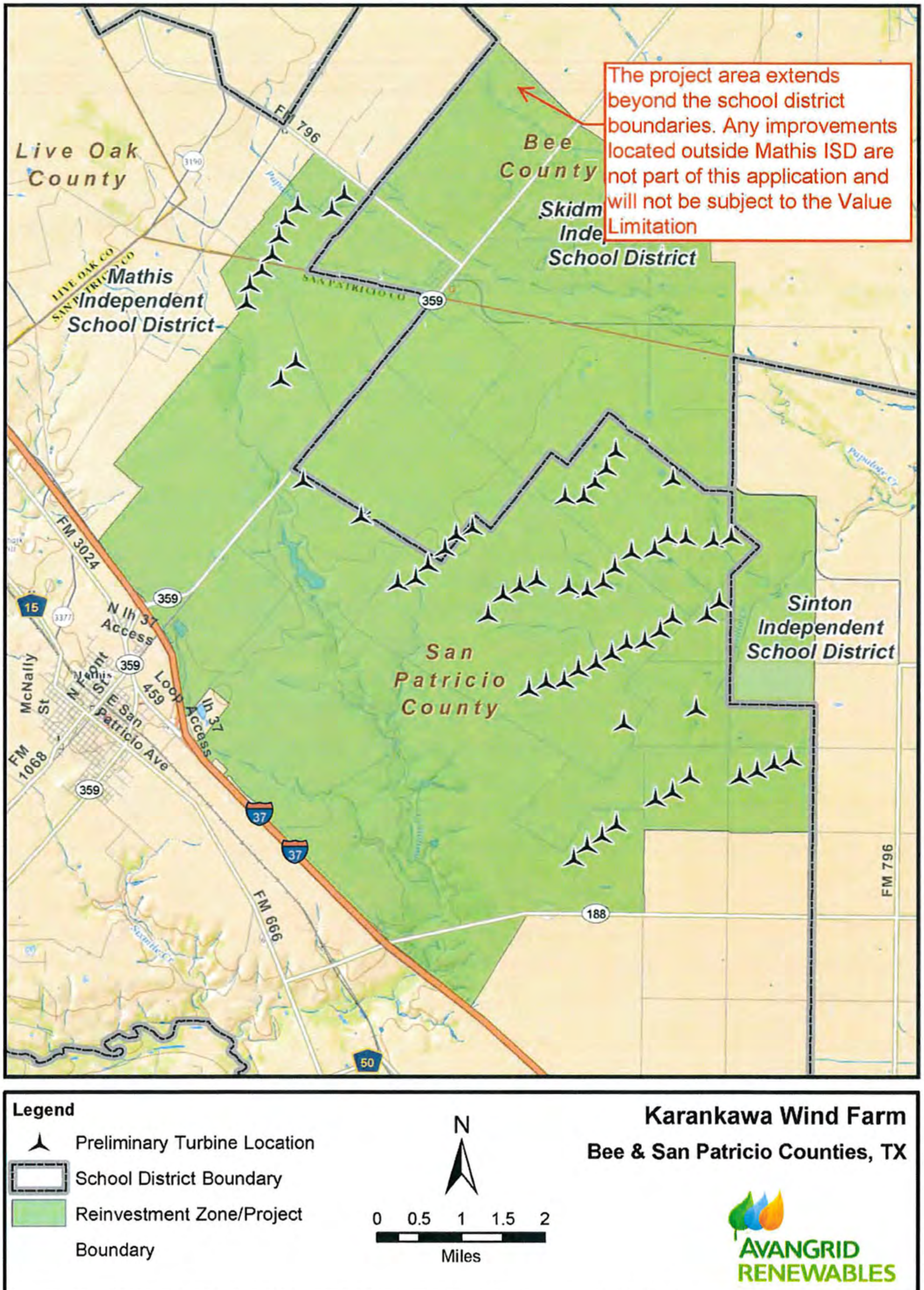
Applicant has installed three temporary meteorological monitoring towers on the Land in the locations noted in the reinvestment zone maps under Tab 11. All three will be removed once construction on the Project begins. The value of this temporary property is excluded from Schedule B.

Tab 11

Maps

See attached maps:

- Qualified investment with vicinity (same map for qualified property with vicinity)
- Location of land with vicinity
- Reinvestment zone boundaries with vicinity



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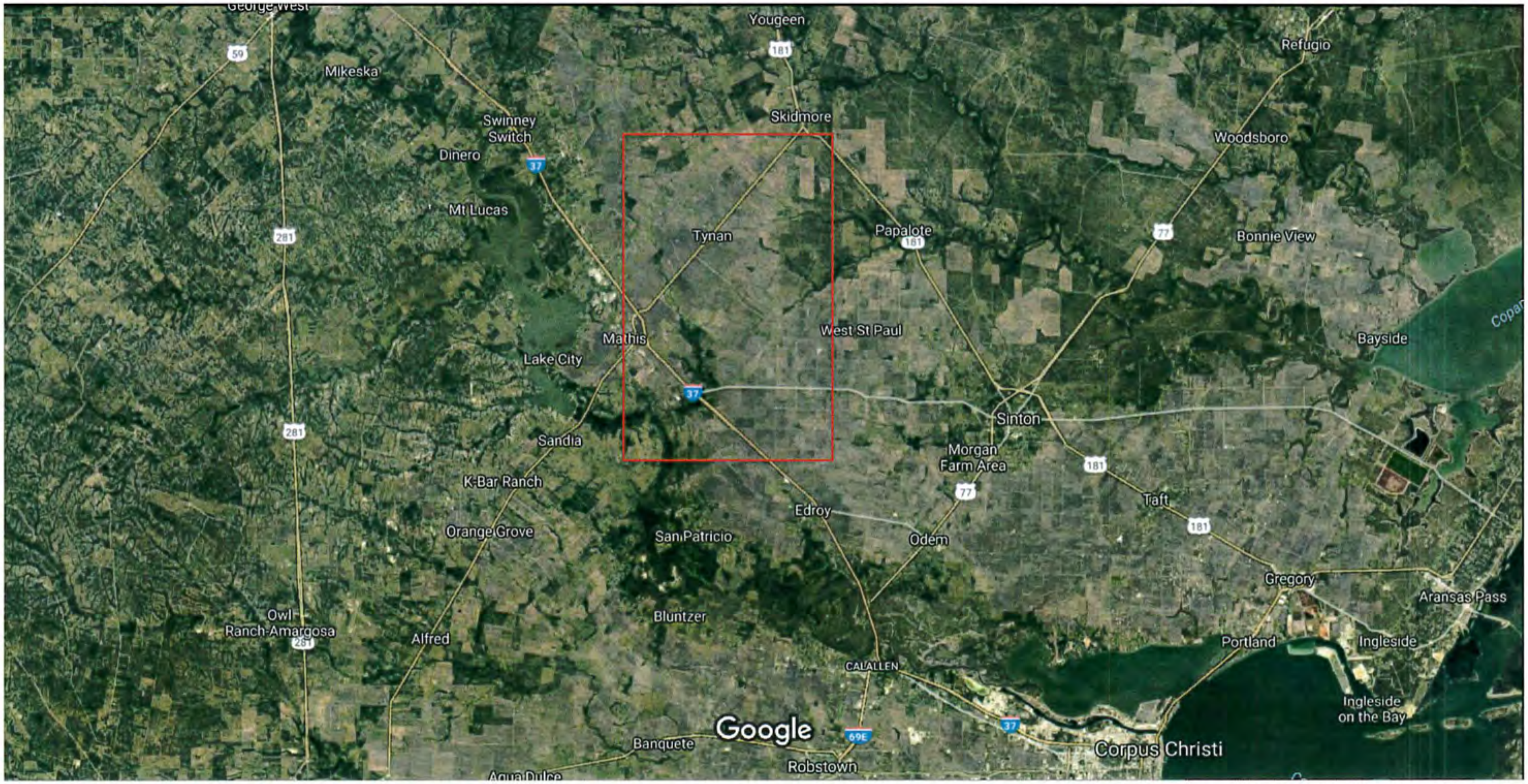
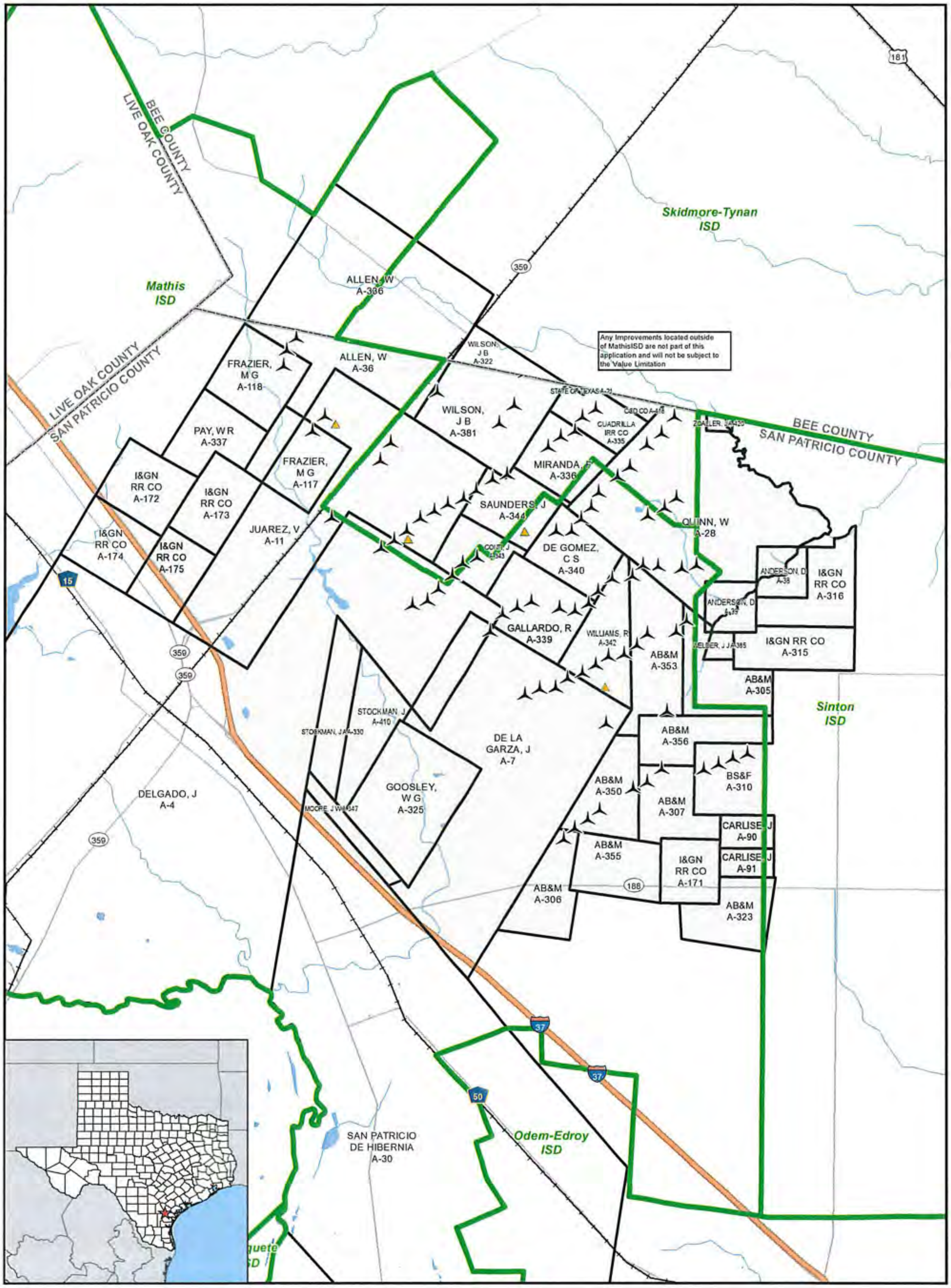
Modified Date: 1/27/2017

The red area shows the boundaries of the project map

Google Maps Land with Vicinity



Imagery ©2017 Landsat / Copernicus, Map data ©2017 Google, INEGI 5 mi



Legend

- Temporary Met Tower
- Temporary SODAR
- Potential Turbine Location
- School District Boundary
- County Boundary
- Original Texas Land Surveys Reinvestment Zone

N

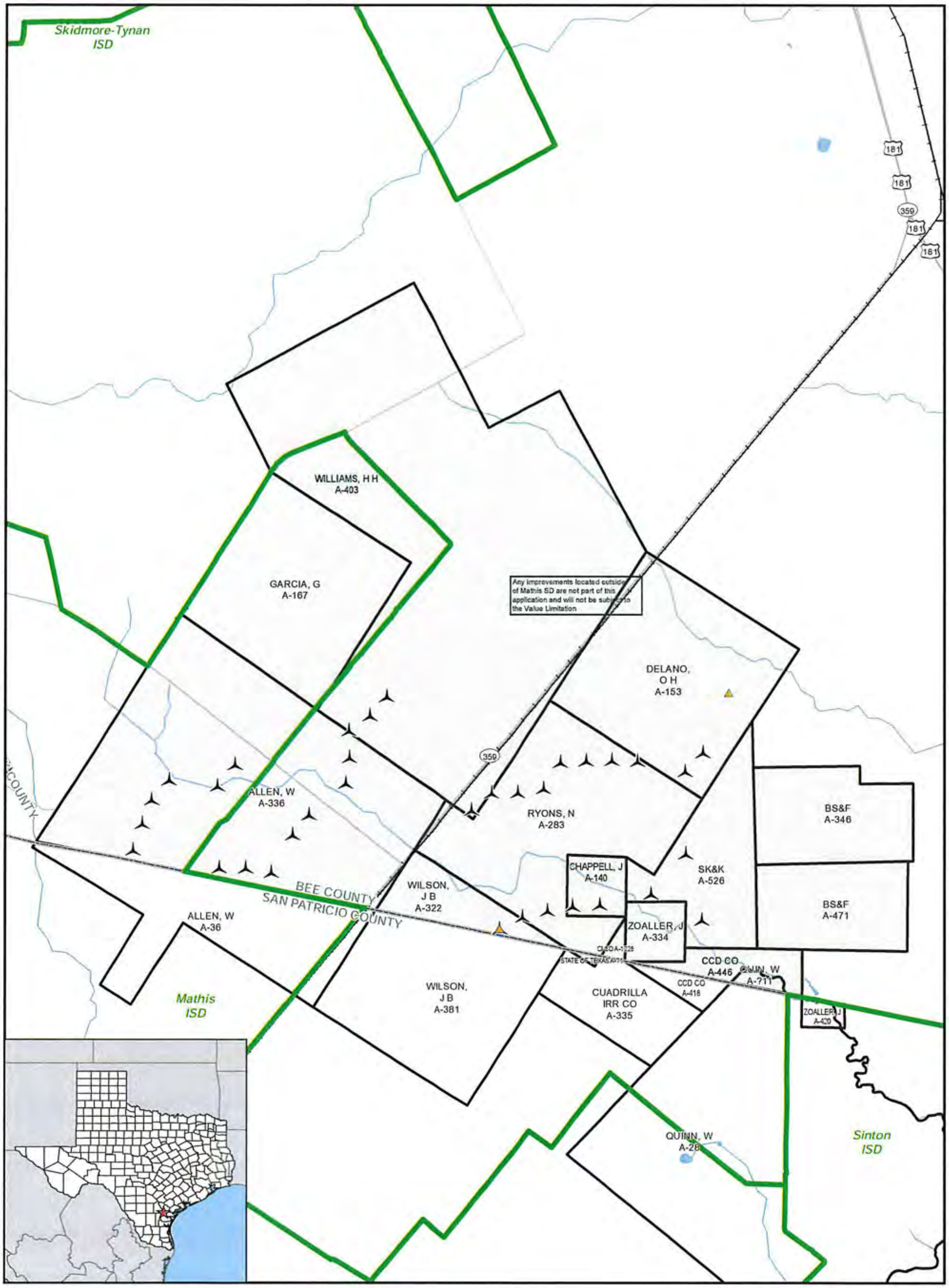
0 1.25 2.5 Miles

Reinvestment Zone Map

San Patricio County, Texas

Karankawa Wind Project

AVANGRID RENEWABLES



Legend

- Temporary Met Tower
- Temporary SODAR
- Potential Turbine Location
- School District Boundary
- County Boundary
- Original Texas Land Surveys
- Reinvestment Zone

N

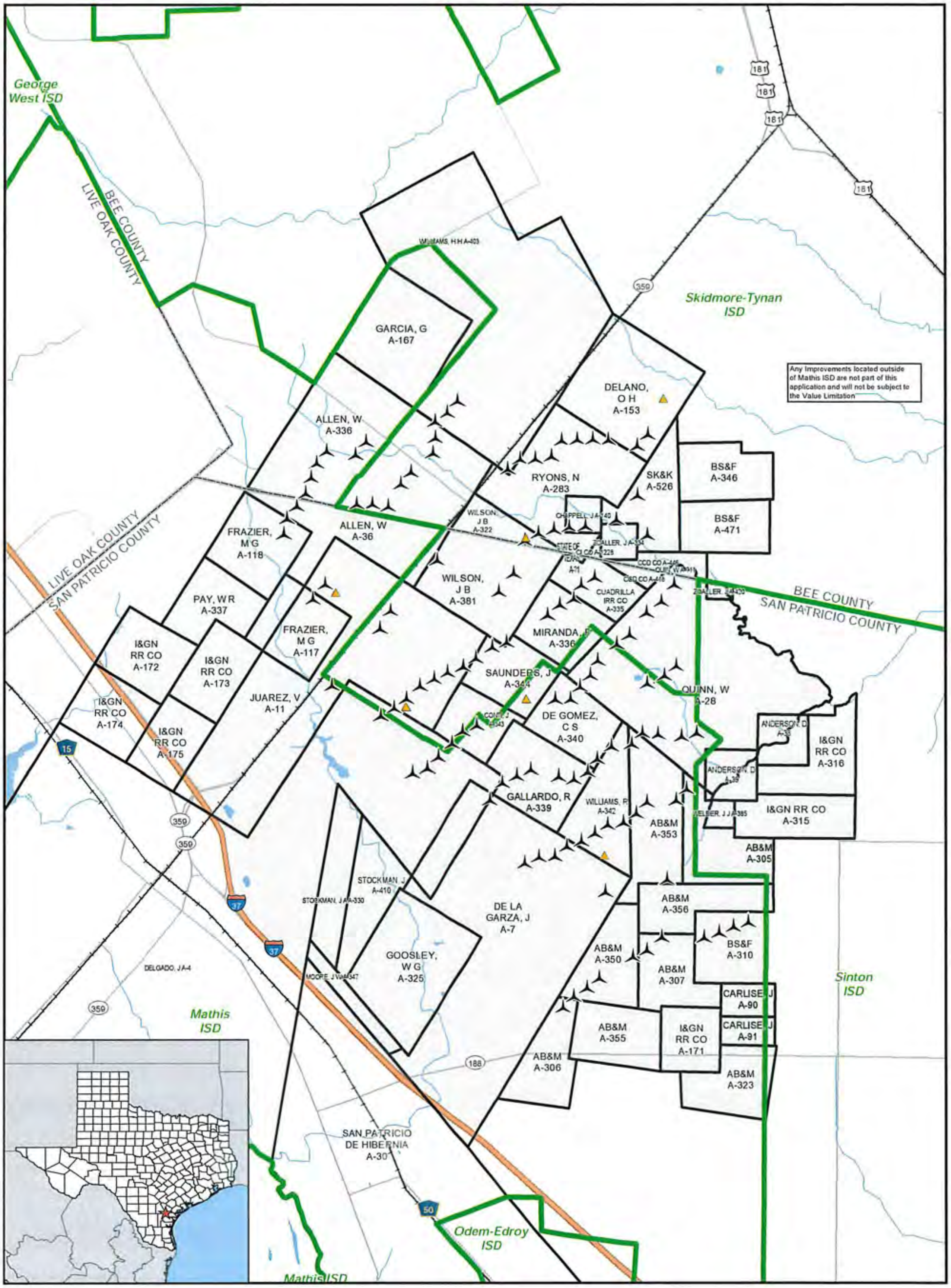
0 0.75 1.5
Miles

Reinvestment Zone Map

Bee County, Texas

Karankawa Wind Project

AVANGRID RENEWABLES



Legend

- Temporary Met Tower
- Temporary SODAR
- Potential Turbine Location
- School District Boundary
- County Boundary
- Original Texas Land Surveys
- Reinvestment Zone

N

0 1.25 2.5
Miles

Reinvestment Zone Map

San Patricio & Bee Counties, Texas

Karankawa Wind Project

AVANGRID RENEWABLES

Path: \\porgis01\GIS Data\Projects\TX\Karankawa\MapDocuments\Misc\Work\Reinvestment_Zone_Overview_Map.mxd

Modified Date: 2/3/2017

Tab 12

Request for Waiver of Job Creation Requirement and supporting information

See attached

February 6, 2017

Mr. Benny Hernandez
Superintendent
Mathis Independent School District
602 E San Patricio Ave
Mathis, TX 78368

Dear Mr. Hernandez:

Pacific Wind Development, LLC ("PWD") requests that the Mathis Independent School District's Board of Trustees waive the job requirement as allowed by Tex. Tax Code § 313.025(f-1). Under this provision, a school district's governing body may waive the job creation requirement in Tex. Tax Code §§ 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if it makes a finding that the jobs-creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

While wind energy generation projects create a large number of jobs during the construction phase, the long-term operational phase requires a relatively small number of highly-skilled jobs. These jobs are filled by technicians who conduct scheduled and unscheduled maintenance and repair work on wind turbines, electrical collection systems, processing substations, and other infrastructure associated with utility scale wind electricity generation. These facilities often include additional jobs such as project managers who may work offsite.

