FINDINGS
of the
GROOM INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES

Under Chapter 313 of the Texas Tax Code

ON THE APPLICATION FOR A LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY

SUBMITTED BY

SALT FORK WIND, LLC

Comptroller Application Number 387

RESOLUTION AND FINDINGS OF FACT
of the
GROOM INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER CHAPTER 313 OF THE TEXAS TAX CODE
ON THE APPLICATION FOR A
LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED
BY SALT FORK WIND, LLC

STATE OF TEXAS §
§
COUNTY OF CARSON §

PREAMBLE

On the 19th day of June, 2014, a public meeting of the Board of Trustees of the Groom Independent School District (the "Board") was held to solicit input from interested parties on the application by Salt Fork Wind, LLC f/k/a Salt Fork Wind, LP[1] ("Salt Fork Wind" or "Applicant") for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. 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 considered the application by Salt Fork Wind for a Limited Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the Applicant, interested parties, the District's administrative staff and the consultants retained by the District to advise the Board in this matter, the Board began its deliberation of the criteria in Section 313.026 of the Tax Code, including the revenue protection provision and other provisions of the proposed Limitation on Appraised Value Agreement ("LAVA") on Qualified Property. The Board tabled its deliberation of Salt Fork Wind's Application to consider the potential effects of Salt Fork's Application and its proposed LAVA on the District, and to allow time for further legal research of such potential effects.

On the 1st day of July, 2014, the Board reconvened to resume consideration Salt Fork's Application and proposed LAVA under Chapter 313 of the Texas Tax Code. 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 considered the Application by Salt Fork Wind for a Limited Appraised Value on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District's administrative staff and the consultants, including special legal counsel, retained by the District to advise the Board in this matter, the Board of Trustees of the Groom Independent School District makes the following Findings regarding the Application:

On or about the 12th day of November, 2013, the Superintendent of Schools, acting as an agent for the Board of Trustees for the Groom Independent School District, received an

[1] As noted in the District's April 15, 2014 Resolution, attached hereto as Attachment J, Salt Fork Wind, LP was converted to Salt Fork Wind, LLC on or about March 12, 2014. All references to Salt Fork Wind, LP in these Findings or the Attachments contained herein mean Salt Fork Wind, LLC.

Application for an Appraised Value Limitation on Qualified Property from Salt Fork Wind, pursuant to Chapter 313 of the Texas Tax Code. The general nature of Applicant's investment in qualified property set forth in the Application is for equipment and material related to the creation of a renewable energy (wind power) electric generation facility. *See* Comptroller's Recommendation Letter, dated March 17, 2014, attached hereto as Attachment C. The Board agreed to consider such Application, and the Superintendent formally acknowledged receipt of the Application for consideration on behalf of the District, which was delivered to the Texas Comptroller of Public Accounts immediately upon a determination that the Application was complete.

The Comptroller acknowledged receipt of the Application on or about November 22, 2014. Thereafter, on behalf of the Applicant, District submitted Amendment No. 001 (revised pages 6 and 8, Schedules A-D, Project Description and Franchise Tax information) on or about December 19, 2013. The Comptroller issued its notice of completeness by letter dated December 19, 2013, the Application Review Start Date. A copy of the Application and Comptroller letter of December 19, 2013 are attached as Attachment A. The Application and Amendment No. 001 is collectively referred to as the "Application."

The Texas Taxpayer Identification number for Salt Fork Wind is 32035855454. Salt Fork Wind is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachments A, B and C.

The Board acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

The Application was delivered to the Texas Comptroller's Office for review pursuant to §313.025(b) of the Texas Tax Code.

Copies of the Application were delivered to the Donley County and Gray County Appraisal Districts for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. After receipt of the Application, the Texas Comptroller's Office caused an economic impact evaluation to be conducted pursuant to §313.026 of the Texas Tax Code. The Comptroller, pursuant to Texas Tax Code §313.025(h), determined the project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.024 for a limitation on appraised value, and after reviewing the Application based on the criteria set out in Texas Tax Code § 313.026, issued a recommendation on March 17, 2014 that the Application be approved. *See* Attachment C. The Board of Trustees has carefully considered such evaluation and recommendation. Copies of the Recommendation and Economic Impact Evaluation are attached to these Findings as Attachments C and D.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Groom Independent School District. A copy of a report prepared by Randy McDowell and Neal Brown is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Groom Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within a rural school district, Category III of §313.054 of the Texas Tax Code. *See* Comptroller's "2013 ISD Summary Worksheet," attached hereto as Attachment F, and Attachment C.

After receipt of the completed Application, the District entered into negotiations with Salt Fork Wind regarding the specific language to be included in the LAVA pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed LAVA is attached to these Findings as Attachment G, and the LAVA was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq. See* copy of May 30, 2014 Agreement approval letter from the Comptroller, attached to these Findings as Attachment H.

The District's Board of Trustees, by resolution dated April 15, 2014, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until July 18, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d). See Resolution authorizing extension of consideration period and notice to Applicant attached hereto as Attachment J.

After review of the Comptroller's recommendation and Economic Impact Evaluation, and in consideration of its own analysis of Salt Fork Wind's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

Board Finding Number 1.

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

In support of Finding Number 1, the Economic Impact Evaluation states:

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

See Attachment D.

Board Finding Number 2.

Applicant's renewable energy generation facility will improve the economic condition of Donley and Gray Counties and the region.

In support of this Finding, the information provided by the Comptroller's Office analyzes several economic factors and conditions, including population, employment and taxes. The Comptroller's Economic Impact Evaluation indicates the population growth of Donley and Gray Counties lagged behind that of the state in recent years. The state population grew by 1.8 percent between 2009 and 2010, while the population of Donley County increased 0.4 percent and Gray County decreased by 1.4 percent over the same period. Donley County was the 212th largest county in population in 2010, and the153rd fastest growing county from 2009 to 2010, and Gray County was the 109th largest county in population in 2010, and the 244th fastest growing county from 2009 to 2010.

In September 2011, employment for Donley County was up 0.4 percent from September 2010, and up 3.0 percent in Gray County, while the state total employment increased 0.9 percent in this same period. In September 2011, the total employment in Donley County was 1,845, and in Gray County it was 10,309. The unemployment rate in Donley County was 6.2 percent in September 2011, which is an increase from 6.1 percent in September 2010. The unemployment rate in Gray County was 6.6 percent in September 2011, which is a decrease from 6.8 percent in September 2010. These were both lower than the state average unemployment rate of 8.5 percent for September 2011.

Donley County has lower per-capita personal income than the state as a whole. The average per-capita income for Donley County residents for 2009 was $32,200, which ranked 130th among the 254 counties in Texas, but was up 5.5 percent from 2008. The average per-capita income for Gray County residents for 2009 was $39,357, which ranked 37th among the 254 counties in Texas, but was down 4.0 percent from 2008. The Texas average was $38,609 for the same period.

Taxable sales in Donley County through the fourth quarter of 2010 were $14.46 million, up 9.7 percent from the same period in 2009. Taxable sales in the Gray County through the fourth quarter of 2010 were $485 million, which was up 17.2 percent from the same period in 2009.

Given recent income levels and sales tax activity, Donley and Gray Counties will benefit from economic activity like that associated with the Salt Fork Wind project. Major capital investments like this project are beneficial to the community on a number of fronts, including employment, expanded opportunities for existing businesses, and an increased local tax base.

See Attachment 3 and Tables 1 and 2 of Attachment D.

Board Finding Number 3.

Based on the Application, the level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately

$20.4 million, based on seven (7) qualifying jobs in the Salt Fork Wind project attributable to Groom ISD.

In support of Finding Number 3, the Economic Impact Evaluation states:

> The project's total investment is $142.8 million, resulting in a relative level of investment per qualifying job of $20.4 million.