The industry standard number of full-time jobs during the operational phase is approximately 1 job for every 15 to 20 wind turbines serviced. Based on this standard, PWD will employ approximately 4 technicians to service the entire 200 MW project.

Additionally, because the proposed project will span two school districts, PWD will apply to the Texas Economic Development and Tourism Office for a determination that the two applications comprise a "single-unified project." Following this determination, pursuant to Tex. Tax Code § 313.024(d-2), PWD will commit to create 4 total qualifying jobs for the two districts combined.

Accordingly, Pacific Wind Development, LLC requests that the Mathis Independent School District's Board of Trustees find that the job creation requirement exceeds the industry standard and waive the requirement for the proposed project.

Sincerely,

Jesse Gronner
Vice President, Avangrid Renewables, LLC

Tab 13

Calculation of three possible wage requirements with TWC documentation

See attached

Tab 13

Calculation of Three Possible Wage Requirements with Texas Workforce Documentation

Chapter 313 Wage Calculation - San Patricio County - All Industries

Quarter	Year		Avg. Weekly Wages	Annualized
Fourth	2015		$923	$47,996
First	2016		$882	$45,864
Second	2016		$868	$45,136
Third	2016		$878	$45,656
		Average	$887.75	$46,163
		110%	**$976.53**	**$50,779.30**

Chapter 313 Wage Calculation - San Patricio County - Manufacturing Jobs

Quarter	Year		Avg. Weekly Wages	Annualized
Fourth	2015		$1,601	$83,252
First	2016		$1,636	$85,072
Second	2016		$1,647	$85,644
Third	2016		$1,754	$91,208
		Average	$1,659.50	$86,294
		110%	**$1,825.45**	**$94,923.40**

Chapter 313 Wage Calculation - Regional Wages - Manufacturing Jobs

Region	Year		Avg. Weekly Wages	Annualized
Coastal Bend	2015		$1,038.62	$54,008
		110%	**$1,142.48**	**$59,408.80**

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	4th Qtr	San Patricio County	Private	00	0	10	Total, All Industries	$923

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	San Patricio County	Private	00	0	10	Total, All Industries	$882
2016	2nd Qtr	San Patricio County	Private	00	0	10	Total, All Industries	$868
2016	3rd Qtr	San Patricio County	Private	00	0	10	Total, All Industries	$878

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2015	4th Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	$1,601

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2016	1st Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	$1,636
2016	2nd Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	$1,647
2016	3rd Qtr	San Patricio County	Private	31	2	31-33	Manufacturing	$1,754

2015 Manufacturing Average Wages by Council of Government Region
Wages for All Occupations

COG	Wages Hourly	Wages Annual	
Texas	**$24.41**	**$50,778**	
1. Panhandle Regional Planning Commission	$20.64	$42,941	
2. South Plains Association of Governments	$17.50	$36,408	
3. NORTEX Regional Planning Commission	$23.28	$48,413	
4. North Central Texas Council of Governments	$25.03	$52,068	
5. Ark-Tex Council of Governments	$18.46	$38,398	
6. East Texas Council of Governments	$19.84	$41,270	
7. West Central Texas Council of Governments	$19.84	$41,257	
8. Rio Grande Council of Governments	$18.32	$38,109	
9. Permian Basin Regional Planning Commission	$25.18	$52,382	
10. Concho Valley Council of Governments	$18.80	$39,106	
11. Heart of Texas Council of Governments	$21.41	$44,526	
12. Capital Area Council of Governments	$29.98	$62,363	
13. Brazos Valley Council of Governments	$18.78	$39,057	
14. Deep East Texas Council of Governments	$17.30	$35,993	
15. South East Texas Regional Planning Commission	$30.41	$63,247	
16. Houston-Galveston Area Council	$26.44	$54,985	
17. Golden Crescent Regional Planning Commission	$23.73	$49,361	
18. Alamo Area Council of Governments	$19.96	$41,516	
19. South Texas Development Council	$15.87	$33,016	
20. Coastal Bend Council of Governments	$25.97	**$54,008**	/ 52 =
21. Lower Rio Grande Valley Development Council	$16.17	$33,634	$1038.61
22. Texoma Council of Governments	$19.04	$39,595	
23. Central Texas Council of Governments	$18.04	$37,533	
24. Middle Rio Grande Development Council	$22.24	$46,263	

Source: Texas Occupational Employment and Wages
Data published: July 2016
Data published annually, next update will be July 31, 2017

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

Economic Impact Schedules

See attached schedules A – D

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

Date 2/6/2017
Applicant Name Pacific Wind Development, LLC
ISD Name Mathis ISD

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS

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

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in tangible personal property placed in service during this year that will become Qualified Property	Column B: New investment made during this year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C: Other new investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other new investment made during this year that may become Qualified Property [SEE NOTE]	Column E: Total Investment (Sum of Columns A+B+C+D)
Investment made before filing complete application with district	--	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2017	Not eligible to become Qualified Property		$45,000	$0	$0
Investment made after filing complete application with district, but before final board approval of application				$0	$0	$0	$0	$0
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period				$0	$0	$0	$0	$0
Complete tax years of qualifying time period	QTP1	2018-2019	2018	$50,000,000	$0	$0	$0	$50,000,000
	QTP2	2019-2020	2019	$90,500,000	$1,000,000	$0	$0	$91,500,000
Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]				$140,500,000	$1,000,000	$45,000	$0	$141,545,000
					Enter amounts from TOTAL row above in Schedule A2			
Total Qualified Investment (sum of green cells)				$141,500,000				

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 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.
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)

Date 2/6/2017
Applicant Name Pacific Wind Development, LLC
ISD Name Mathis ISD

Form 50-296A
Revised May 2014

PROPERTY INVESTMENT AMOUNTS

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

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: New investment (original cost) in **tangible personal property** placed in service during this year that will become Qualified Property	Column B: New investment made during this year in **buildings or permanent nonremovable components of buildings** that will become Qualified Property	Column C: Other investment made during this year that will not become Qualified Property [SEE NOTE]	Column D: Other investment made during this year that will become Qualified Property {SEE NOTE]	Column E: **Total Investment** (A+B+C+D)
				Enter amounts from TOTAL row in Schedule A1 in the row below				
Total Investment from Schedule A1*	--	**TOTALS FROM SCHEDULE A1**		**$140,500,000**	**$1,000,000**	**$45,000**	**$0**	**$141,545,000**
Each year prior to start of value limitation period	0	N/A	N/A					
Value limitation period***	1	2020-2021	2020	$0	$0	$0	$0	$0
	2	2021-2022	2021	$0	$0	$0	$0	$0
	3	2022-2023	2022	$0	$0	$0	$0	$0
	4	2023-2024	2023	$0	$0	$0	$0	$0
	5	2024-2025	2024	$0	$0	$0	$0	$0
	6	2025-2026	2025	$0	$0	$0	$0	$0
	7	2026-2027	2026	$0	$0	$0	$0	$0
	8	2027-2028	2027	$0	$0	$0	$0	$0
	9	2028-2029	2028	$0	$0	$0	$0	$0
	10	2029-2030	2029	$0	$0	$0	$0	$0
Total Investment made through limitation				**$140,500,000**	**$1,000,000**	**$45,000**	**$0**	**$141,545,000**
Continue to maintain viable presence	11							
	12							
	13							
	14							
	15							
Additional years for 25 year economic impact as required by 313.026(c)(1)	16							
	17							
	18							
	19							
	20							
	21							
	22							
	23							
	24							
	25							

* 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.

For All Columns: List amount invested each year, not cumulative totals. Only include investments in the remaining rows of Schedule A2 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. 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 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)

Date 2/6/2017

Applicant Name Pacific Wind Development, LLC

ISD Name Mathis ISD

Form 50-296A

Revised May 2014

				Qualified Property			Estimated Taxable Value		
	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	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	2017-2018	2017	$0	$0	$0	$0	$0	$0
	0	2018-2019	2018	$0	$0	$0	$0	$0	$0
	0	2019-2020	2019	$0	$0	$50,000,000	$50,000,000	$50,000,000	$50,000,000
Value Limitation Period	1	2020-2021	2020	$0	$1,000,000	$140,500,000	$141,500,000	$141,500,000	$20,000,000
	2	2021-2022	2021	$0	$950,000	$133,475,000	$134,425,000	$134,425,000	$20,000,000
	3	2022-2023	2022	$0	$900,000	$126,450,000	$127,350,000	$127,350,000	$20,000,000
	4	2023-2024	2023	$0	$850,000	$119,425,000	$120,275,000	$120,275,000	$20,000,000
	5	2024-2025	2024	$0	$800,000	$112,400,000	$113,200,000	$113,200,000	$20,000,000
	6	2025-2026	2025	$0	$750,000	$105,375,000	$106,125,000	$106,125,000	$20,000,000
	7	2026-2027	2026	$0	$700,000	$98,350,000	$99,050,000	$99,050,000	$20,000,000
	8	2027-2028	2027	$0	$650,000	$91,325,000	$91,975,000	$91,975,000	$20,000,000
	9	2028-2029	2028	$0	$600,000	$84,300,000	$84,900,000	$84,900,000	$20,000,000
	10	2029-2030	2029	$0	$550,000	$77,275,000	$77,825,000	$77,825,000	$20,000,000
Continue to maintain viable presence	11	2030-2031	2030	$0	$500,000	$70,250,000	$70,750,000	$70,750,000	$70,750,000
	12	2031-2032	2031	$0	$450,000	$63,225,000	$63,675,000	$63,675,000	$63,675,000
	13	2032-2033	2032	$0	$400,000	$56,200,000	$56,600,000	$56,600,000	$56,600,000
	14	2033-2034	2033	$0	$350,000	$49,175,000	$49,525,000	$49,525,000	$49,525,000
	15	2034-2035	2034	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
Additional years for 25 year economic impact as required by 313.026(c)(1)	16	2035-2036	2035	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	17	2036-2037	2036	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	18	2037-2038	2037	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	19	2038-2039	2038	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	20	2039-2040	2039	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	21	2040-2041	2040	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	22	2041-2042	2041	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	23	2042-2043	2042	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	24	2043-2044	2043	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000
	25	2044-2045	2044	$0	$300,000	$49,175,000	$49,475,000	$49,475,000	$49,475,000

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

Date: 2/6/2017

Applicant Name: Pacific Wind Development, LLC

ISD Name: Mathis ISD

Form 50-296A

Revised May 2014

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction: Column A: Number of Construction FTE's or man-hours (specify)	Construction: Column B: Average annual wage rates for construction workers	Non-Qualifying Jobs: Column C: Number of non-qualifying jobs applicant estimates it will create (cumulative)	Qualifying Jobs: Column D: Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Qualifying Jobs: Column E: Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period	0	2017-2018	2017	0	$0	0	0	0
	0	2018-2019	2018	**50 FTEs**	**$55,000**	0	0	0
	0	2019-2020	2019	**250 FTEs**	**$55,000**	0	0	0
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2020-2021	2020	0	0	0	**4**	**$59,408.80**
	2	2021-2022	2021	0	0	0	**4**	**$59,408.80**
	3	2022-2023	2022	0	0	0	**4**	**$59,408.80**
	4	2023-2024	2023	0	0	0	**4**	**$59,408.80**
	5	2024-2025	2024	0	0	0	**4**	**$59,408.80**
	6	2025-2026	2025	0	0	0	**4**	**$59,408.80**
	7	2026-2027	2026	0	0	0	**4**	**$59,408.80**
	8	2027-2028	2027	0	0	0	**4**	**$59,408.80**
	9	2028-2029	2028	0	0	0	**4**	**$59,408.80**
	10	2029-2030	2029	0	0	0	**4**	**$59,408.80**
Years Following Value Limitation Period	11 through 25			0	0	0	**4**	**$59,408.80**

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) — ☒ Yes ☐ No

If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? — ☒ Yes ☐ No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? — ☐ Yes ☒ No

Schedule D: Other Incentives (Estimated)

Date	**2/6/2017**		
Applicant Name	**Pacific Wind Development LLC**		**Form 50-296A**
ISD Name	**Mathis ISD**		Revised May 2014

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: San Patricio County	2020	5 years	$873,281	$533,672	$339,609
	County: Bee County	2020	5 years	$245,883	$150,262	$95,621
	City: N/A	n/a				
	Other: San Pat Water District	2020	5 years	$104,202	$63,679	$40,523
	Other: Coastal Bend College	2020	5 years	$83,358	$50,941	$32,417
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	$1,306,724	$798,554	$508,170

Additional information on incentives for this project:

Tab 15

Economic Impact Analysis

Not applicable

Tab 16

Reinvestment and Enterprise Zone Documents

See attached documents:

- Evidence that area qualifies as enterprise zone (not applicable)
- Legal description of reinvestment zone*
- Order, resolution, or ordinance establishing reinvestment zone*
- Guidelines and criteria for creating zone*
- Map of reinvestment zone with vicinity (see tab 11)

* Bee and San Patricio Counties (or else, Mathis ISD) will establish the reinvestment zones during or prior to the board meeting for final approval of the value limitation agreement. The resolution and documentation will be provided after the reinvestment zone is established.

Tab 17

Signature and Certification Page

See attached

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 Mr. Benny Hernandez — Print Name (Authorized School District Representative)

Superintendent, Mathis ISD — Title

sign here [signature] — Signature (Authorized School District Representative)

02/28/17 — 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 Mr. Jesse Gronner / Jeremy R. Aird — Print Name / Print Name (Authorized Company Representative (Applicant))

Vice President / Authorized Representative — Title / Title

sign here [signature] / [signature] — Signature / Signature (Authorized Company Representative (Applicant))

2/2/2017 / 2/2/17 — Date / Date

OFFICIAL STAMP
ELIZABETH ANNE GONZALEZ
NOTARY PUBLIC-OREGON
COMMISSION NO. 926977
MY COMMISSION EXPIRES APRIL 01, 2018

(Notary Seal)

GIVEN under my hand and seal of office this, the 2nd day of February, 2017

Elizabeth Anne Gonzalez

Notary Public in and for the State of ~~Texas~~ Oregon

My Commission expires: 4-1-2018

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.

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 2016 *(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? 2

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 887.75

b. 110% of the average weekly wage for manufacturing jobs in the county is 1,825.45

c. 110% of the average weekly wage for manufacturing jobs in the region is 1,142.48

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? 59,408.80

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,408.80

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**.

Tab 12

Request for Waiver of Job Creation Requirement and supporting information

See attached

Amended 03/09/2017

March 9, 2017

Mr. Benny Hernandez
Superintendent
Mathis Independent School District
602 E San Patricio Ave
Mathis, TX 78368

Dear Mr. Hernandez:

Pacific Wind Development, LLC ("PWD") requests that the Mathis Independent School District's Board of Trustees waive the job requirement as allowed by Tex. Tax Code § 313.025(f-1). Under this provision, a school district's governing body may waive the job creation requirement in Tex. Tax Code §§ 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if it makes a finding that the jobs-creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

While wind energy generation projects create a large number of jobs during the construction phase, the long-term operational phase requires a relatively small number of highly-skilled jobs. These jobs are filled by technicians who conduct scheduled and unscheduled maintenance and repair work on wind turbines, electrical collection systems, processing substations, and other infrastructure associated with utility scale wind electricity generation. These facilities often include additional jobs such as project managers who may work offsite.

The industry standard number of full-time jobs during the operational phase is approximately 1 job for every 15 to 20 wind turbines serviced. Based on this standard, PWD will employ approximately 4 technicians to service the entire 200 MW project, including 2 technicians for the portion of the project in Skidmore-Tynan ISD, and 2 technicians for the portion of the project in Mathis ISD.

Accordingly, Pacific Wind Development, LLC requests that the Mathis Independent School District's Board of Trustees find that the job creation requirement exceeds the industry standard and waive the requirement for the proposed project.