See Attachment D.

Board Finding Number 4.

The average salary level of qualifying jobs is expected to be at least $46,035 per year, which meets the requirements under Chapter 313 for an appropriate wage-level, and each qualifying job will be offered a full package of benefits such as medical, dental, life insurance, short- and long-term disability, 40l(k) plan, individual retirement account (IRA), paid cell phone, paid leave, and paid holidays.

In support of Finding Number 4, the Economic Impact Evaluation states:

> After construction, the project will create seven new jobs when fully operational. All seven of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Donley and Gray Counties are located was $41,850 in 2012. The annual average manufacturing wage for 2012-2013 for Donley County, where the largest portion of this project is located, is $31,044. That same period, the county annual average wage for all industries was $29,783. In addition to an annual average salary of $46,035 each qualifying position will be offered a full package of benefits including medical, dental, life insurance, short- and long-term disability, 40l(k) plan, individual retirement account (IRA), paid cell phone, paid leave, and paid holidays.

See Attachment D.

Board Finding Number 5.

The new jobs creation requirement under § 313.051(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant's facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant submitted information as Attachment 13 to its Application regarding the industry standard for the number of jobs for a project with qualified property of this size and type. Attachment 13 provides that for a project of the size and type described in the Application, the project will require less than ten (10) permanent jobs. According to the Applicant, the industry standard requires approximately one (1) full time position for every 15-20 turbines, which is less than the requirements of §313.051(b), depending on: (a) the operations and maintenance requirements of turbines selected, and (b) the support and technical assistance offered by the turbine manufacture. Applicant intends to use 1.8 to 2.3 MW turbines, which would require one (1) full time job for every 15 turbines. A copy of Attachment and check list item 13 submitted with the Application is attached hereto as Attachment I. Applicant reported in its Application that it would create a total of seven (7) new jobs for the project, all seven (7) of which are qualifying jobs attributable to the District, to service and support an estimated 55 turbines, which is in line with industry standards.

See Attachments A and I.

Board Finding Number 6.

> ***The ability of the Applicant to locate the proposed wind energy facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development.***

In support of Finding Number 6, the Economic Impact Evaluation states:

> According to Salt Fork Wind, LP's application, "Cielo Wind Power, LP., acting as parent company of Salt Fork Wind, L.P., is a U.S. developer of wind projects, and has operations in several regions within the contiguous United States." The application also states, "Cielo has the ability to locate wind farms anywhere in the U.S. with the right conditions. For these reasons Cielo Wind Power studies and looks at various competing sites throughout the market areas where wind development is attractive. Without a Value Limitation program, Cielo Wind Power would seek to move to alternative sites outside the State of Texas."

See Attachment D. Salt Fork Wind further states, in attachment 4A of its Application, that:

> Construction is one of the most significant costs in creating a wind farm. The wind turbines and supporting infrastructure are long-lived assets engineered and designed specifically for this project location. The cost of installing the improvements on the site is substantial and the cost to remove, redesign, and relocate the improvements to a different location would be prohibitive. The physical improvements of the Salt Fork wind power project, once completed, cannot be feasibly moved to another location.

See Attachment A.

Board Finding Number 7.

> ***Subsequent positive economic effects on the local and regional tax bases will be significant. The District will receive revenue gains due to the increase in its tax base. Likewise, the Board finds that the local and regional tax base will increase, and that the Applicant's renewable energy project will improve the economic condition of the region and the state.***

In support of Finding Number 7, the Economic Impact Evaluation states:

> Table 1 depicts Salt Fork Wind, LP's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc., (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Salt Fork Wind, LP