Sincerely,

Jesse Gronner
Vice President, Avangrid Renewables, LLC

Amended 03/09/2017

Schedule C: Employment Information

Date 2/6/2017
Applicant Name Pacific Wind Development, LLC
ISD Name Mathis ISD

Form 50-296A
Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	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	0	2017-2018	2017	0	$0	0	0	0
	0	2018-2019	2018	**50 FTEs**	**$55,000**	0	0	0
	0	2019-2020	2019	**250 FTEs**	**$55,000**	0	0	0
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2020-2021	2020	0	0	0	**2**	**$59,408.80**
	2	2021-2022	2021	0	0	0	**2**	**$59,408.80**
	3	2022-2023	2022	0	0	0	**2**	**$59,408.80**
	4	2023-2024	2023	0	0	0	**2**	**$59,408.80**
	5	2024-2025	2024	0	0	0	**2**	**$59,408.80**
	6	2025-2026	2025	0	0	0	**2**	**$59,408.80**
	7	2026-2027	2026	0	0	0	**2**	**$59,408.80**
	8	2027-2028	2027	0	0	0	**2**	**$59,408.80**
	9	2028-2029	2028	0	0	0	**2**	**$59,408.80**
	10	2029-2030	2029	0	0	0	**2**	**$59,408.80**
Years Following Value Limitation Period	11 through 25			0	0	0	**2**	**$59,408.80**

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) ☑ Yes ☐ No
If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? ☑ Yes ☐ No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☑ No

Amended 03/09/2017

Form 50-296-A

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 Mr. Benny Hernandez — Superintendent, Mathis ISD

Print Name *(Authorized School District Representative)* — Title

sign here [signature] — 03/10/17

Signature *(Authorized School District Representative)* — 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 Jesse Gronner / Jeremy R. Aird — Vice President / Authorized Representative

Print Name *(Authorized Company Representative (Applicant))* — Title

sign here [signature] / [signature] — 03/10/2017 / 03/10/2017

Signature *(Authorized Company Representative (Applicant))* — Date

OFFICIAL STAMP
KATHLEEN M O'CONNELL-EGGENS
NOTARY PUBLIC-OREGON
COMMISSION NO. 935359
MY COMMISSION EXPIRES JANUARY 19, 2019

(Notary Seal)

GIVEN under my hand and seal of office this, the 10th day of March, 2017

[signature]

Notary Public in and for the State of Texas

My Commission expires: 01/19/2019

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.

SECTION 9: Projected Timeline

1. Application approval by school board .... July 2017
2. Commencement of construction 3Q 2018
3. Beginning of qualifying time period .... January 1, 2018
4. First year of limitation 2020
5. Begin hiring new employees 1Q 2019
6. Commencement of commercial operations 4Q 2019
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? 4Q 2019

SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located: San Patricio County; Bee County
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property: San Patricio CAD; Bee 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: San Pat, 90%, .49192; Bee, 10%, .51792 *(Name, tax rate and percent of project)*

   City: ________ *(Name, tax rate and percent of project)*

   Hospital District: ________ *(Name, tax rate and percent of project)*

   Water District: Bee Water Cons. Dist., 10%, 0.005 *(Name, tax rate and percent of project)*

   Other *(describe)*: Coastal Bend College, 10%, .18524 *(Name, tax rate and percent of project)*

   Other *(describe)*: San. Pat Drainage; 90%, .05789 *(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

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 2016 *(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? 3

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 887.75

   b. 110% of the average weekly wage for manufacturing jobs in the county is 1,825.45

   c. 110% of the average weekly wage for manufacturing jobs in the region is 1,142.48

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? 59,408.80

10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? 59,408.80

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**.

Tab 6

Additional Information on Project Scope and Size to Assist in Economic Analysis

The proposed project site consists of a total of 39,265.62 acres that would be used for the construction of a utility-scale renewable energy electricity generation facility. Of this total acreage, 12,178.48 acres are located within Skidmore-Tynan Independent School District's boundaries and 25,558.29 acres are located within Mathis Independent School District's boundaries. A relatively small portion consisting of 1,528.85 acres of the proposed project site is located in Sinton Independent School District's boundaries. Accordingly, from a strictly geographic standpoint, 31.02% of the project area would be located within Skidmore-Tynan ISD's boundaries, 65.09% of the project area would be located within Mathis ISD's boundaries, and 3.89% of the project area would be located within Sinton ISD's boundaries.

Because the density of potential turbine locations and other potential project improvements is different in each of the school districts, the proposed investment in each of the school district's boundaries would be $108,500,000 (43.4%) in Skidmore-Tynan ISD's boundaries and $141,500,000 (56.6%) in Mathis ISD's boundaries. Applicant does not intend to pursue a Chapter 313 value limitation agreement with Sinton ISD because only a small portion of the potential project would be within Sinton ISD's boundaries.

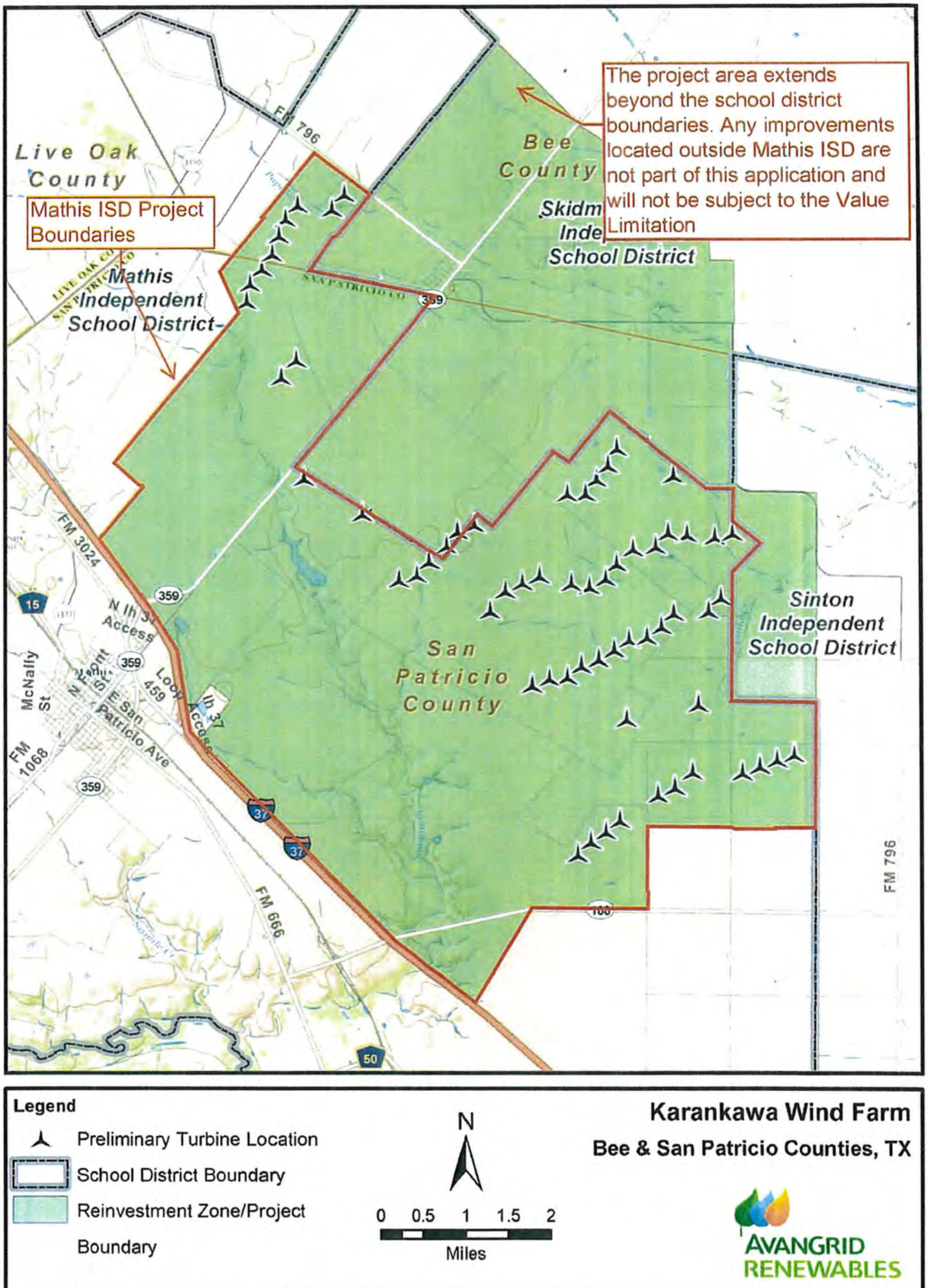
Applicant anticipates it would construct approximately 81 – 117 turbines for the entire project. Of these total turbines, approximately 40 – 53 turbines would be located in Skidmore-Tynan Independent School District, and approximately 41 – 64 turbines would be located in Mathis Independent School District.

Although Applicant has preliminarily analyzed the proposed project location and considered the factors that affect turbine placement, the exact number and placement of these turbines depend on wind and environmental factors still being considered, as well as other business decisions yet to be made.

1178-mathis-pacificwind-amendment001
April 3, 2017

Reinvestment Zone/Project Boundary with Vicinity

Amended 3/29/2017



Path: \\porgis01\gis data\Projects\TX\Karankawa\MapDocuments\Report Figures\SchoolDistrict\Karankawa_OverviewMap.mxd

Modified Date: 1/27/2017

Amended 3/29/2017

March 29, 2017

Mr. Benny Hernandez
Superintendent
Mathis Independent School District
602 E San Patricio Ave
Mathis, TX 78368

Dear Mr. Hernandez:

Pacific Wind Development, LLC ("PWD") requests that the Mathis Independent School District's Board of Trustees waive the job requirement as allowed by Tex. Tax Code § 313.025(f-1). Under this provision, a school district's governing body may waive the job creation requirement in Tex. Tax Code §§ 313.021(2)(A)(iv)(b) or 313.051(b) and approve an application if it makes a finding that the jobs-creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility.

While wind energy generation projects create a large number of jobs during the construction phase, the long-term operational phase requires a relatively small number of highly-skilled jobs. These jobs are filled by technicians who conduct scheduled and unscheduled maintenance and repair work on wind turbines, electrical collection systems, processing substations, and other infrastructure associated with utility scale wind electricity generation. These facilities often include additional jobs such as project managers who may work offsite.

The industry standard number of full-time jobs during the operational phase is approximately 1 job for every 15 to 20 wind turbines serviced. Based on this standard, PWD will employ approximately 5 technicians to service the entire 200 MW project, including 2 technicians for the portion of the project in Skidmore-Tynan ISD, and 3 technicians for the portion of the project in Mathis ISD.

Accordingly, Pacific Wind Development, LLC requests that the Mathis Independent School District's Board of Trustees find that the job creation requirement exceeds the industry standard and waive the requirement for the proposed project.

Sincerely,

Jesse Gronner
Vice President, Avangrid Renewables, LLC

Amended 3/29/2017

Schedule C: Employment Information

Date 2/6/2017

Applicant Name Pacific Wind Development, LLC

ISD Name Mathis ISD

Form 50-296A

Revised May 2014

				Construction		Non-Qualifying Jobs	Qualifying Jobs	
				Column A	Column B	Column C	Column D	Column E
	Year	**School Year** (YYYY-YYYY)	**Tax Year** (Actual tax year) YYYY	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	0	2017-2018	2017	0	$0	0	0	0
	0	2018-2019	2018	**50 FTEs**	**$55,000**	0	0	0
	0	2019-2020	2019	**250 FTEs**	**$55,000**	0	0	0
Value Limitation Period *The qualifying time period could overlap the value limitation period.*	1	2020-2021	2020	0	0	0	**3**	**$59,408.80**
	2	2021-2022	2021	0	0	0	**3**	**$59,408.80**
	3	2022-2023	2022	0	0	0	**3**	**$59,408.80**
	4	2023-2024	2023	0	0	0	**3**	**$59,408.80**
	5	2024-2025	2024	0	0	0	**3**	**$59,408.80**
	6	2025-2026	2025	0	0	0	**3**	**$59,408.80**
	7	2026-2027	2026	0	0	0	**3**	**$59,408.80**
	8	2027-2028	2027	0	0	0	**3**	**$59,408.80**
	9	2028-2029	2028	0	0	0	**3**	**$59,408.80**
	10	2029-2030	2029	0	0	0	**3**	**$59,408.80**
Years Following Value Limitation Period	11 through 25			0	0	0	**3**	**$59,408.80**

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) ☑ Yes ☐ No
If yes, answer the following two questions:

C1a. Will the applicant request a job waiver, as provided under 313.025(f-1)? ☑ Yes ☐ No

C1b. Will the applicant avail itself of the provision in 313.021(3)(F)? ☐ Yes ☑ No

Economic Development and Analysis
Form 50-296-A

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 Mr. Benny Hernandez — Superintendent, Mathis ISD

Print Name *(Authorized School District Representative)* — Title

sign here [signature] — 04/03/17

Signature *(Authorized School District Representative)* — 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 Jesse Gronner / PAUL DIXON — Vice President / Director, Control

Print Name *(Authorized Company Representative (Applicant))* — Title

sign here [signature] / [signature] — 03/27/2017 / 03/27/2017

Signature *(Authorized Company Representative (Applicant))* — Date

OFFICIAL STAMP
KATHLEEN M O'CONNELL-EGGENS
NOTARY PUBLIC-OREGON
COMMISSION NO. 935359
MY COMMISSION EXPIRES JANUARY 19, 2019

(Notary Seal)

GIVEN under my hand and seal of office this, the

27th day of March, 2017

[signature]

Notary Public in and for the State of ~~Texas~~ Oregon

My Commission expires: 01/19/2019

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.

BAKER BOTTS L.L.P.

2001 ROSS AVENUE
DALLAS, TEXAS
75201-2980

TEL +1 214.953.6500
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SAN FRANCISCO
WASHINGTON

April 24, 2017

Bucky Brannen
TEL: 2149536619
FAX: 2146614619
bucky.brannen@bakerbotts.com

Desiree Caufield
Research Analyst, Economic Development & Local Government
Data Analysis & Transparency Division
Texas Comptroller of Public Accounts
111 E. 17th Street, Room 311
Austin, Texas 78774

Re: Chapter 313 Value Limitation Agreement
Application No. 1178
Pacific Wind Development, LLC
Mathis Independent School District
"Single Unified Project" Designation

Dear Ms. Caufield:

On, February 3, 2017, Pacific Wind Development, LLC submitted an Application for Appraised Value Limitation on Qualified Property to the Mathis Independent School District. In this initial application, Pacific Wind Development, LLC indicated in Section 14 that it intended to rely on the project being part of a "single unified project" in meeting the qualifying job requirements and included its "single unified project" application under Tab 6.

On March 9, 2017, Pacific Wind Development, LLC amended its application to, among other things, elect not to pursue a "single unified project" designation in meeting the qualifying job requirements. Pacific Wind Development, LLC is no longer seeking a "single unified project" designation. All materials originally submitted regarding the "single unified project" designation are no longer applicable.

Please do not hesitate to contact me with any questions.

Respectfully,

Bucky Brannen

Attachment B

Franchise Tax Account Status

Franchise Tax Account Status

As of : 06/26/2017 11:49:10

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

PACIFIC WIND DEVELOPMENT LLC

Texas Taxpayer Number	32050830580
Mailing Address	1125 NW COUCH ST STE 600 PORTLAND, OR 97209-4156
Right to Transact Business in Texas	ACTIVE
State of Formation	OR
Effective SOS Registration Date	04/26/2013
Texas SOS File Number	0801774772
Registered Agent Name	CORPORATION SERVICE COMPANY D/B/A CSC-LAWYERS INCO
Registered Office Street Address	211 E. 7TH STREET, SUITE 620 AUSTIN, TX 78701

Attachment C

State Comptroller's Certification

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

May 1, 2017

Mr. Benny Hernandez
Superintendent
Mathis Independent School District
602 E. San Patricio Ave
Mathis, Texas 78368

Re: Certificate for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Mathis Independent School District and Pacific Wind Development, LLC, Application 1178

Dear Superintendent Hernandez:

On April 11, 2017, the Comptroller issued written notice that Pacific Wind Development, LLC (applicant) submitted a completed application (Application 1178) for a limitation on appraised value under the provisions of Tax Code Chapter 313.[1] This application was originally submitted on February 03, 2017, to the Mathis Independent School District (school district) by the applicant.

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

1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
2) under Section 313.025(d), to issue a certificate for a limitation on appraised value of the property and provide the certificate to the governing body of the school district or provide the governing body a written explanation of the Comptroller's decision not to issue a certificate, using the criteria set out in Section 313.026.

Determination required by 313.025(h)

Sec. 313.024(a)	Applicant is subject to tax imposed by Chapter 171.
Sec. 313.024(b)	Applicant is proposing to use the property for an eligible project.

[1] All Statutory references are to the Texas Tax Code, unless otherwise noted.

Sec. 313.024(d)	Applicant has requested a waiver to create the required number of new qualifying jobs and pay all jobs created that are not qualifying jobs a wage that exceeds the county average weekly wage for all jobs in the county where the jobs are located.
Sec. 313.024(d-2)	Not applicable to Application 1178.

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

Certificate decision required by 313.025(d)

Determination required by 313.026(c)(1)

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

Determination required by 313.026(c)(2)

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

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

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

This certificate is no longer valid if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this certificate is contingent on the school district approving and executing the agreement by December 31, 2017.

Note that any building or improvement existing as of the application review start date of April 11, 2017, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2) and the Texas Administrative Code.

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

Sincerely,

Mike Reissig
Deputy Comptroller

Enclosure

cc: Will Counihan

Attachment A – Economic Impact Analysis

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

Table 1 is a summary of investment, employment and tax impact of Pacific Wind Development, LLC.

Applicant	Pacific Wind Development, LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Power Generation
School District	Mathis ISD
2015-2016 Average Daily Attendance	1556
County	San Patricio County/Bee County
Proposed Total Investment in District	$141,545,000
Proposed Qualified Investment	$141,500,000
Limitation Amount	$20,000,000
Qualifying Time Period (Full Years)	2018-2019
Number of new qualifying jobs committed to by applicant	4*
Number of new non-qualifying jobs estimated by applicant	0
Average weekly wage of qualifying jobs committed to by applicant	$1,142.48
Minimum weekly wage required for each qualifying job by Tax Code, 313.021(5)B	$1,142.48
Minimum annual wage committed to by applicant for qualified jobs	$59,408.80
Minimum weekly wage required for non-qualifying jobs	$888.75
Minimum annual wage required for non-qualifying jobs	$46,215
Investment per Qualifying Job	$35,386,250
Estimated M&O levy without any limit (15 years)	$16,808,805
Estimated M&O levy with Limitation (15 years)	$6,318,293
Estimated gross M&O tax benefit (15 years)	$10,490,513

** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*

Table 2 is the estimated statewide economic impact of Pacific Wind Development, LLC (modeled).