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	$0	$0	$0
2015	157	136	293	$5,470,388	$9,529,612	$15,000,000
2016	157	140	297	$5,470,388	$12,529,612	$18,000,000
2017	7	14	21	$322,238	$2,677,762	$3,000,000
2018	7	3	10	$322,238	$1,677,762	$2,000,000
2019	7	1	8	$322,238	$1,677,762	$2,000,000
2020	7	(3)	4	$322,238	$677,762	$1,000,000
2021	7	(1)	6	$322,238	$677,762	$1,000,000
2022	7	1	8	$322,238	$677,762	$1,000,000
2023	7	3	10	$322,238	$677,762	$1,000,000
2024	7	3	10	$322,238	$677,762	$1,000,000
2025	7	7	14	$322,238	$677,762	$1,000,000
2026	7	(1)	6	$322,238	$677,762	$1,000,000
2027	7	5	12	$322,238	$677,762	$1,000,000
2028	7	3	10	$322,238	$677,762	$1,000,000
2029	7	1	8	$322,238	$677,762	$1,000,000

Source: CPA, REMI, Salt Fork Wind, LP

The statewide average ad valorem tax base for school districts in Texas was $1.65 billion in 2012-2013. Groom ISD's ad valorem tax base in 2012-2013 was $65.5 million. The statewide average wealth per WADA was estimated at $343,155 for fiscal 2012-2013. During that same year, Groom ISD's estimated wealth per WADA was $298,306. The impact on the facilities and finances of the district are presented in Attachment 2 [of the Comptroller's Economic Impact Evaluation].

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Donley County, Gray County and the Panhandle Groundwater Conservation District #3 with all property tax incentives sought being granted using estimated market value from Salt Fork Wind, LP's application. Salt Fork Wind, LP has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county. Table 3 illustrates the estimated tax impact of the Salt Fork Wind, LP project on the region if all taxes are assessed.

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

Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Groom ISD I&S Levy	Groom ISD M&O Levy	Groom ISD M&O and I&S Tax Levies (Before Credit Credited)	Groom ISD M&O and I&S Tax Levies (After Credit Credited)	Donley County Tax Levy	Gray Conty Tax Levy	Panhandle Groundwater Conservation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2160	1.1700			0.5987	0.4973	0.0089	
2015	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0
2016	$142,750,000	$142,750,000		$308,340	$1,484,600	$1,792,940	$1,792,940	$0	$709,947	$12,662	$2,515,549
2017	$135,612,500	$10,000,000		$292,923	$117,000	$409,923	$409,923	$0	$674,450	$12,029	$1,096,402
2018	$128,831,875	$10,000,000		$278,277	$117,000	$395,277	$287,821	$0	$640,727	$11,427	$939,975
2019	$122,390,281	$10,000,000		$264,363	$117,000	$381,363	$275,131	$0	$608,691	$10,856	$894,678
2020	$116,270,767	$10,000,000		$251,145	$117,000	$368,145	$262,555	$0	$578,256	$10,313	$851,125
2021	$110,457,229	$10,000,000		$238,588	$117,000	$355,588	$251,248	$0	$549,344	$9,798	$810,389
2022	$104,934,367	$10,000,000		$226,658	$117,000	$343,658	$240,561	$0	$521,876	$9,308	$771,745
2023	$99,687,649	$10,000,000		$215,325	$117,000	$332,325	$230,960	$0	$495,783	$8,842	$735,584
2024	$94,703,267	$10,000,000		$204,559	$117,000	$321,559	$124,330	$0	$470,993	$8,400	$603,724
2025	$89,968,103	$89,968,103		$194,331	$935,668	$1,129,999	$574,708	$0	$447,444	$7,980	$1,030,132
2026	$85,469,698	$85,469,698		$184,615	$999,995	$1,184,610	$1,184,610	$511,669	$425,072	$7,581	$2,128,932
2027	$81,196,213	$81,196,213		$175,384	$949,996	$1,125,380	$1,125,380	$486,086	$403,818	$7,202	$2,022,486
2028	$77,136,403	$77,136,403		$166,615	$902,496	$1,069,111	$1,069,111	$461,782	$383,627	$6,842	$1,921,361
2029	$73,279,582	$73,279,582		$158,284	$857,371	$1,015,655	$1,015,655	$438,693	$364,446	$6,500	$1,825,293
						Total	$8,844,932	$1,898,230	$7,274,474	$129,740	$18,147,376
Assumes School Value Limitation and Tax Abatement with the County.											