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2018	50	60	110	$2,250,000	$4,750,000	$7,000,000
2019	250	301	551	$11,250,000	$26,750,000	$38,000,000
2020	2	53	55	$118,818	$6,881,182	$7,000,000
2021	2	26	28	$118,818	$4,881,182	$5,000,000
2022	2	6	8	$118,818	$2,881,182	$3,000,000
2023	2	(5)	-3	$118,818	$1,881,182	$2,000,000
2024	2	(9)	-7	$118,818	$881,182	$1,000,000
2025	2	(9)	-7	$118,818	-$118,818	$0
2026	2	(7)	-5	$118,818	-$118,818	$0
2027	2	(4)	-2	$118,818	$881,182	$1,000,000
2028	2	(1)	1	$118,818	$881,182	$1,000,000
2029	2	2	4	$118,818	$881,182	$1,000,000
2030	2	4	6	$118,818	$881,182	$1,000,000
2031	2	5	7	$118,818	$881,182	$1,000,000
2032	2	6	8	$118,818	$881,182	$1,000,000
2033	2	6	8	$118,818	$881,182	$1,000,000

Source: CPA REMI, Pacific Wind Development, LLC

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

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	San Patricio County Tax Levy	Coastal Bend Tax Levy	Bee Water Conservation District Tax Levy	San Patrcio Drainage Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2647	1.1700		0.4919	0.1852	0.0050	0.0579	
2019	$50,000,000	$50,000,000		$132,335	$585,000	$717,335	$245,960	$92,620	$2,500	$28,945	$1,087,360
2020	$141,500,000	$141,500,000		$374,507	$1,655,550	$2,030,057	$696,067	$262,115	$7,075	$81,914	$3,077,227
2021	$134,425,000	$134,425,000		$355,781	$1,572,773	$1,928,554	$661,263	$249,009	$6,721	$77,819	$2,923,366
2022	$127,350,000	$127,350,000		$337,056	$1,489,995	$1,827,051	$626,460	$235,903	$6,368	$73,723	$2,769,505
2023	$120,275,000	$120,275,000		$318,331	$1,407,218	$1,725,548	$591,657	$222,797	$6,014	$69,627	$2,615,643
2024	$113,200,000	$113,200,000		$299,605	$1,324,440	$1,624,045	$556,853	$209,692	$5,660	$65,531	$2,461,782
2025	$106,125,000	$106,125,000		$280,880	$1,241,663	$1,522,542	$522,050	$196,586	$5,306	$61,436	$2,307,921
2026	$99,050,000	$99,050,000		$262,155	$1,158,885	$1,421,040	$487,247	$183,480	$4,953	$57,340	$2,154,059
2027	$91,975,000	$91,975,000		$243,429	$1,076,108	$1,319,537	$452,443	$170,374	$4,599	$53,244	$2,000,198
2028	$84,900,000	$84,900,000		$224,704	$993,330	$1,218,034	$417,640	$157,269	$4,245	$49,149	$1,846,336
2029	$77,825,000	$77,825,000		$205,979	$910,553	$1,116,531	$382,837	$144,163	$3,891	$45,053	$1,692,475
2030	$70,750,000	$70,750,000		$187,253	$827,775	$1,015,028	$348,033	$131,057	$3,538	$40,957	$1,538,614
2031	$63,675,000	$63,675,000		$168,528	$744,998	$913,525	$313,230	$117,952	$3,184	$36,861	$1,384,752
2032	$56,600,000	$56,600,000		$149,803	$662,220	$812,023	$278,427	$104,846	$2,830	$32,766	$1,230,891
2033	$49,525,000	$49,525,000		$131,077	$579,443	$710,520	$243,623	$91,740	$2,476	$28,670	$1,077,030
2034	$49,475,000	$49,475,000		$130,945	$578,858	$709,802	$243,377	$91,647	$2,474	$28,641	$1,075,942
			Total	$3,802,367	$16,808,805	$20,611,172	$7,067,169	$2,661,250	$64,053	$741,600	$27,859,238

Source: CPA, Pacific Wind Development, LLC

[1]Tax Rate per $100 Valuation

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

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

Table 4 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		ISD I&S Tax Levy	ISD M&O Tax Levy	M&O and I&S Tax Levies	San Patricio County Tax Levy	Coastal Bend Tax Levy	Bee Water Conservation District Tax Levy	San Patrcio Drainage Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2647	1.1700		0.4919	0.1852	0.0050	0.0579	
2019	$50,000,000	$50,000,000		$132,335	$585,000	$717,335	$221,364	$9,262	$250	$26,051	$947,961
2020	$141,500,000	$20,000,000		$374,507	$234,000	$608,507	$244,319	$10,222	$276	$73,723	$863,049
2021	$134,425,000	$20,000,000		$355,781	$234,000	$589,781	$232,103	$9,711	$262	$70,037	$831,596
2022	$127,350,000	$20,000,000		$337,056	$234,000	$571,056	$219,888	$9,200	$248	$66,351	$800,144
2023	$120,275,000	$20,000,000		$318,331	$234,000	$552,331	$207,672	$8,689	$235	$62,664	$768,691
2024	$113,200,000	$20,000,000		$299,605	$234,000	$533,605	$195,456	$8,178	$221	$58,978	$737,239
2025	$106,125,000	$20,000,000		$280,880	$234,000	$514,880	$469,845	$19,659	$531	$55,292	$1,004,384
2026	$99,050,000	$20,000,000		$262,155	$234,000	$496,155	$438,522	$18,348	$495	$51,606	$953,025
2027	$91,975,000	$20,000,000		$243,429	$234,000	$477,429	$407,199	$17,037	$460	$47,920	$901,666
2028	$84,900,000	$20,000,000		$224,704	$234,000	$458,704	$375,876	$15,727	$425	$44,234	$850,307
2029	$77,825,000	$20,000,000		$205,979	$234,000	$439,979	$344,553	$14,416	$389	$40,548	$798,948
2030	$70,750,000	$70,750,000		$187,253	$827,775	$1,015,028	$313,230	$13,106	$354	$36,861	$1,341,364
2031	$63,675,000	$63,675,000		$168,528	$744,998	$913,525	$281,907	$11,795	$318	$33,175	$1,207,228
2032	$56,600,000	$56,600,000		$149,803	$662,220	$812,023	$250,584	$10,485	$283	$29,489	$1,073,091
2033	$49,525,000	$49,525,000		$131,077	$579,443	$710,520	$219,261	$9,174	$248	$25,803	$938,955
2034	$49,475,000	$49,475,000		$130,945	$578,858	$709,802	$219,040	$9,165	$247	$25,777	$938,007
			Total	$3,802,367	$6,318,293	$10,120,660	$4,640,819	$194,175	$5,241	$748,509	$14,955,653
			Diff	$0	$10,490,513	$10,490,513	$2,426,350	$2,467,076	$58,811	-$6,909	$12,903,585

Source: CPA, Pacific Wind Development, LLC

[1]Tax Rate per $100 Valuation

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

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

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

	Tax Year	Estimated ISD M&O Tax Levy Generated (Annual)	Estimated ISD M&O Tax Levy Generated (Cumulative)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Annual)	Estimated ISD M&O Tax Levy Loss as Result of Agreement (Cumulative)
Limitation Pre-Years	2017	$0	$0	$0	$0
	2018	$0	$0	$0	$0
	2019	$585,000	$585,000	$0	$0
Limitation Period (10 Years)	2020	$234,000	$819,000	$1,421,550	$1,421,550
	2021	$234,000	$1,053,000	$1,338,773	$2,760,323
	2022	$234,000	$1,287,000	$1,255,995	$4,016,318
	2023	$234,000	$1,521,000	$1,173,218	$5,189,535
	2024	$234,000	$1,755,000	$1,090,440	$6,279,975
	2025	$234,000	$1,989,000	$1,007,663	$7,287,638
	2026	$234,000	$2,223,000	$924,885	$8,212,523
	2027	$234,000	$2,457,000	$842,108	$9,054,630
	2028	$234,000	$2,691,000	$759,330	$9,813,960
	2029	$234,000	$2,925,000	$676,553	$10,490,513
Maintain Viable Presence (5 Years)	2030	$827,775	$3,752,775	$0	$10,490,513
	2031	$744,998	$4,497,773	$0	$10,490,513
	2032	$662,220	$5,159,993	$0	$10,490,513
	2033	$579,443	$5,739,435	$0	$10,490,513
	2034	$578,858	$6,318,293	$0	$10,490,513
Additional Years as Required by 313.026(c)(1) (10 Years)	2035	$578,858	$6,897,150	$0	$10,490,513
	2036	$578,858	$7,476,008	$0	$10,490,513
	2037	$578,858	$8,054,865	$0	$10,490,513
	2038	$578,858	$8,633,723	$0	$10,490,513
	2039	$578,858	$9,212,580	$0	$10,490,513
	2040	$578,858	$9,791,438	$0	$10,490,513
	2041	$578,858	$10,370,295	$0	$10,490,513
	2042	$578,858	$10,949,153	$0	$10,490,513
	2043	$578,858	$11,528,010	$0	$10,490,513
	2044	$578,858	$12,106,868	$0	$10,490,513
		$12,106,868	is greater than	**$10,490,513**	

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

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

Source: CPA, Pacific Wind Development, LLC

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

Attachment C – Limitation as a Determining Factor

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

Methodology

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

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

Determination

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

- Pacific Wind Development, LLC in Tab 5 of their Application for a Limitation on Appraised Value:
  A. "Applicant has entered into various agreements that are typical during the evaluation of a potential wind-powered facility. These agreements include lease agreements with landowners, and an interconnection study request agreement, and professional services agreements for consulting services, environmental surveys, preliminary geotechnical studies, aeronautical studies, meteorological tower installation, and preliminary engineering services."
  B. "None of these contracts obligate Applicant to construct the project or otherwise commit that the project will be constructed in the proposed location."
  C. In investor presentations "Avangrid has mentioned the Karankawa Project along with many other potential projects. This reference does not constitute an indication that Applicant intends to construct this project, or any of the other projects in the enclosed filing."
  D. "These exhibits demonstrate that Avangrid has a variety of suitable locations for renewable energy electric generation facilities and that a Chapter 313 value limitation agreement will be a determining factor in Avangrid's investment decision."

- As referenced by the Applicant in Tab 5, in their First Quarter Earnings Presentation dated April 26, 2016 "Karankawa 200MW" is depicted on the "AVANGRID Renewables: Pipeline Figure".
- Per the Mathis Independent School District website, retrieved on March 28, 2017, "Jason Du Terroil, Director of Business Development for Avangrid, told the Board members that the San Patricio County and Bee County location is desirable because it has available land and wind during the day when energy is most required on the Texas electric grid."
- Supplemental information provided by the applicant states that "Pacific Wind has applied to ERCOT, and its Generation Interconnection Request # is 18INR0014."
- Avangrid Renewables is a subsidiary of AVANGRID, Inc, and part of the IBERDROLA, S.A. Group.

Supporting Information

a) Section 8 of the Application for a Limitation on Appraised Value
b) Attachments provided in Tab 5 of the Application for a Limitation on Appraised Value
c) Additional information provided by the Applicant or located by the Comptroller

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

Supporting Information

Section 8 of the Application for a Limitation on Appraised Value

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 *(complete Section 13)*

☐ Expansion of existing operation on the land *(complete Section 13)* ☐ Relocation within Texas

SECTION 8: Limitation as Determining Factor

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

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

Supporting Information

Attachments provided in Tab 5

of the Application for a Limitation on Appraised Value

Tab 5

Information Supporting Limitation as a Determining Factor and Explanation of Affirmative Answers in Section 8

Applicant's parent, Avangrid Renewables, LLC ("Avangrid"), is part of a network of diversified energy and utility companies affiliated with Iberdrola, S.A. with operations in 25 countries around the globe. Avangrid operates utility scale renewable energy facilities throughout the United States and actively pursues various development opportunities. The Karankawa Project is one of Avangrid's many alternative development opportunities.

Avangrid has more than $10 billion of operating assets and owns or controls 6,000 MW of wind and solar generation facilities in 19 states. As a publicly-traded company with operations in 19 states, Avangrid maintains a multitude of potential projects, comparing the potential economic return of projects across the United States. In determining which projects to construct, Avangrid considers a variety of factors, including wind patterns, local regulatory climates, and state and local tax effects. Using these factors, Avangrid projects the estimated costs and revenues associated with the project to compare it with other alternative projects that Avangrid contemplates contemporaneously. The first attached exhibit ("Avangrid Renewables: Pipeline") shows a variety of Avangrid's potential projects that are under consideration. The proposed project is in direct competition for internal capital expenditures with most of these other projects. The second attached exhibit ("Advancements in Wind Turbine Technology") shows the broad availability of appropriate sites for renewable energy electric generation throughout of the United States. These exhibits demonstrate that Avangrid has a variety of suitable locations for renewable energy electric generation facilities and that a Chapter 313 value limitation agreement will be a determining factor in Avangrid's investment decision.

Applicant has entered into various agreements that are typical during the evaluation of a potential wind-powered electric generation facility. These agreements include lease agreements with landowners, and an interconnection study request agreement, and professional services agreements for consulting services, environmental surveys, preliminary geotechnical studies, aeronautical studies, meteorological tower installation, and preliminary engineering services. None of these contracts obligate Applicant to construct the project or otherwise commit that the project will be constructed in the proposed location. Entering into these agreements does not mean that Avangrid will necessarily construct the project, but instead secures the opportunity to evaluate the projected costs and revenues in order to compare the project to other alternative projects.

Out of an abundance of caution, applicant has checked box 4 of Section 8 of this application. In investor presentations (including the enclosed exhibit to Avangrid's Form 8-K filed with the Securities and Exchange Commission on April 26, 2016), Avangrid has mentioned the Karankawa Project along with many other potential projects. This reference does not constitute an indication that Applicant intends to construct this project, or any of the other projects in the enclosed filing. Rather, Applicant views this project as one project under consideration (an "opportunity" as the enclosure shows) subject to a variety of contingencies including, but not limited to, securing a value limitation agreement.

Supporting Information

Additional information provided by the Applicant or located by the Comptroller

EX-99.2 3 d188150dex992.htm EX-99.2

EXHIBIT 99.2

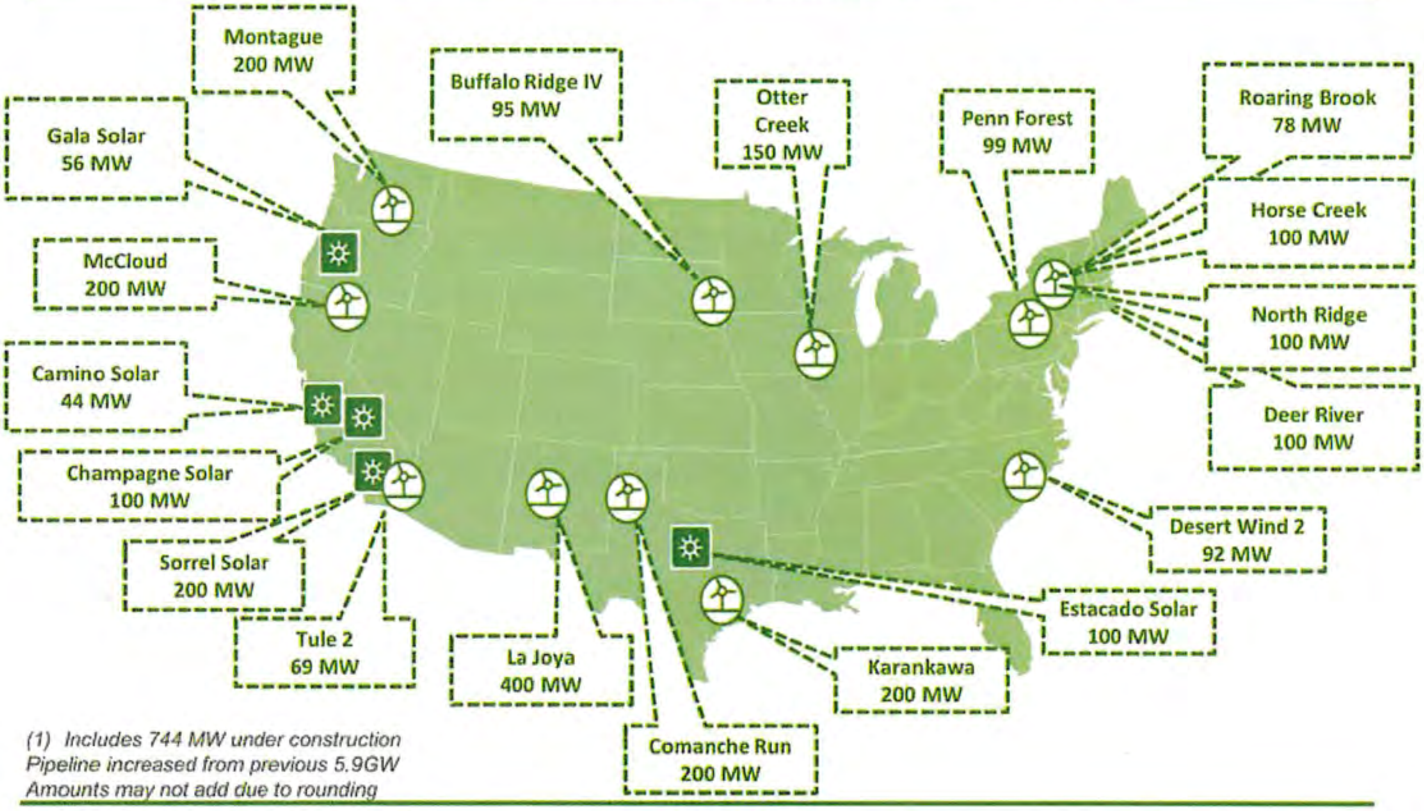
AVANGRID

April 26, 2016

1Q 2016 Earnings Presentation

AVANGRID Renewables: Pipeline

6.1GW pipeline(1), of which 1,700 MW of Wind & 550 MW of Solar projects provides opportunity in 2018-2020



(1) Includes 744 MW under construction
Pipeline increased from previous 5.9GW
Amounts may not add due to rounding

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Business Forms

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Quarterly Parental Involvement Newsletter

Work Orders

Mathis ISD Begins Negotiations With Wind Farm Developmer

Mathis Board of Trustees Agrees to Begin Negotiations with Wind Farm

The Mathis ISD Board of School Trustees voted at their regular meeting on February 6 to begin negotiations with Avangrid on a tax limitation agreement. Avangrid will create Karankawa Wind Farm, a 200 megawatt wind farm with 75 to 93 turbines to be located in southern Bee County and in northern San Patricio County. The wind farm footprint includes Skidmore-Tynan ISD and Mathis ISD.

The project will cost $250 million to build and will be operational in late 2019 or 2020.

Avangrid is the second largest provider of clean energy and renewable power in the United States with more than 6,000 megawatts of owned and controlled wind and solar facilities. In South Texas Avangrid operates the 600 megawatt Baffin wind farm in Kennedy County.

Jason Du Terroil, Director of Business Development for Avangrid, told the Board members that the San Patricio County and Bee County location is desirable because it has available land and wind during the day when energy is most required on the Texas electric grid.

Back

COMPTROLLER QUERY RELATED TO TAX CODE CHAPTER 313.026(c)(2) – Mathis ISD – Pacific Wind Development, LLC App. #1178

Comptroller Question (via email on April 24, 2017):

> *Has this project applied to ERCOT at this time? If so, please provide the project's IGNR number.*

Applicant Response (via email on April 25, 2017):

> *Pacific Wind has applied to ERCOT, and its Generation Interconnection Request # is 18INR0014.*

General Contacts

Avangrid Renewables is a subsidiary of **AVANGRID, Inc. (NYSE: AGR)** and part of the **IBERDROLA, S.A.** Group.