Source: CPA, Salt Fork Wind, LP

[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Groom ISD I&S Levy	Groom ISD M&O Levy		Groom ISD M&O and I&S Tax Levies	Donley County Tax Levy	Gray Conty Tax Levy	Panhandle Groundwater Conservation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2160	1.1700			0.5987	0.4973	0.0089	
2015	$0	$0		$0	$0		$0	$0	$0	$0	$0
2016	$142,750,000	$142,750,000		$308,340	$1,484,600		$1,792,940	$854,581	$709,947	$12,662	$3,370,131
2017	$135,612,500	$135,612,500		$292,923	$1,586,666		$1,879,589	$811,852	$674,450	$12,029	$3,377,920
2018	$128,831,875	$128,831,875		$278,277	$1,507,333		$1,785,610	$771,260	$640,727	$11,427	$3,209,024
2019	$122,390,281	$122,390,281		$264,363	$1,431,966		$1,696,329	$732,697	$608,691	$10,856	$3,048,573
2020	$116,270,767	$116,270,767		$251,145	$1,360,368		$1,611,513	$696,062	$578,256	$10,313	$2,896,144
2021	$110,457,229	$110,457,229		$238,588	$1,292,350		$1,530,937	$661,259	$549,344	$9,798	$2,751,337
2022	$104,934,367	$104,934,367		$226,658	$1,227,732		$1,454,390	$628,196	$521,876	$9,308	$2,613,770
2023	$99,687,649	$99,687,649		$215,325	$1,166,345		$1,381,671	$596,786	$495,783	$8,842	$2,483,082
2024	$94,703,267	$94,703,267		$204,559	$1,108,028		$1,312,587	$566,947	$470,993	$8,400	$2,358,928
2025	$89,968,103	$89,968,103		$194,331	$935,668		$1,129,999	$538,599	$447,444	$7,980	$2,124,023
2026	$85,469,698	$85,469,698		$184,615	$999,995		$1,184,610	$511,669	$425,072	$7,581	$2,128,932
2027	$81,196,213	$81,196,213		$175,384	$949,996		$1,125,380	$486,086	$403,818	$7,202	$2,022,486
2028	$77,136,403	$77,136,403		$166,615	$902,496		$1,069,111	$461,782	$383,627	$6,842	$1,921,361
2029	$73,279,582	$73,279,582		$158,284	$857,371		$1,015,655	$438,693	$364,446	$6,500	$1,825,293
						Total	$19,970,321	$8,756,469	$7,274,474	$129,740	$36,131,004

Source: CPA, Salt Fork Wind, LP
[1]Tax Rate per $100 Valuation

See also the District's Financial Impact Report, Tables III, IV and V, attached hereto as Attachment E.

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, Randy McDowell and Neal Brown estimate in the District's Financial Impact Report, based on Salt Fork Wind's Application, that the project would add $142,750,000 to the tax base at the peak investment level for the 2016 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. *See* Table I of Attachment E and Table 2 of Attachment D. In addition, the projected revenue gains from the proposed Agreement would be approximately $160,579, based on $100 per student per year in average daily attendance. *See* Table VI of Attachment E.

Board Finding Number 9.