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Supplier Assistance
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supplierassistance@avangrid.com

Remittance address
Avangrid Renewables
Attn: Accounts Payable
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Portland, OR 97209
accounts.payable@avangrid.com

Commercial contacts
Energy Origination | Wind & Solar Asset Management | Wind & Solar Development | Biomass

Human Resources
To join our team in the U.S., visit our careers section. Questions? Please email staffing@avangrid.com. *We do not accept phone inquiries or unsolicited resumes.*

To apply for jobs internationally with our parent company, IBERDROLA, S.A., click here.

Attachment D

Summary of Financial Impact

Chapter 313 Property Value Limitation Financial Impact of the Proposed Pacific Wind Development, LLC Project in the Mathis Independent School District (Project # 1178)

Prepared by

MOAK, CASEY & ASSOCIATES
TEXAS SCHOOL FINANCE EXPERTS

June 26, 2017

Executive Summary

Pacific Wind Development, LLC (Company) has requested that the Mathis Independent School District (MISD) consider granting a property value limitation under Chapter 313 of the Tax Code, also known as the Texas Economic Development Act. In an application submitted to MISD on February 13, 2017, the Company plans to invest $141.5 million to construct a wind-energy facility. Moak, Casey & Associates (MCA) has been retained to prepare an analysis of this value limitation and help the district navigate the overall application and agreement process.

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

Under the provisions of Chapter 313, MISD may offer a minimum value limitation of $20 million. This value limitation, under the proposed application, will begin in the 2020-21 school year and remain at that level of taxable value for Maintenance and Operations (M&O) tax purposes for ten years. The entire project value will remain taxable for I&S or debt service purposes for the term of the agreement.

MCA's initial school finance analysis is detailed in this report, incorporating the major legislative changes adopted in May. The overall conclusions are as follows, but please read all of the subsquent details in the report below for more information.

Total Revenue Loss Payment owed to MISD	$1.9 million
Total Savings to Company after Revenue Loss Payment. (This does not include any supplemental benefit payments to the district.)	$8.6 million

Application Process

After the school district has submitted an application to the Comptroller's Office (Comptroller), the Comptroller begins reviewing the application for completeness. The purpose of this review is to ensure all necessary information and attachments are included in the application before moving forward with the formal review process. The application was determined to be complete on April 11, 2017.

The issuance of a Completeness Letter is important because it sets the timeline for the rest of process. From the date of issuance, the Comptroller has 90 days to conduct its full review of the project and provide its certificate for a limitation on appraised value. The Certificate for this project was issued on May 1, 2017.

After the Comptroller's certificate is received, O'Hanlon, Demerath & Castillo will contact the school district to discuss the value limitation agreement and begin negotiations of the supplemental benefit payment with the Company. A final version of the agreement must be submitted to the Comptroller for review 30 days prior to final adoption by the school district's board of trustees.

Prior to final board meeting, O'Hanlon, Demerath & Castillo will provide the district with the necessary agenda language and any additional action items. The school board will review the Value Limitation Agreement and Findings of Fact that detail the project's conformance with state law. In some instances, the school board will also be required to consider the adoption of a job waiver during this meeting, which has been requested in the Pacific Wind application.

How the 313 Agreement Interacts with Texas School Finance

M&O funding for Texas schools relies on two methods of finance: local school district property taxes and state aid. State aid consists of two components: Tier I (based on ADA, special student populations and M&O taxes at the compressed tax rate) and Tier II (based on weighted ADA for each penny of tax effort above a specified level). (For more detailed information on the school finance funding system, please review the Texas Education Agency's School Finance 101: Funding of Texas Public Schools.)

Because the general school finance formula system calculates state aid entitlements using the Comptroller's certified property value for the preceding year, the first year is often problematic financially. The implementation of the value limitation often results in an M&O revenue loss to the school district in the first year of the limitation that would not be reimbursed by the state, but require some type of compensation from the Company under the revenue protection provisions of the agreement. **If the full value of the project increases significantly during the value limitation period, the revenue losses may be greater than originally estimated.**

A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 1-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter).

Future legislative action on school funding could potentially affect the impact of the value limitation on the school district's finances and result in revenue-loss estimates that differ from the estimates presented in this report.

Underlying School District Data Assumptions

The agreement between the school district and the applicant calls for a calculation of the revenue impact of the value limitation in years 1-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. The Basic Allotment remained at $5,140 and the Tier II Austin yield increased to $99.41 for 2017-18 and $106.28 for 2018-19, which is maintained for future years.

Static school district enrollment and property values are used to isolate the effects of the value limitation under the school finance system. Any previously-approved Chapter 313 projects are also factored into the M&O tax bases used. The impact of the Chapter 313 project value returning to the total tax roll for M&O funding purposes is beyond the scope of this revenue report.

ADA:	1,555
Local Tax Base:	$368.8 million
M&O Tax Rate:	$1.17 per $100
I&S Tax Rate:	$0.2647 per $100
Wealth per WADA:	$159,004

Table 1 summarizes the enrollment and property value assumptions for the 15 years that are the subject of this analysis.

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

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
QTP0	2017-18	1,554.61	2,334.64	$1.1700	$0.2647	$368,845,463	$368,845,463	$352,188,659	$352,188,659	$150,853	$150,853
QTP1	2018-19	1,554.61	2,334.64	$1.1700	$0.2647	$368,845,463	$368,845,463	$352,188,659	$352,188,659	$150,853	$150,853
QTP2	2019-20	1,554.61	2,334.64	$1.1700	$0.2647	$418,845,463	$418,845,463	$352,188,659	$352,188,659	$150,853	$150,853
VL1	2020-21	1,554.61	2,334.64	$1.1700	$0.2647	$510,345,463	$388,845,463	$402,188,659	$402,188,659	$172,270	$172,270
VL2	2021-22	1,554.61	2,334.64	$1.1700	$0.2647	$503,270,463	$388,845,463	$493,688,659	$372,188,659	$211,462	$159,420
VL3	2022-23	1,554.61	2,334.64	$1.1700	$0.2647	$496,195,463	$388,845,463	$486,613,659	$372,188,659	$208,432	$159,420
VL4	2023-24	1,554.61	2,334.64	$1.1700	$0.2647	$489,120,463	$388,845,463	$479,538,659	$372,188,659	$205,401	$159,420
VL5	2024-25	1,554.61	2,334.64	$1.1700	$0.2647	$482,045,463	$388,845,463	$472,463,659	$372,188,659	$202,371	$159,420
VL6	2025-26	1,554.61	2,334.64	$1.1700	$0.2647	$474,970,463	$388,845,463	$465,388,659	$372,188,659	$199,340	$159,420
VL7	2026-27	1,554.61	2,334.64	$1.1700	$0.2647	$467,895,463	$388,845,463	$458,313,659	$372,188,659	$196,310	$159,420
VL8	2027-28	1,554.61	2,334.64	$1.1700	$0.2647	$460,820,463	$388,845,463	$451,238,659	$372,188,659	$193,280	$159,420
VL9	2028-29	1,554.61	2,334.64	$1.1700	$0.2647	$453,745,463	$388,845,463	$444,163,659	$372,188,659	$190,249	$159,420
VL10	2029-30	1,554.61	2,334.64	$1.1700	$0.2647	$446,670,463	$388,845,463	$437,088,659	$372,188,659	$187,219	$159,420
VP1	2030-31	1,554.61	2,334.64	$1.1700	$0.2647	$439,595,463	$439,595,463	$430,013,659	$372,188,659	$184,188	$159,420
VP2	2031-32	1,554.61	2,334.64	$1.1700	$0.2647	$432,520,463	$432,520,463	$422,938,659	$422,938,659	$181,158	$181,158
VP3	2032-33	1,554.61	2,334.64	$1.1700	$0.2647	$425,445,463	$425,445,463	$415,863,659	$415,863,659	$178,127	$178,127
VP4	2033-34	1,554.61	2,334.64	$1.1700	$0.2647	$418,370,463	$418,370,463	$408,788,659	$408,788,659	$175,097	$175,097
VP5	2034-35	1,554.61	2,334.64	$1.1700	$0.2647	$418,320,463	$418,320,463	$401,713,659	$401,713,659	$172,066	$172,066

***Basic Allotment: $5,140; AISD Yield: $106.28; Equalized Wealth: $514,000 per WADA**

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact of the Pacific Wind project on MISD

A model is established to make a calculation of the "Baseline Revenue Model" (Table 2) by adding the total value of the project to the model, without assuming a value limitation is approved. A separate model is established to make a calculation of the "Value Limitation Revenue Model" (Table 3) by adding the project's limited value of $20 million to the model. The difference between the two models (Table 4) indicates there will be a total revenue loss of $1.9 million over the course of the Agreement, with all the loss reflected in the first limitation year (2020-21). The reduction in M&O taxes under the limitation agreement is offset through an increase in state aid under current law after the first year of the limitation.

Table 2– "Baseline Revenue Model" --Project Value Added with No Value Limitation

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2017-18	$3,665,481	$9,215,696	$0	$0	$623,132	$1,679,277	$0	$0	$64,458	$15,248,044
QTP1	2018-19	$3,665,481	$9,215,696	$0	$0	$623,132	$1,779,360	$0	$0	$64,458	$15,348,127
QTP2	2019-20	$4,155,481	$9,215,696	$0	$0	$706,432	$2,018,442	$0	$0	$64,458	$16,160,509
VL1	2020-21	$5,076,481	$8,715,696	$0	$0	$863,002	$2,050,953	$0	$0	$64,458	$16,770,590
VL2	2021-22	$5,005,731	$7,800,696	$0	$0	$850,974	$1,489,678	$0	$0	$64,458	$15,211,537
VL3	2022-23	$4,934,981	$7,871,446	$0	$0	$838,947	$1,502,128	$0	$0	$64,458	$15,211,960
VL4	2023-24	$4,864,231	$7,942,196	$0	$0	$826,919	$1,516,327	$0	$0	$64,458	$15,214,131
VL5	2024-25	$4,793,481	$8,012,946	$0	$0	$814,892	$1,528,532	$0	$0	$64,458	$15,214,309
VL6	2025-26	$4,722,731	$8,083,696	$0	$0	$802,864	$1,540,735	$0	$0	$64,458	$15,214,484
VL7	2026-27	$4,651,981	$8,154,446	$0	$0	$790,837	$1,553,228	$0	$0	$64,458	$15,214,950
VL8	2027-28	$4,581,231	$8,225,196	$0	$0	$778,809	$1,565,439	$0	$0	$64,458	$15,215,133
VL9	2028-29	$4,510,481	$8,295,946	$0	$0	$766,782	$1,577,650	$0	$0	$64,458	$15,215,317
VL10	2029-30	$4,439,731	$8,366,696	$0	$0	$754,754	$1,589,862	$0	$0	$64,458	$15,215,501
VP1	2030-31	$4,358,831	$8,437,446	$0	$0	$741,001	$1,599,391	$0	$0	$64,458	$15,201,127
VP2	2031-32	$4,289,496	$8,508,196	$0	$0	$729,215	$1,613,961	$0	$0	$64,458	$15,205,326
VP3	2032-33	$4,220,161	$8,578,946	$0	$0	$717,428	$1,626,166	$0	$0	$64,458	$15,207,159
VP4	2033-34	$4,150,826	$8,649,696	$0	$0	$705,641	$1,638,708	$0	$0	$64,458	$15,209,329
VP5	2034-35	$4,150,336	$8,720,446	$0	$0	$705,557	$1,680,334	$0	$0	$64,458	$15,321,131

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 3– "Value Limitation Revenue Model" --Project Value Added with Value Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2017-18	$3,665,481	$9,215,696	$0	$0	$623,132	$1,679,277	$0	$0	$64,458	$15,248,044
QTP1	2018-19	$3,665,481	$9,215,696	$0	$0	$623,132	$1,779,360	$0	$0	$64,458	$15,348,127
QTP2	2019-20	$4,155,481	$9,215,696	$0	$0	$706,432	$2,018,442	$0	$0	$64,458	$16,160,509
VL1	2020-21	$3,861,481	$8,715,696	$0	$0	$656,452	$1,560,523	$0	$0	$64,458	$14,858,610
VL2	2021-22	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL3	2022-23	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL4	2023-24	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL5	2024-25	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL6	2025-26	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL7	2026-27	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL8	2027-28	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL9	2028-29	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VL10	2029-30	$3,861,481	$9,015,696	$0	$0	$656,452	$1,740,376	$0	$0	$64,458	$15,338,463
VP1	2030-31	$4,358,831	$9,015,696	$0	$0	$741,001	$1,964,040	$0	$0	$64,458	$16,144,026
VP2	2031-32	$4,289,496	$8,508,196	$0	$0	$729,215	$1,613,961	$0	$0	$64,458	$15,205,326
VP3	2032-33	$4,220,161	$8,578,946	$0	$0	$717,428	$1,626,166	$0	$0	$64,458	$15,207,159
VP4	2033-34	$4,150,826	$8,649,696	$0	$0	$705,641	$1,638,708	$0	$0	$64,458	$15,209,329
VP5	2034-35	$4,150,336	$8,720,446	$0	$0	$705,557	$1,680,334	$0	$0	$64,458	$15,321,131

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid-Hold Harmless	Recapture Costs	Additional Local M&O Collections	State Aid from Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Homestead Hold Harmless	Other State Aid	Total General Fund
QTP0	2017-18	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP1	2018-19	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
QTP2	2019-20	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VL1	2020-21	-$1,215,000	$0	$0	$0	-$206,550	-$490,430	$0	$0	$0	-$1,911,980
VL2	2021-22	-$1,144,250	$1,215,000	$0	$0	-$194,522	$250,698	$0	$0	$0	$126,926
VL3	2022-23	-$1,073,500	$1,144,250	$0	$0	-$182,495	$238,248	$0	$0	$0	$126,503
VL4	2023-24	-$1,002,750	$1,073,500	$0	$0	-$170,467	$224,049	$0	$0	$0	$124,332
VL5	2024-25	-$932,000	$1,002,750	$0	$0	-$158,440	$211,844	$0	$0	$0	$124,154
VL6	2025-26	-$861,250	$932,000	$0	$0	-$146,412	$199,641	$0	$0	$0	$123,979
VL7	2026-27	-$790,500	$861,250	$0	$0	-$134,385	$187,148	$0	$0	$0	$123,513
VL8	2027-28	-$719,750	$790,500	$0	$0	-$122,357	$174,937	$0	$0	$0	$123,330
VL9	2028-29	-$649,000	$719,750	$0	$0	-$110,330	$162,726	$0	$0	$0	$123,146
VL10	2029-30	-$578,250	$649,000	$0	$0	-$98,302	$150,514	$0	$0	$0	$122,962
VP1	2030-31	$0	$578,250	$0	$0	$0	$364,649	$0	$0	$0	$942,899
VP2	2031-32	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP3	2032-33	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP4	2033-34	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
VP5	2034-35	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0

QTP=	Qualifying Time Period
VL=	Value Limitation
VP=	Viable Presence

M&O Impact on the Taxpayer

Under the assumptions used here, the potential tax savings from the value limitation total \$10.5 million over the life of the agreement. The MISD revenue losses are expected to total approximately \$1.9 million in the initial limitation year under the agreement. The potential net tax benefits (after hold-harmless payments are made) are estimated to total \$8.6 million, prior to any negotiations with Pacific Wind on supplemental payments. (See Table 5.)

I&S Funding Impact on School District

The project remains fully taxable for debt services taxes, with MISD currently levying a \$0.2647 I&S rate. The project is not expected to affect school district enrollment and is expected to depreciate over the life of the agreement and beyond. Local taxpayers should benefit from the addition of the Pacific Wind project to the local I&S tax roll, chiefly in the peak value year for the project. Continued expansion of the project and related development could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis.

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

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Assumed M&O Tax Rate	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	School District Revenue Losses	Estimated Net Tax Benefits
QTP0	2017-18	$0	$0	$0	$1.170	$0	$0	$0	$0	$0
QTP1	2018-19	$0	$0	$0	$1.170	$0	$0	$0	$0	$0
QTP2	2019-20	$50,000,000	$50,000,000	$0	$1.170	$585,000	$585,000	$0	$0	$0
VL1	2020-21	$141,500,000	$20,000,000	$121,500,000	$1.170	$1,655,550	$234,000	$1,421,550	-$1,911,980	-$490,430
VL2	2021-22	$134,425,000	$20,000,000	$114,425,000	$1.170	$1,572,773	$234,000	$1,338,773	$0	$1,338,773
VL3	2022-23	$127,350,000	$20,000,000	$107,350,000	$1.170	$1,489,995	$234,000	$1,255,995	$0	$1,255,995
VL4	2023-24	$120,275,000	$20,000,000	$100,275,000	$1.170	$1,407,218	$234,000	$1,173,218	$0	$1,173,218
VL5	2024-25	$113,200,000	$20,000,000	$93,200,000	$1.170	$1,324,440	$234,000	$1,090,440	$0	$1,090,440
VL6	2025-26	$106,125,000	$20,000,000	$86,125,000	$1.170	$1,241,663	$234,000	$1,007,663	$0	$1,007,663
VL7	2026-27	$99,050,000	$20,000,000	$79,050,000	$1.170	$1,158,885	$234,000	$924,885	$0	$924,885
VL8	2027-28	$91,975,000	$20,000,000	$71,975,000	$1.170	$1,076,108	$234,000	$842,108	$0	$842,108
VL9	2028-29	$84,900,000	$20,000,000	$64,900,000	$1.170	$993,330	$234,000	$759,330	$0	$759,330
VL10	2029-30	$77,825,000	$20,000,000	$57,825,000	$1.170	$910,553	$234,000	$676,553	$0	$676,553
VP1	2030-31	$70,750,000	$70,750,000	$0	$1.170	$827,775	$827,775	$0	$0	$0
VP2	2031-32	$63,675,000	$63,675,000	$0	$1.170	$744,998	$744,998	$0	$0	$0
VP3	2032-33	$56,600,000	$56,600,000	$0	$1.170	$662,220	$662,220	$0	$0	$0
VP4	2033-34	$49,525,000	$49,525,000	$0	$1.170	$579,443	$579,443	$0	$0	$0
VP5	2034-35	$49,475,000	$49,475,000	$0	$1.170	$578,858	$578,858	$0	$0	$0
						$16,808,805	$6,318,293	$10,490,513	-$1,911,980	$8,578,533

QTP= Qualifying Time Period
VL= Value Limitation
VP= Viable Presence

Note: School district revenue-loss estimates are subject to change based on numerous factors, including:

- **Legislative and Texas Education Agency administrative changes to the underlying school finance formulas used in these calculations.**
- **Legislative changes addressing property value appraisals and exemptions.**
- **Year-to-year appraisals of project values and district taxable values.**
- **Changes in school district tax rates and student enrollment.**

Attachment E

Taxable Value of Property

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Glenn Hegar
Texas Comptroller of Public Accounts

Taxes

Property Tax

School and Appraisal Districts Property Value Study 2015 Report

2015 ISD Summary Worksheet

013/Bee

205-904/Mathis ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	1,229,300	N/A	1,229,300	1,229,300
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0
C2. Colonia Lots	9,970	N/A	9,970	9,970
D1. Rural Real(Taxable)	1,368,640	N/A	1,368,640	1,368,640
D2. Real Prop Farm & Ranch	59,920	N/A	59,920	59,920
E. Real Prop NonQual Acres	1,739,500	N/A	1,739,500	1,739,500
F1. Commercial Real	0	N/A	0	0
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	547,650	N/A	547,650	547,650
J. Utilities	1,576,810	N/A	1,576,810	1,576,810

L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	44,200	N/A	44,200	44,200
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	6,575,990		6,575,990	6,575,990
Less Total Deductions	573,220		573,220	573,220
Total Taxable Value	6,002,770		6,002,770	6,002,770 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
6,188,100	6,002,770	6,188,100	6,002,770

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
185,330	0

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

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

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
6,188,100	6,002,770	6,188,100	6,002,770

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

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

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

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

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

149/Live Oak

205-904/Mathis ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	21,738,858	.9494	22,897,470	21,738,858
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	3,045,402	.9842	3,094,292	3,045,402
C2. Colonia Lots	0	N/A	0	0

D1. Rural Real(Taxable)	2,239,835	1.0668	2,099,529	2,239,835
D2. Real Prop Farm & Ranch	55,511	N/A	55,511	55,511
E. Real Prop NonQual Acres	8,142,361	.9518	8,554,697	8,142,361
F1. Commercial Real	2,623,522	N/A	2,623,522	2,623,522
F2. Industrial Real	1,869	N/A	1,869	1,869
G. Oil, Gas, Minerals	251,031	N/A	251,031	251,031
J. Utilities	11,058,080	1.0077	10,973,583	11,058,080
L1. Commercial Personal	1,151,516	N/A	1,151,516	1,151,516
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	2,897,469	N/A	2,897,469	2,897,469
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	42,000	N/A	42,000	42,000
S. Special Inventory	0	N/A	0	0
Subtotal	53,247,454		54,642,489	53,247,454
Less Total Deductions	11,103,456		11,645,728	11,103,456
Total Taxable Value	42,143,998		42,996,761	42,143,998 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
43,348,095	42,143,998	43,348,095	42,143,998

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
1,204,097	0

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

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

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
43,348,095	42,143,998	43,348,095	42,143,998

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

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

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

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

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

205/San Patricio

205-904/Mathis ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	187,241,634	.9586	195,328,222	187,241,634
B. Multi-Family Residences	1,828,528	N/A	1,828,528	1,828,528
C1. Vacant Lots	8,589,273	N/A	8,589,273	8,589,273
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	18,597,337	1.0492	17,725,983	18,597,337
D2. Real Prop Farm & Ranch	2,561,834	N/A	2,561,834	2,561,834
E. Real Prop NonQual Acres	23,082,721	.8184	28,204,693	23,082,721
F1. Commercial Real	38,334,963	1.1144	34,399,644	38,334,963
F2. Industrial Real	773,844	N/A	773,844	773,844
G. Oil, Gas, Minerals	1,957,270	N/A	1,957,270	1,957,270
J. Utilities	28,345,427	1.0171	27,868,869	28,345,427
L1. Commercial Personal	19,561,429	.9137	21,409,028	19,561,429
L2. Industrial Personal	52,187,180	N/A	52,187,180	52,187,180
M. Other Personal	4,270,528	N/A	4,270,528	4,270,528
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	445,905	N/A	445,905	445,905
S. Special Inventory	1,720,415	N/A	1,720,415	1,720,415

Subtotal	389,498,288		399,271,216	389,498,288
Less Total Deductions	66,427,941		68,598,481	66,427,941
Total Taxable Value	323,070,347		330,672,735	323,070,347 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Government code subsections 403.302 (J) AND (K) require the Comptroller to certify alternative measures of school district wealth. These measures are reported for taxable values for maintenance and operation (M&O) tax purposes and for interest and sinking fund (I&S) tax purposes. For districts that have not entered into value limitation agreements, T1 through T4 will be the same as T7 through T10.

Value Taxable For M&O Purposes

T1	T2	T3	T4
336,934,482	323,070,347	336,934,482	323,070,347

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
13,864,135	0

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

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

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

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

Value Taxable For I&S Purposes

T7	T8	T9	T10
336,934,482	323,070,347	336,934,482	323,070,347

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

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

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

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

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

205-904/Mathis ISD

Category	Local Tax Roll Value	2015 WTD Mean Ratio	2015 PTAD Value Estimate	2015 Value Assigned
A. Single-Family Residences	210,209,792	.9579	219,454,992	210,209,792
B. Multi-Family Residences	1,828,528	N/A	1,828,528	1,828,528
C1. Vacant Lots	11,634,675	.9958	11,683,565	11,634,675
C2. Colonia Lots	9,970	N/A	9,970	9,970
D1. Rural Real(Taxable)	22,205,812	1.0477	21,194,152	22,205,812
D2. Real Prop Farm & Ranch	2,677,265	N/A	2,677,265	2,677,265
E. Real Prop NonQual Acres	32,964,582	.8562	38,498,890	32,964,582
F1. Commercial Real	40,958,485	1.1063	37,023,166	40,958,485
F2. Industrial Real	775,713	N/A	775,713	775,713
G. Oil, Gas, Minerals	2,755,951	N/A	2,755,951	2,755,951

J. Utilities	40,980,317	1.0139	40,419,262	40,980,317
L1. Commercial Personal	20,712,945	.9181	22,560,544	20,712,945
L2. Industrial Personal	52,187,180	N/A	52,187,180	52,187,180
M. Other Personal	7,212,197	N/A	7,212,197	7,212,197
N. Intangible Personal Prop	0	N/A	0	0
O. Residential Inventory	487,905	N/A	487,905	487,905
S. Special Inventory	1,720,415	N/A	1,720,415	1,720,415
Subtotal	449,321,732		460,489,695	449,321,732
Less Total Deductions	78,104,617		80,817,429	78,104,617
Total Taxable Value	371,217,115		379,672,266	371,217,115 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

Attachment F

TEA's Facilities Value

Attachment G

Participation Agreement

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

by and between

MATHIS INDEPENDENT SCHOOL DISTRICT

and

PACIFIC WIND DEVELOPMENT, LLC

(Texas Taxpayer ID #32050830580)

Comptroller Application #1178

Dated

October 26, 2017

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

STATE OF TEXAS §

COUNTY OF SAN PATRICIO AND BEE §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **MATHIS INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the TEXAS EDUCATION CODE, and **PACIFIC WIND DEVELOPMENT, LLC**, Texas Taxpayer Identification Number 32050830580 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS

WHEREAS, on February 3, 2017 the Superintendent of Schools of the Mathis Independent School District, acting as agent of the Board of Trustees of the District, received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the TEXAS TAX CODE;

WHEREAS, on February 6, 2017 the Board of Trustees has acknowledged receipt of the Application, and along with the requisite application fee as established pursuant to Section 313.025(a) of the TEXAS TAX CODE and Local District Policy CCG (Local), and agreed to consider the Application;

WHEREAS, the Application was delivered to the Texas Comptroller's Office for review pursuant to Section 313.025 of the TEXAS TAX CODE;

WHEREAS, the District and the Texas Comptroller's Office have determined that the Application is complete and April 11, 2017 is the Application Review Start Date as that term is defined by 34 TEXAS ADMIN. CODE Section 9.1051;

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE Section 9.1054, the Application was delivered to the Bee County Appraisal District established in Bee County, Texas (the "Bee County Appraisal District") and the San Patricio County Appraisal District established in San Patricio County, Texas (the "San Patricio County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Texas Comptroller's Office reviewed the Application pursuant to Section 313.025 of the TEXAS TAX CODE, conducted an economic impact evaluation pursuant to Section 313.026 of the TEXAS TAX CODE, and on May 1, 2017, issued a certificate for limitation on appraised value of the property described in the Application and provided the certificate to the District;

WHEREAS, the District's Board of Trustees, by resolution dated August 31, 2017, extended the statutory deadline by which the District must consider the Application until December 31, 2017, and the Comptroller was provided notice of such extension as set out under 34 TEXAS ADMIN. CODE Section 9.1054(d);

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

WHEREAS, on October 26, 2017, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on October 26, 2017, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) the Applicant is eligible for the limitation on appraised value of the Applicant's Qualified Property; (iii) the project proposed by the Applicant is reasonably likely to generate tax revenue in an amount sufficient to offset the District's maintenance and operations ad valorem tax revenue lost as a result of the Agreement before the 25th anniversary of the beginning of the limitation period; (iv) the limitation on appraised value is a determining factor in the Applicant's decision to invest capital and construct the project in this State; and (v) this Agreement is in the best interest of the District and the State of Texas;

WHEREAS, on October 26, 2017, pursuant to the provisions of 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE;

WHEREAS, on October 3, 2017, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

WHEREAS, on October 26, 2017, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary or in the event the Board President and Secretary are unavailable or have disclosed a conflict of interest, the Board of Trustees has authorized Board Vice President, to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I
DEFINITIONS

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

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, including any statutory amendments that are applicable to Applicant.

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

"*Applicant*" means Pacific Wind Development, LLC, (Texas Taxpayer ID #32050830580), the entity listed in the Preamble of this Agreement and that is listed as the Applicant on the Application as of the Application Approval Date. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest as approved according to Sections 10.2 and 10.3 of this Agreement.

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

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

"*Application*" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C of the TEXAS TAX CODE) filed with the District by the Applicant on February 3, 2017. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by the Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by the Applicant.

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

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

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

"*Appraisal District*" means the San Patricio and Bee County Appraisal Districts.

"*Board of Trustees*" means the Board of Trustees of the Mathis Independent School District.

"*Commercial Operation*" means the generation of electricity (other than test energy) by Applicant from all of the wind turbines included in the Qualified Property for which electricity Applicant is entitled to receive compensation from a third party power purchaser, offtaker, merchant buyer, spot market buyer, or other third party purchaser.

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

"*Comptroller's Rules*" means the applicable rules and regulations of the Comptroller set forth in Chapter 34 TEXAS ADMIN. CODE Chapter 9, Subchapter F, together with any court or administrative decisions interpreting same.

"*County*" means San Patricio and Bee Counties, Texas.

"*District*" or "*School District*" means the Mathis Independent School District, being a duly authorized and operating school district in the State, having the power to levy, assess, and collect ad valorem taxes within its boundaries and to which Subchapter C of the Act applies. The term also includes any successor independent school district or other successor governmental authority having the power to levy and collect ad valorem taxes for school purposes on the Applicant's Qualified Property or the Applicant's Qualified Investment.

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

"*Force Majeure*" means those causes generally recognized under Texas law as constituting impossible conditions. Each Party must inform the other in writing with proof of receipt within sixty (60) business days of the existence of such Force Majeure or otherwise waive this right as a defense.

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

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

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

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

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

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

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

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

"*State*" means the State of Texas.

"*Supplemental Payment*" means any payments or transfers of things of value made to the District or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the Agreement and that is not authorized pursuant to Sections 313.027(f)(1) or (2) of the TEXAS TAX CODE, and specifically includes any payments required pursuant to Article VI of this Agreement.

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

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

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

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

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

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

"*Cumulative Unadjusted Tax Benefit*" means for each Tax Year of this Agreement, the Unadjusted Tax Benefit for such Tax Year added to the Unadjusted Tax Benefit for all previous Tax Years during the term of this Agreement.

"*Net Aggregate Limit*" means, for any Tax Year of this Agreement, the Total Supplemental Payment Limit, less all amounts previously paid by the Applicant to or on behalf of the District under Article VI, below.

"*Net Tax Benefit*" means, (i) the amount of maintenance and operations *ad valorem* taxes that the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) less the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Articles IV and V under this Agreement, plus (C) any payments due to the District under Article VI of this Agreement for all Tax Years prior to the subject Tax Year.

"*Revenue Protection Amount*" means the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue that District would have received for the Tax Year, under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Applicant's Qualified Property been subject to the ad valorem maintenance & operations tax at the rate applicable for such Tax Year. For purposes of this calculation, the Third Party will base its calculations upon actual local taxable values for each applicable year as certified by the County Appraisal District for all other taxable accounts in the District, save and except for the Qualified Property subject to this Agreement, plus the total appraised value of the Qualified Property subject to this Agreement. In this calculation, the total appraised value of the Qualified Property subject to this Agreement will be used for the Qualified Property in lieu of the property's M&O taxable value. (For clarification, the taxable value used by the District in calculating the taxes payable for Interest and Sinking Fund taxation purposes on Applicant's Qualified Property will be used for the Qualified Property in lieu of the property's M&O taxable value.)

"*Total Supplemental Payment Limit*" means the maximum total benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Texas Tax Code §313.027(i). For purposes of this Agreement, the amount of the Total Supplemental Payment Limit shall be calculated by multiplying the District's average daily attendance for the 2017-2018 academic year as reported to the Texas Education Agency by the District in its PEIMS report, as calculated pursuant to Texas Education Code §42.005, multiplied by sixteen (16) the number of years comprising the period between the start of the Qualifying Time Period described by Tex. Tax Code § 313.021(4) October 26, 2017 and ending on December 31, 2032, the third tax year after the date of expiration of the tax limitation created by this Agreement, multiplied by the greater of \$100, or any larger amount allowed by Texas Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Total Supplemental Payment Limit shall be computed with data from Tax Year 2017 (2017-18 school year) which, by virtue of the Approval Date is the tax year that includes the date on which the Board of Trustees approved the Application and this Agreement.

"*__Unadjusted Tax Benefit__*" means for each year of this Agreement the total of all gross tax savings calculated for each year of the Agreement by multiplying the Applicant's taxable value for debt service taxes for each applicable Tax Year, minus the Tax Limitation Amount defined, multiplied by the District's Maintenance & Operations tax rate for the applicable Tax Year.

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

Section 2.1. AUTHORITY. This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Section 313.027 of the TEXAS TAX CODE.

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

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is April 11, 2017, which will be used to determine the eligibility of the Applicant's Qualified Property and all applicable wage standards.

B. The Application Approval Date for this Agreement is October 26, 2017.

C. The Qualifying Time Period for this Agreement:

i. Starts on April 11, 2017, the Application Approval Date; and

ii. Ends on December 31, 2019, the last day of the second complete Tax Year following the Qualifying Time Period start date.

D. The Tax Limitation Period for this Agreement:

i. Starts on January 1, 2020, the first complete Tax Year that begins after the date of the commencement of Commercial Operation; and

ii. Ends on December 31, 2029.

E. The Final Termination Date for this Agreement is December 31, 2034.

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

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

A. the Market Value of the Applicant's Qualified Property; or

B. Twenty Million Dollars ($20,000,000.00).

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

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

A. have completed the Applicant's Qualified Investment in the amount of Ten Million Dollars ($10,000,000.00) during the Qualifying Time Period;

B. have created and maintained, subject to the provisions of Section 313.0276 of the TEXAS TAX CODE, New Qualifying Jobs as required by the Act; and

C. pay an average weekly wage of at least $888.75 for all New Non-Qualifying Jobs created by the Applicant.

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

A. provide payments to District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV;

B. provide payments to the District that protect the District from the payment of extraordinary education- related expenses related to the project, as more fully specified in Article V;

C. provide such Supplemental Payments as more fully specified in Article VI;

D. create and Maintain Viable Presence on or with the Qualified Property and perform additional obligations as more fully specified in Article VIII of this Agreement; and

E. no additional conditions are identified in the certificate for a limitation on appraised value by the Comptroller for this project.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of the Application Approval Date, the Land is within an area designated either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description, and information concerning the designation, of such zone is attached to this Agreement as **EXHIBIT 1** and is incorporated herein by reference for all purposes.

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

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

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

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

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. It is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue in each year of this Agreement for which this Agreement was a sole and direct cause, all as calculated in Section 4.2 below. Such payments shall be independent of, and in addition to such other payments as set forth in Article V and Article VI in this Agreement.

The Parties hereto expressly understand and agree that, for all years to which this Agreement may apply, the calculation of losses that District incurs in its Maintenance and Operations Revenue will be defined for each applicable Tax Year in accordance with the Applicable School Finance Law, as defined in Section 1.2 above, and that such definition specifically contemplates that calculations made under this Agreement may periodically change in accordance with changes made from time to time in the Applicable School Finance Law. The Parties further agree that the printouts and projections produced during the negotiations and approval of this Agreement are: i) for illustrative purposes only, are not intended to be relied upon, and have not been relied upon by the Parties as a prediction of future consequences to either Party to the Agreement; ii) are based upon current School Finance Law, which is subject to change by statute, by administrative regulation, or by judicial decision at any time; and, iii) may change in future years to reflect changes in the Applicable School Finance Law.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. The amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year starting in the year of the Application Review Start Date and ending on the Final Termination Date, the "M&O Amount" shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. Notwithstanding any other provision in this Agreement, the M&O Amount owed by Applicant to District means the Original M&O Revenue minus the New M&O Revenue.

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

   i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law as that law exists for each year for which the calculation is made.

   ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue, as calculated under this Section 4.2 of this Agreement, results in a negative number, the negative number will be considered to be zero.

iv. For All calculations made for years during the Tax Limitation Period under Section 4.2 of this Agreement, Subsection ii of this subsection will reflect the Tax Limitation Amount for such year.

C. Annual Limitation of Payments by Applicant

Notwithstanding anything contained in this Agreement to the contrary, for each Tax Year of the Tax Limitation Period (beginning with Tax Year 2020), amounts due to be paid by Applicant under this Article IV for any Tax Year during the Limitation Period shall not exceed an amount equal to Seventy-Five Percent (75%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement. Beginning with the first Tax Year of the Tax Limitation Period (Tax Year 2020) and for each subsequent year of this Agreement through the third Tax Year after the end of the Tax Limitation Period (2032), any amounts due and owing by Applicant to the District pursuant to Article IV of this Agreement which, by virtue of the payment limitation set forth in this Section 4.2.C, were not paid in prior years, shall be carried forward and added to the amounts due pursuant to Articles IV for each subsequent Tax Year until paid. In no event shall the amounts paid by the Applicant, calculated under Article IV for each Tax Year, including unpaid amounts carried forward from prior years, be in excess of (i) an amount equal to Seventy-Five Percent (75%) of Applicant's Cumulative Unadjusted Tax Benefit under this Agreement from the first day of the Qualifying Time Period through the current Tax Year, less (ii) all amounts paid by Applicant for all previous Tax Years under Article IV of this Agreement. The amounts described in this Section 4.2.C shall be included in all calculations made pursuant to Section 4.3.

Section 4.3. CALCULATIONS TO BE MADE BY THIRD PARTY. All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 9.3 of this Agreement.

Section 4.4. DATA USED FOR CALCULATIONS. The calculations under this Agreement shall be initially based upon the valuations that are placed upon all taxable property in the District, including Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 4.3. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 4.5. DELIVERY OF CALCULATIONS. On or before November 1 of each year for which this Agreement is effective, the Third Party selected pursuant to Section 4.3 of this Agreement shall forward to the Parties a certification containing the calculations required under Section 4.2 and Article VI, or under Section 7.1 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's calculations, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation until the Final Termination Date of this Agreement. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement.