> ***The effect of the applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Groom ISD can easily accommodate the projected student growth with its existing facilities. However, possible increases in and/or changes to class size and personnel could cause the District to incur extraordinary educational expenses.***

The Application indicates that Salt Fork Wind expects seven (7) new qualifying jobs in the District. It is not known whether these would be new employees to the District, or if current residents would fill these positions. But, it is assumed in the Financial Impact Report that these employees would be new residents to the District, and provide four (4) new students to the District based on seven (7) qualifying jobs. It is believed that Groom ISD will easily be able to accommodate new students, if any, which may result from these new jobs. *See* Table VII of Attachment E. The District must plan to educate all students who reside within its boundaries, and the number of new students could vary widely depending on the number of construction jobs and workers present during the construction phase of Salt Fork Wind's renewable energy project. Therefore, the District may need to hire additional temporary teachers and staff to educate the additional students that could enroll in the District. The proposed Limitation on Appraised Value Agreement pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, provides that Applicant shall reimburse the District for extraordinary educational related expenses paid by the District that are directly attributable to Applicant's project.

Board Finding Number 10.

> ***During the past two (2) years, thirty-two (32) projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code Chapter 313.***

See Attachment D.

Board Finding Number 11.

> ***The Board finds that the total investment of the Applicant is $142,750,000, and the projected market value of the qualified property of the Applicant is $142,750,000, as reported by the Comptroller based on the Application.***

See Table 2 of Attachment D; *see also* Table I of Attachment E.

Board Finding Number 12.

> ***The proposed limitation on appraised value for the qualified property is $10,000,000.***

Board Finding Number 13.

> ***The projected dollar amount of the taxes that would be imposed on the qualified property for each year of the Agreement if the property does not receive a limitation on appraised value, based on the further depreciations of investment provided by Applicant, is shown in Table II of Attachment E (column labeled "Taxes w/o Agreement"), and is further based on the assumption that the projected total maintenance and operations tax rate and interest and sinking***

fund tax rate per $100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.1700	0.211	0	0	n/a	0	0
2016-2017	1.0400	0.072	1,484,600	0	n/a	0	0
2017-2018	1.1700	0.074	1,586,666	1,469,666	n/a	(926,853)	542,813
2018-2019	1.1700	0.076	1,507,333	1,390,333	107,456	(13,050)	1,484,739
2019-2020	1.1700	0.078	1,431,966	1,314,966	106,232	(10,601)	1,410,597
2020-2021	1.1700	0.081	1,360,368	1,243,368	105,590	(8,427)	1,340,531
2021-2022	1.1700	0.083	1,292,350	1,175,350	104,340	(8,035)	1,271,655
2022-2023	1.1700	0.085	1,227,732	1,110,732	103,097	(4,403)	1,209,426
2023-2024	1.1700	0.086	1,166,345	1,049,345	101,366	(2,528)	1,148,183
2024-2025	1.1700	0.088	1,108,028	991,028	100,169	(854)	1,090,344
2025-2026	1.0400	0.090	935,668	0	652,350	0	652,350
2026-2027	1.1700	0.092	999,995	0	0	0	0
2027-2028	1.1700	0.000	949,996	0	0	0	0
Totals			**15,051,048**	**9,744,789**	**1,380,600**	**(974,751)**	**10,150,638**

The Comptroller's estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 3 of the Economic Impact Evaluation. See Finding No. 7, page 8, infra.

Board Finding Number 14.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is discernible from Table II of Attachment E (subtracting the amounts in the column labeled "Tax Savings with Agreement" from the column labeled "Taxes w/o Agremeent"), and is based on the assumption that the projected total maintenance and operations tax rate and interest and sinking fund tax rate per $100 in valuation in each year of the Agreement will be as follows:

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.1700	0.211	0	0	n/a	0	0
2016-2017	1.0400	0.072	1,484,600	0	n/a	0	0
2017-2018	1.1700	0.074	1,586,666	1,469,666	n/a	(926,853)	542,813
2018-2019	1.1700	0.076	1,507,333	1,390,333	107,456	(13,050)	1,484,739
2019-2020	1.1700	0.078	1,431,966	1,314,966	106,232	(10,601)	1,410,597
2020-2021	1.1700	0.081	1,360,368	1,243,368	105,590	(8,427)	1,340,531
2021-2022	1.1700	0.083	1,292,350	1,175,350	104,340	(8,035)	1,271,655
2022-2023	1.1700	0.085	1,227,732	1,110,732	103,097	(4,403)	1,209,426
2023-2024	1.1700	0.086	1,166,345	1,049,345	101,366	(2,528)	1,148,183
2024-2025	1.1700	0.088	1,108,028	991,028	100,169	(854)	1,090,344
2025-2026	1.0400	0.090	935,668	0	652,350	0	652,350
2026-2027	1.1700	0.092	999,995	0	0	0	0
2027-2028	1.1700	0.000	949,996	0	0	0	0
Totals			**15,051,048**	**9,744,789**	**1,380,600**	**(974,751)**	**10,150,638**

The Comptroller's estimated dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does receive a limitation on appraised value with the projected depreciations of investment, is depicted in Table 2 of the Economic Impact Evaluation. See Finding No. 7, page 8, infra.

Board Finding Number 15.

The projected effect on the Foundation School Program and impact on the District's finances resulting from payments to the District for each year of the Agreement is shown on Tables III, IV and V of Attachment E. The economic impact from Salt Fork Wind's project on the State of Texas, local employment levels and personal income is shown, and in Tables 1, 2 and 3 of the Economic Impact Evaluation. See Finding No. 7, pages 7, 8 and 9, infra.

Board Finding Number 16.

The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E (column labeled "Tax Credits"); See also Finding No. 7, Table 2, at p. 8.

Board Finding Number 17.

Assuming that Applicant would still construct is renewable energy project in the District, without a limitation on appraised value for the qualified property, the total amount of taxes to be lost over the life of the Agreement by subtracting the projected taxes stated in Finding Number 14 from the projected taxes stated in Finding Number 13 is shown in Table II of Attachment E (column labeled

"Tax Savings with Agreement," which is highlighted in Finding No. 14, page 11). See also difference between Table 3 and Table 2, Finding No. 7, pages 8 and 9.

Board Finding Number 18.

The Board of Trustees hired consultants to review and verify the information in the Application from Salt Fork Wind. Based upon the consultants' review, the Comptroller's Economic Impact Evaluation, and the Comptroller's Recommendation letter, the Board has determined that the information provided by the Applicant in its Application was true and correct when it was submitted (see Attachments B, C and D).

Board Finding Number 19.

The Applicant (Taxpayer Id. 32035855454) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity (See Attachments B and C).

Board Finding Number 20.

The Limited Appraised Valuation Agreement on Qualified Property (LAVA), pursuant to Chapter 313 of the Texas Tax Code, attached hereto as Attachment G, includes adequate and appropriate revenue protection provisions for the District.

In support of this Finding and based on the information provided by Applicant in its Application, the Financial Impact Report demonstrates that the District will incur a revenue loss during years 3 through 10 of the proposed LAVA. However, the negative consequences of granting the value limitation are offset through the "hold harmless" provision of the LAVA and other revenue protection provisions agreed to by the Applicant and the District. *See* Table II in Attachment E, and proposed LAVA, Article IV, at Attachment G.

Board Finding Number 21.

The general nature of Applicant's qualified investment is renewable energy electricity generation (wind), which is eligible for the limitation on the appraised value of Applicant's Property.

See Attachments A and C.

Board Finding Number 22.

> ***Considering the purpose and effect of the law and the terms of the Agreement, it is in the best interest of the District and the State to approve Salt Fork Wind's Application and enter into the attached Limited Appraised Valuation Agreement of Property for School District Maintenance and Operations Taxes.***

IT IS THEREFORE ORDERED, that all of the Findings above, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Groom Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313.025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment G is APPROVED and is hereby authorized to be executed and delivered by the Trustee whose signature appears below on behalf of the Groom Independent School District, along with a copy of the these Findings, which shall be binding upon the parties upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Groom Independent School District Board of Trustees.