Section 4.6. PAYMENT BY APPLICANT. The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 of the year following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party for all calculations under this Agreement under Section 4.5, above, plus any reasonable and necessary legal expenses by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or other reimbursement applications filed with or sent to the State of Texas, for any audits conducted by the State Auditor's Office, or for other legal expenses which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of total expenses under this Section and Section 4.5, above, in excess of Twelve Thousand Five Hundred Dollars ($12,500.00).

Section 4.7. RESOLUTION OF DISPUTES. Should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within thirty (30) days following the later of (i) receipt of the certification, or (ii) the date the Applicant is granted access to the books, records and other information in accordance with Section 4.6 for purposes of auditing or reviewing the information in connection with the certification. Within thirty (30) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of the certification containing the calculations to the District's Board of Trustees. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the District's Board of Trustees within thirty (30) days of the final determination of the certification containing the calculations, without limitation of Applicant's other rights and remedies available hereunder, in law or in equity.

Section 4.8. EFFECT OF PROPERTY VALUE APPEAL OR OTHER ADJUSTMENT.

A. In the event that, at the time the Third Party selected under Section 4.3 makes its calculations under this Agreement, the Applicant has appealed any matter relating to the valuations placed by the Appraisal District on the Qualified Property, and such appeal is unresolved, the Third

Party shall base its calculations upon the values initially placed upon the Qualified Property by the Appraisal District.

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

Section 4.10. EFFECT OF STATUTORY CHANGES. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to District, up to the revenue protection amount limit set forth in Section 7.1, that are necessary to offset any negative impact on District's Maintenance and Operations Revenue, as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the Amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Section 4.2 of this Agreement above, Applicant on an annual basis shall also indemnify and reimburse District for the following: all non-reimbursed costs, certified by District's external auditor to have been incurred by District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. INTENT OF PARTIES WITH RESPECT TO SUPPLEMENTAL PAYMENTS.

A. Amounts Exclusive of Indemnity Amounts. In addition to undertaking the responsibility for the payment of all of the amounts set forth under Articles IV and V, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for Supplemental Payments to be calculated as set forth in this Article VI. The Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this

Agreement for limitation on appraised value made pursuant to Chapter 313, Texas Tax Code, unless it is explicitly set forth in this Agreement.

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

SECTION 6.2. SUPPLEMENTAL PAYMENT LIMITATION.

Notwithstanding the foregoing:

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

B. Supplemental Payments may only be made during the period starting the first complete or partial year of the Qualifying Time Period (2017) and ending December 31 of the third Tax Year after the end of the Tax Limitation Period (2032).

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

D. For purposes of this Agreement, the calculation of the limit of the annual Supplemental Payment shall be the greater of $50,000 or $100 multiplied by the District's Average Daily Attendance as calculated pursuant to Section 42.005 of the TEXAS EDUCATION CODE, based upon the District's 2017-2018 reported Average Daily Attendance, rounded to the whole number.

Section 6.3. STIPULATED SUPPLEMENTAL PAYMENT SCHEDULE.

Beginning with the second year of the Value Limitation Period of this Agreement (Tax Year 2021) and ending the third tax year after the Limitation expires (Tax Year 2032), the District shall receive Supplemental Payments on in the dates set forth on the following schedule, in an annual amount equal to Eight and Thirty-Three One Hundredths Percent (8.33%) of the Total Supplemental Payment Limit as defined in Section 1.2, above.

Supplemental Payment Number	Tax Year	School Year	Payment Due Date

1.	2021	2021-2022	January 31, 2022
2.	2022	2022-2023	January 31, 2023
3.	2023	2023-2024	January 31, 2024
4.	2024	2024-2025	January 31, 2025
5.	2025	2025-2026	January 31, 2026
6.	2026	2026-2027	January 31, 2027
7.	2027	2027-2028	January 31, 2028
8.	2028	2028-2029	January 31, 2029
9.	2029	2029-2030	January 31, 2030
10	2030	2030-2031	January 31, 2031
11.	2031	2031-2032	January 31, 2032
12.	2032	2032-2033	January 31, 2033

Section 6.4. ADDITIONAL LIMIT ON SUPPLEMENTAL PAYMENTS. For each year of this Agreement for which Supplemental Payments are due, according to the schedule set forth in Section 6.3, above, Applicant shall not be required to make Supplemental Payments to the District which exceed Forty Percent (40%) of Applicant's Net Tax Benefit, as defined in Section 1.2, above, Supplemental Payment amounts, if any, not paid to the District by Applicant by virtue of this Additional Limit shall carry forward and be added to any amounts otherwise due under Section 6.3, so long as the Limit set forth in this Section 6.4 has not been exceeded for the year in question.

Section 6.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS. All calculations required by this Article VI, including but not limited to: (i) the calculation of the Applicant's Stipulated Supplemental Payment Amount; (ii) the determination of both the Total Supplemental Payment Limit, the Additional Limit in Section 6.4, and the Aggregate Limit; (iii) the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and (iv) the carry forward and accumulation of any of the Applicant's Stipulated Supplemental Payment Amounts unpaid by the Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 4.4.

(a) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 4.6.

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

Section 6.6. **DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY.** At any time during this Agreement, the District's Board of Trustees 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 payment obligations under Article VI of this agreement be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote to the Applicant in conformance with the provisions of Section 10.1, below. Such designation may be rescinded, with respect to future payments only, by action of the District's Board of Trustees at any time.

Any designation of a successor beneficiary under this Section shall not alter the Supplemental Payments calculated as described in Section 6.3, above.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. **ANNUAL LIMITATION.** Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year of the Tax Limitation Period beginning after the first Tax Year of the Tax Limitation Period, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Article IV of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

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

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

A. the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged; and

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

ARTICLE VIII
ADDITIONAL OBLIGATIONS OF APPLICANT

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

Section 8.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, the Applicant shall submit all reports required from time to time by the Comptroller, listed in 34 TEXAS ADMIN. CODE Section 9.1052 and as currently located on the Comptroller's website, including all data elements required by such form to the satisfaction of the Comptroller on the dates indicated on the form or the Comptroller's website and starting on the first such due date after the Application Approval Date.

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

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

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

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

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

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

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

i. date of submission of the final payment;

ii. Final Termination Date; or

iii. date of resolution of all disputes or payment.

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

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

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

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

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

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

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

ARTICLE IX
MATERIAL BREACH OR EARLY TERMINATION

Section 9.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. The Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions (each a "Material Breach"):

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

B. The Applicant failed to complete Qualified Investment as required by Section 2.5.A. of this Agreement during the Qualifying Time Period;

C. The Applicant failed to create and maintain the number of New Qualifying Jobs required by the Act;

D. The Applicant failed to create and maintain the number of New Qualifying Jobs specified in Schedule C of the Application;

E. The Applicant failed to pay at least the average weekly wage of all jobs in the county in which the jobs are located for all New Non-Qualifying Jobs created by the Applicant;

F. The Applicant failed to provide payments to the District sufficient to protect future District revenues through payment of revenue offsets and other mechanisms as more fully described in Article IV of this Agreement;

G. The Applicant failed to provide the payments to the District that protect the District from the payment of extraordinary education-related expenses related to the project to the extent and in the amounts that the Applicant agreed to provide such payments in Article V of this Agreement;

H. The Applicant failed to provide the Supplemental Payments to the extent and in the amounts that the Applicant agreed to provide such Supplemental Payments in Article VI of this Agreement;

I. The Applicant failed to create and Maintain Viable Presence on or with the Qualified Property as more fully specified in Article VIII of this Agreement;

J. The Applicant failed to submit the reports required to be submitted by Section 8.2 to the satisfaction of the Comptroller;

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

L. The Applicant failed to allow authorized employees of the District, the Comptroller, the Appraisal District, or the State Auditor's Office to have access to the Applicant's Qualified Property or business records in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property under Sections 8.5 and 8.6;

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

N. The Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on Appraised Value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI of this Agreement;

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

Section 9.2. DETERMINATION OF BREACH AND TERMINATION OF AGREEMENT.

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

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

i. whether or not a breach of this Agreement has occurred;

ii. whether or not such breach is a Material Breach;

iii. the date such breach occurred, if any;

iv. whether or not any such breach has been cured; and

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

i. the amount of recapture taxes under Section 9.4.C (net of all credits under Section 9.4.C);

ii. the amount of any penalty or interest under Section 9.4.E that are owed to the District; and

iii. in the event of a finding of a Material Breach, whether to terminate this Agreement.

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

Section 9.3. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 9.2, the Applicant shall have not greater than ninety (60) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within (60) days after the Applicant initiates mediation, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then presiding in San Patricio County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that any mediation is not successful in resolving the dispute or that payment is not received within the time period described for mediation in Section 9.3.A, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in a judicial proceeding in a state district court in San Patricio County, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any contract, agreement or undertaking made by a Party pursuant to this Agreement.

C. If payments become due under this Agreement and are not received before the expiration of the sixty (60) days provided for such payment in Section 9.3.A, and if the Applicant has not contested such payment calculations under the procedures set forth herein, including judicial proceedings, the District shall have the remedies for the collection of the amounts determined under Section 9.4 as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees to the attorneys representing the District pursuant to Section 6.30 of the TEXAS TAX CODE and a tax lien shall attach to the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to secure payment of such fees.

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

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

B. In the event that the District determines that the Applicant has failed to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, the Applicant shall pay to the District liquidated damages, as calculated by Section 9.4.C, prior to, and the District may terminate the Agreement effective on the later of: (i) the expiration of the (60) days provided for in Section 9.3.A, and (ii) thirty (30) days after any mediation and judicial proceedings initiated pursuant to Sections 9.3.A and 9.3.B are resolved in favor of the District.

C. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a tax limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 9.4.E. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, the Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

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

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

Section 9.5. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the amounts calculated under Section 9.4. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 9.5 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 9.6. STATUTORY PENALTY FOR INADEQUATE QUALIFIED INVESTMENT. Pursuant to Section 313.0275 of the TEXAS TAX CODE, in the event that the Applicant fails to make Ten Million Dollars ($10,000,000.00) of Qualified Investment, in whole or in part, during the Qualifying Time Period, the Applicant is liable to the State for a penalty. The amount of the penalty is the amount determined by: (i) multiplying the maintenance and operations tax rate of the school district for that tax year that the penalty is due by (ii) the amount obtained after subtracting (a) the Tax Limitation Amount identified in Section 2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the Tax Year the penalty is due. This penalty shall be paid on or before February 1 of the year following the expiration of the Qualifying Time Period and is subject to the delinquent penalty provisions of Section 33.01 of the TEXAS TAX CODE. The Comptroller may grant a waiver of this penalty in the event of Force Majeure which prevents compliance with this provision.

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

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

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

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

C. In the event that there is no tax limitation in place for the tax year that the Material Breach occurs, the payment to the State shall be in an amount equal to: (i) multiplying the maintenance and operations tax rate of the School District for each tax year that the Material Breach occurs by (ii) the amount obtained after subtracting (a) the tax limitation amount identified in Section

2.4.B from (b) the Market Value of the property identified on the Appraisal District's records for the last Tax Year for which the Applicant received a tax limitation.

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

ARTICLE X.
MISCELLANEOUS PROVISIONS

Section 10.1. INFORMATION AND NOTICES.

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

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

Mr. Benny P Hernandez
Superintendent
Mathis Independent School Districk
P.O. Box 1179
Mathis, TX 78368
Phone: (361)5473378 ext. 1001
Fax: (361) 547-9474

Email:

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

Jesse Gronner, Vice President
Pacific Wind Development, LLC
c/o Avangrid Renewables, LLC
1125 NW Couch Street, Suite 700
Portland, Oregon 97209
Phone: 503-796-7045
Email: jesse.gronner@avangrid.com

Avangrid Renewables, LLC
ATTN: Property Tax (Karankawa Wind Farm)
1125 NW Couch Street, Suite 700
Portland, Oregon 97209
Phone: (503) 796-6955
E-mail: Thomas.Russell@avangrid.com

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

Section 10.2. AMENDMENTS TO APPLICATION AND AGREEMENT; WAIVERS.

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

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

i. The Applicant shall submit to the District and the Comptroller:

a. a written request to amend the Application and this Agreement, which shall specify the changes the Applicant requests;

b. any changes to the information that was provided in the Application that was approved by the District and considered by the Comptroller;

c. and any additional information requested by the District or the Comptroller necessary to evaluate the amendment or modification;

ii. The Comptroller shall review the request and any additional information for compliance with the Act and the Comptroller's Rules and provide a revised Comptroller certificate for a limitation within ninety (90) days of receiving the revised Application and, if the request to amend the Application has not been approved by the Comptroller by the end of the ninety (90) day period, the request is denied; and

iii. If the Comptroller has not denied the request, the District's Board of Trustees shall approve or disapprove the request before the expiration of 150 days after the request is filed.

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

i. require that all property added by amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE;

ii. clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and

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

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

Section 10.3. ASSIGNMENT.

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

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

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

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

Section 10.5. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in a state district court in San Patricio County.

Section 10.6. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 10.7. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal, or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision, or condition cannot be so reformed, then such term, provision, or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality, and enforceability of the remaining terms, provisions, and conditions contained herein (and any other application such term, provision, or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible so that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 10.7, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree, or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 10.8. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 10.9. INTERPRETATION.

A. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement.

B. The words "include," "includes," and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase, "but not limited to". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require.

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

i. The Act;

ii. The Comptroller's Rules as they exist at the time the Agreement is executed, except as allowed in the definition of Qualified Property in Section 1.1; and

iii. iii. This Agreement and its Attachments including the Application as incorporated by reference.

Section 10.10. EXECUTION OF COUNTERPARTS. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which, taken together, shall constitute but one and the same instrument, which may be sufficiently evidenced by one counterpart.

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

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

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

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

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

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

Section 10.14. CONFLICTS OF INTEREST.

A. A. The District represents that, after diligent inquiry, each local public official or local government officer, as those terms are defined in Chapters 171 and 176 of the TEXAS LOCAL

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

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

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

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

A. all payments, including liquidated damage and tax payments, have been made;

B. all reports have been submitted;

C. all records have been maintained in accordance with Section 8.6.A; and

D. all disputes in controversy have been resolved.

Section 10.16. FACSIMILE OR ELECTRONIC DELIVERY.

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

B. Delivery is deemed complete as follows:

i. When delivered if delivered personally or sent by express courier service;

ii. Three (3) business days after the date of mailing if sent by registered or certified U.S. mail, postage prepaid, with return receipt requested;

iii. When transmitted if sent by facsimile, provided a confirmation of transmission is produced by the sending machine; or

iv. When the recipient, by an e-mail sent to the e-mail address for the executing Parties acknowledges having received that e-mail (an automatic "read receipt" does not constitute acknowledgment of an e-mail for delivery purposes).

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 26th day of October, 2017.

PACIFIC WIND DEVELOPMENT, LLC

By: [signature]
Name: Jesse Gronner
Title: Authorized Representative

By: [signature]
Name: Jeremy Aird
Title: Authorized Representative

MATHIS INDEPENDENT SCHOOL DISTRICT

By: Angie Trejo
ANGIE TREJO
PRESIDENT, BOARD OF TRUSTEES

ATTEST:

By: Melinda Barajas
MELINDA BARAJAS
SECRETARY, BOARD OF TRUSTEES

EXHIBIT 1

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

Legal Description of the Land

The Land is comprised of the following parcels.

San Patricio County:

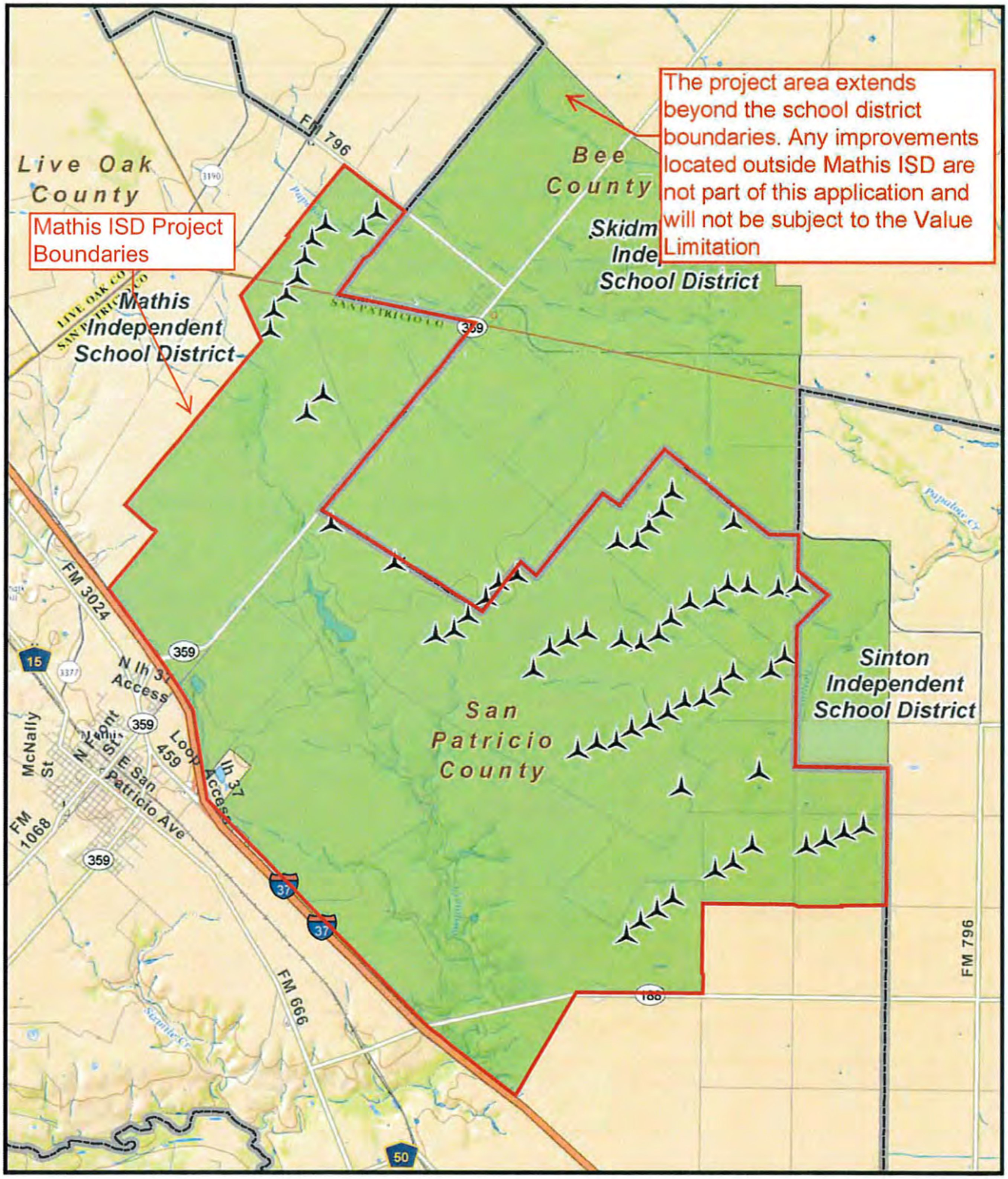
1. I.&G.N. RR Company Survey, Abstract No. 172, San Patricio County, Texas that lies north and east of Interstate 37.
2. I.&G.N. RR Company Survey, Abstract No. 173, San Patricio County, Texas.
3. I.&G.N. RR Company Survey, Abstract No. 174, San Patricio County, Texas that lies north and east of Interstate 37.
4. I.&G.N. RR Company Survey, Abstract No. 175, San Patricio County, Texas that lies north and east of Interstate 37.
5. W.R. Pay Survey, Abstract No. 337, San Patricio County, Texas.
6. M.G. Frazier Survey, Abstract No. 118, San Patricio County Texas.
7. The W. Allen Survey, Abstract No. 36 in San Patricio County.
8. M.G. Frazier Survey, Abstract No. 117, San Patricio County, Texas.
9. The portion of the V. Juarez Survey, Abstract No. 11, San Patricio County, Texas that lies north and east of Interstate 37.
10. The portion of the J. Delgado Survey, Abstract No. 4, San Patricio County, Texas that lies north and east of Interstate 37.
11. The J A Stockman Survey, Abstract No. 330, San Patricio County, Texas.
12. The J Stockman Survey, Abstract No. 410, San Patricio County, Texas.
13. The J W Moore Survey, Abstract No. 347, San Patricio County, Texas.
14. The portion of the San Patricio De Hibernia Survey, Abstract No. 30, San Patricio County, Texas that lies north and east of Interstate 37.
15. The W.G. Goosley Survey, Abstract No. 325, San Patricio County, Texas.
16. M.P.J. (aka Juan, Miguel, Pedro) and Nepomuceno Delgado Survey, Abstract No. 4 , San Patricio County, Texas.
17. The portion of the J. De La Garza Survey, Abstract No. 7, San Patricio County, Texas that lies north and east of Interstate 37.
18. The AB&M Survey, No. 306, San Patricio County, Texas.
19. The AB&M Survey, No. 355, San Patricio County, Texas.
20. I.&G.N. RR Company Survey, Abstract No. 171, San Patricio County, Texas.
21. The AB&M Survey, Abstract No. 323, San Patricio County, Texas.
22. The J. Carlise Survey, Abstract No. 91, San Patricio County, Texas.
23. The J. Carlise Survey, Abstract No. 90, San Patricio County.
24. The A.B.&M. Survey, Abstract No. 350, San Patricio County, Texas.
25. The A.B.&M. Survey, Abstract No. 307, San Patricio County, Texas.
26. The portion of the A.B.&M. Survey, Abstract No. 356, San Patricio County.
27. The portion of the B.S.&F. Survey, Abstract No. 310, San Patricio County, Texas that lies within the Mathis Independent School District.
28. The A.B.&M. Survey, Abstract No. 305, San Patricio, County, Texas.
29. The D. Anderson Survey, Abstract No. 39, San Patricio County, Texas.
30. The D. Anderson Survey, Abstract No. 38, San Patricio County, Texas.
31. I.&G.N. RR Company Survey, Abstract No. 316, San Patricio County, Texas.

32. I.&G.N. RR Company Survey, Abstract No. 315, San Patricio County, Texas.
33. The J.J. Welder Survey, Abstract No. 385, San Patricio County, Texas.
34. The A.B.&M. Survey, Abstract No. 353, San Patricio County, Texas.
35. The R. Williams Survey, Abstract No. 342, San Patricio County, Texas.
36. The R. Gallardo Survey, Abstract No. 339, San Patricio County, Texas.
37. The C.S. De Gomez Survey, Abstract No. 340, San Patricio County, Texas.
38. The J. Conti Survey, Abstract No. 343, San Patricio County, Texas.
39. The J. Saunders Survey, Abstract No. 344, San Patricio County,.
40. The portion of the F. Miranda Survey, Abstract No. 336, San Patricio County, Texas.
41. The W. Quinn Survey, Abstract No. 28, San Patricio County, Texas.
42. The J.B. Wilson Survey, Abstract No. 381, San Patricio, County, Texas.
43. The State of Texas, Abstract No. ?1, San Patricio County, Texas.
44. The Cuadrillo Irrigation Company Survey, Abstract No. 335, San Patricio County, Texas.
45. The Cuadrillo Irrigation Company Survey, Abstract No. 418, San Patricio County, Texas.

Bee County:

1. The W. Allen Survey, Abstract No. 336, Bee County, Texas.
2. The G. Garcia Survey, Abstract No. 167, Bee County, Texas.
3. The H.H. Williams Survey, Abstract No. 403, Bee County, Texas.
4. The W. Quinn Survey, Bee, County, Texas.
5. The J.B. Wilson Survey, Abstract No. 322, Bee, County, Texas.
6. The Cuadrillo Irrigation Company Survey, Abstract No. 446, Bee County, Texas.
7. The B.S.&F. Survey, Abstract No. 471, Bee County, Texas.
8. The B.S.&F. Survey, Abstract No. 346, Bee County, Texas.
9. The S.K.&K. Survey, Abstract No. 526, Bee County, Texas.
10. The J. Zoaller Survey, Abstract No. 334, Bee County Texas.
11. The Cuadrillo Irrigation Company Company Survey, Abstract No. 1228, Bee County, Texas.
12. The J. Chappell Survey, Abstract No. 140, Bee County, Texas.
13. The N. Ryons Survey, Abstract No. 283, Bee County Texas.
14. The O. H. Delano Survey, Abstract No. 153, Bee County, Texas.

Reinvestment Zone/Project Boundary with Vicinity



Legend

Preliminary Turbine Location

School District Boundary

Reinvestment Zone/Project Boundary

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0 0.5 1 1.5 2

Miles

Karankawa Wind Farm

Bee & San Patricio Counties, TX

AVANGRID RENEWABLES

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Modified Date: 1/27/2017

EXHIBIT 2

DESCRIPTION AND LOCATION OF LAND

The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described by the map attached to **Exhibit 1**.

EXHIBIT 3

APPLICANT'S QUALIFIED INVESTMENT

Applicant's Qualified Investment shall be all tangible personal property first placed in service after October 26, 2017, that is owned by the Applicant, as more fully described in Tab #7 of the Application, and located within the boundaries of the Mathis Independent School District and the map attached to **Exhibit 1**.

The proposed project entails the design and construction of a utility-scale renewable energy electricity generation facility including all associated project infrastructure. The entire project, spanning multiple counties and school districts, will have a total rated production capacity (*i.e.*, nameplate capacity) of 200 megawatts. The estimated total investment for the entire project is $250 million, with an estimated $108,500,000 of investment in Skidmore-Tynan Independent School District and an estimated $141,500,000 of investment in Mathis Independent School District.

Potential new project improvements for which Applicant seeks the value limitation include, but are not limited to:

- turbines (including rotor blades, nacelles, gearbox generators, power cables, and towers);
- pad-mount or nacelle step-up transformers;
- brake systems;
- lighting and electrical infrastructure; and inverters.

The potential new project improvements include support infrastructure for which Applicant seeks the value limitation, including, but not limited to:

- concrete and gravel turbine foundations, pad-mount transformer foundations, and the
- processing substation foundation;
- underground collection systems;
- transmission lines;
- tie lines;
- interconnects;
- met towers;
- roads;
- a processing substation; and
- operations and maintenance building(s).

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

The proposed project entails the design and construction of a utility-scale renewable energy electricity generation facility including all associated project infrastructure. The entire project, spanning multiple counties and school districts, will have a total rated production capacity (i.e., nameplate capacity) of 200 megawatts. The estimated total investment for the entire project is $250 million, with an estimated $108,500,000 of investment in Skidmore-Tynan Independent School District and an estimated $141,500,000 of investment in Mathis Independent School District.

If approved by the Comptroller and school districts, the proposed facilities would be constructed in vacant, rural farm land located within San Patricio County and Bee County.

Potential new project improvements for which Applicant seeks the value limitation include, but are not limited to:

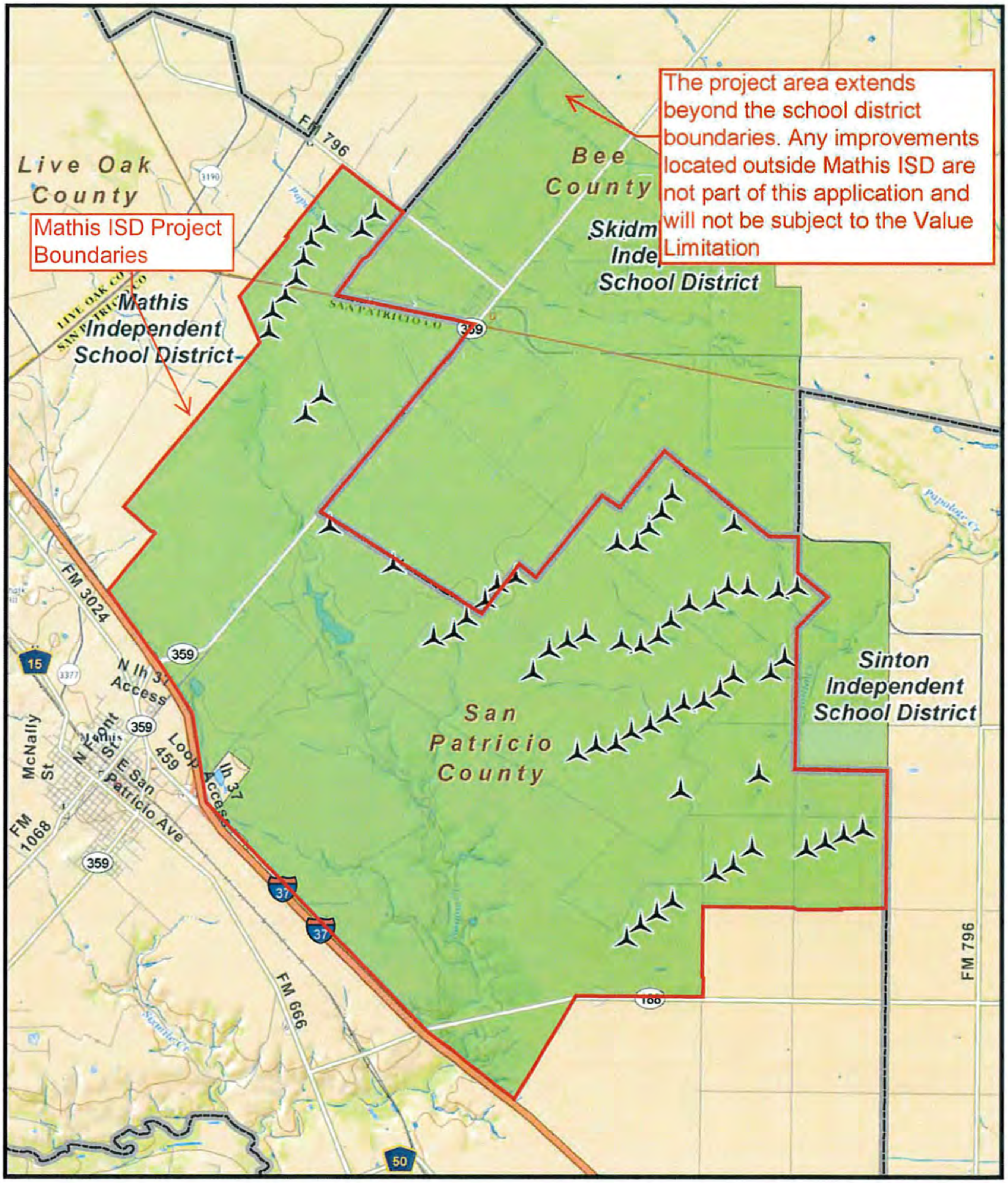
- turbines (including rotor blades, nacelles, gearbox generators, power cables, and towers);
- pad-mount or nacelle step-up transformers;
- brake systems;
- lighting and electrical infrastructure; and
- inverters.
-

The potential new project improvements include support infrastructure for which Applicant seeks the value limitation, including, but not limited to:

- concrete and gravel turbine foundations, pad-mount transformer foundations, and the
- processing substation foundation;
- underground collection systems;
- transmission lines;
- tie lines;
- interconnects;
- met towers;
- roads;
- a processing substation; and
- operations and maintenance building(s).

Applicant anticipates the proposed project would include the above improvements. Because of technological developments and engineering considerations, however, the exact nature of the improvements is subject to change. For example, Applicant could determine that the initial step-up transformers should be located within the nacelle at the top of each tower instead of on a separate foundation at the base of each tower.

Reinvestment Zone/Project Boundary with Vicinity



Legend

- Preliminary Turbine Location
- School District Boundary
- Reinvestment Zone/Project Boundary

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Miles

Karankawa Wind Farm

Bee & San Patricio Counties, TX

AVANGRID RENEWABLES

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Modified Date: 1/27/2017

EXHIBIT 5

AGREEMENT SCHEDULE

Full Tax Year of Agreement	Date of Appraised Value Determination	School Year	Tax Year	Summary Description of Provisions
Application Approval Date	January 1, 2017	2017-18	2017	Application Approval Date (10/16/17). Partial year Qualifying Time Period. No limitation on appraised value.
Year prior to start of value limitation period	January 1, 2018	2018-19	2018	Qualifying Time Period. No limitation on value.
Year prior to start of value limitation period	January 1, 2019	2019-20	2019	Qualifying Time Period. No limitation on value.
1	January 1, 2020	2020-21	2020	**$ 20 million property value limitation.**
2	January 1, 2021	2021-22	2021	**$ 20 million property value limitation.**
3	January 1, 2022	2022-23	2022	**$ 20 million property value limitation.**
4	January 1, 2023	2023-24	2023	**$ 20 million property value limitation.**
5	January 1, 2024	2024-25	2024	**$ 20 million property value limitation.**
6	January 1, 2025	2025-26	2025	**$ 20 million property value limitation.**
7	January 1, 2026	2026-27	2026	**$ 20 million property value limitation.**
8	January 1, 2027	2027-28	2027	**$ 20 million property value limitation.**
9	January 1, 2028	2028-29	2028	**$ 20 million property value limitation.**
10	January 1, 2029	2029-30	2029	**$ 20 million property value limitation.**
11	January 1, 2030	2030-31	2030	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2031	2031-32	3031	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2032	2032-33	2032	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
14	January 1, 2033	2033-34	2033	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.
15	January 1, 2034	2034-35	2034	No tax limitation. Applicant obligated to Maintain Viable Presence if no early termination.

Attachment H

Consultant Verification Letter

MOAK, CASEY
& ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

LYNN M. MOAK, PARTNER DANIEL T. CASEY, PARTNER

October 16, 2017

President and Members
Board of Trustees
Mathis Independent School District
602 E. San Patricio Ave
Mathis, Texas 78368

Re: Recommendations and Findings of the firm Concerning Application of Pacific Wind Development LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

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

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

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

Sincerely,

Daniel T. Casey

Daniel T. Casey

www.moakcasey.com

Phone 512-485-7878 400 W. 15th Street★Suite 1410★Austin, TX 78701-1648 Fax 512-485-7888

O'HANLON, DEMERATH & CASTILLO

ATTORNEYS & COUNSELORS AT LAW
808 WEST AVE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

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

JUSTIN DEMERATH

BENJAMIN CASTILLO

October 16, 2017

President and Members
Of the Board of Trustees
Mathis Independent School District
602 E. San Patricio Ave
Mathis, Texas 78368

Re: Recommendations and Findings of the Firm Concerning Application of Pacific Wind Development LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President and Members of the Board of Trustees:

Please accept this letter as formal notification of the completion of due diligence research on behalf of the Mathis Independent School District, with respect to the pending Application of Pacific Wind Development LLC for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes. Since our engagement on behalf of the District, we have been actively engaged in reviewing the pending Application and verifying its contents. We have also negotiated an Agreement between the District and Pacific Wind Development LLC Based upon our review we have drawn the following conclusions:

1. All statements of current fact contained in the Application are true and correct.

2. The project proposed in the Application meets all applicable eligibility criteria of Chapter 313 of the Texas Tax Code.

3. The Applicant has the current means and ability to complete the proposed project.

4. All applicable school finance implications arising from the contemplated Agreement have been explored.

5. The proposed Agreement contains adequate legal provisions so as to protect the interests of the District.

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

Sincerely,

Kevin O'Hanlon
For the Firm

Attachment I

Agreement Review Letter

GLENN HEGAR TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

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

October 03, 2017

Mr. Benny Hernandez
Superintendent
Mathis Independent School District
602 E. San Patricio Ave
Mathis, Texas 78368

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Mathis Independent School District and Pacific Wind Development, LLC, Application 1178

Dear Superintendent Hernandez:

This office has been provided with the Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Mathis Independent School District and Pacific Wind Development, LLC (Agreement). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

Based on our review, this office concludes that the agreement complies with the provisions of Tax Code, Chapter 313 and 34 TAC Chapter 9, Subchapter F.

Should you have any questions, please contact Desiree Caufield with our office. She can be reached by email at desiree.caufield@cpa.texas.gov or by phone at 1-800-531-5441, ext. 6-8597, or at 512-936-8597.

Sincerely,

Will Counihan
Director
Data Analysis & Transparency Division

cc: Chris Grammer, Moak, Casey & Associates LLP
Jesse Gronner, Avangrid Renewables, LLC
Thomas Russell, Avangrid Renewables, LLC
Bucky Brannen, Baker Botts L.L.P.

Attachment J

Conflict Of Interest Disclosure

Conflicts of Interest Disclosure Procedure

In its recent audits of Chapter 313 Agreements, The Texas State Auditor's Office has required documentation of inquiries concerning Board Member conflicts of interest at critical junctions in the Chapter 313 approval process. A local public official or a person related to a local public official in the first degree by either affinity or consanguinity has a substantial interest in a business entity or in real property, the local public official, before a vote or decision on any matter involving the business entity or the real property, is required to file an affidavit with an official Board record keeper stating the nature and extent of the interest and shall abstain from further participation in the matter if:

1. In the case of a substantial interest in a business entity, the action on the matter will have a special economic effect on the business entity that is distinguishable from the effect on the public; or
2. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.
3. A person has a substantial interest in a business entity if:

   The person owns at least:

   a. Ten percent of the voting stock or shares of the business entity, or

   b. Either ten percent or $15,000 of the fair market value of the business entity; or

   c. Funds received by the person from the business entity exceed ten percent of the person's gross income for the previous year.
4. In the case of a substantial interest in real property, it is reasonably foreseeable that an action on the matter will have a special economic effect on the value of the property, distinguishable from its effect on the public.

The Board may contract with a business entity in which a Trustee has a substantial interest if the Trustee follows the disclosure and abstention procedure set out above.

Does any Board Member have a conflict of interest as defined above?

If so, has the required Affidavit, set forth at District Policy BBFA (Exhibit) been filed?

Please have the answers to the foregoing 2 questions and a copy of this Procedure included in the minutes of this meeting.