[*the remainder of this page is intentionally left blank*]

Dated this 1st day of July, 2014.

Groom Independent School District

By _____
Signature

Ron Kuehler, board president
Printed Name and Title

Attest:

By _____
Signature

Jeannie Butharat Board Secretary
Printed Name and Title

LIST OF ATTACHMENTS

Attachment	*Description*
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status
C	Comptroller's Recommendation Letter
D	Comptroller Economic Impact Evaluation
E	District's Financial Impact Report
F	Comptroller's 2013 ISD Property Value Summary Worksheet
G	Proposed Limited Assessed Valuation Agreement
H	May 30, 2014 Agreement approval letter from Comptroller
I	Job Waiver Request
J	Resolution authorizing extension request with notice to Applicant

SUSAN COMBS

TEXAS COMPTROLLER of PUBLIC ACCOUNTS

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

December 19, 2013

Jay Lamb
Superintendent
Groom Independent School District
304 W. 3rd St.
Groom, Texas 79039

Dear Superintendent Lamb:

On November 22, 2013, the Comptroller's office received from Groom Independent School District (Groom ISD) an application from Salt Fork Wind, LP for a limitation on appraised value. The purpose of this letter is to inform you that the Comptroller's office has received all required documents for the application review and economic impact evaluation.

The Comptroller's office will move forward with our economic impact evaluation and recommendation to the school district. Tax Code §313.025(d) allows the Comptroller's office to complete the economic impact evaluation and recommendation on or before 91 days from the date of this letter. The Comptroller's office will send a letter of recommendation to the ISD and the applicant.

Please be advised we may request additional or clarifying information to complete our review of the application.

Should you have any questions, please contact John Villarreal with our office. He can be reached by email at john.villarreal@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-5241, or direct in Austin at 512-463-5241.

Sincerely,

Robert Wood
Director
Economic Development & Analysis

cc: Fred Stormer, Underwood Law Firm, P.C.
Jon Robertson, Cielo Wind Services, Inc.

LIST OF ATTACHMENTS

Attachment	*Description*
A	Application and Comptroller's Completeness Letter
B	Franchise Tax Certification of Account Status
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Application for Appraised Value Limitation on Qualified Property
(Tax Code, Chapter 313, Subchapter B or C)

Form 50-296
(Revised July 2013)

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

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

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

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

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

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

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

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

SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION

Authorized School District Representative		Date Application Received by District November 12, 2013
First Name Jay	Last Name Lamb	
Title Superintendent		
School District Name Groom Consolidated Independent School District		
Street Address 304 W. 3rd St.		
Mailing Address		
City Groom	State Texas	ZIP 79039
Phone Number 806-248-7474	Fax Number 806-248-7949	
Mobile Number *(optional)*	Email Address jay.lamb@groomisd.net	

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

Will consultant be primary contact? . . . . . ☑ Yes ☐ No

SCHOOL DISTRICT INFORMATION – CERTIFICATION OF APPLICATION *(CONTINUED)*

Authorized School District Consultant *(If Applicable)*

First Name: Fred	Last Name: Stormer	
Title: Attorney At Law		
Firm Name: Underwood		
Street Address: 500 S. Taylor, Suite 1200 LB 233		
Mailing Address:		
City: Amarillo	State: Texas	ZIP: 79105
Phone Number: 806-379-0304	Fax Number: 806-379-0316	
Mobile Number *(Optional)*: 806-570-6299	Email Address: Fred.Stormer@uwlaw.com	

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

Signature *(Authorized School District Representative)*	Date: 11-12-2013

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

If yes, date determined complete. 11-12-2013

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

APPLICANT INFORMATION – CERTIFICATION OF APPLICATION

Authorized Business Representative *(Applicant)*

First Name	Last Name	
Jon	Robertson	
Title: Development Manager		
Organization: Cielo Wind Services, Inc.		
Street Address: 823 Congress Avenue, 5th Floor		
Mailing Address:		
City: Austin	State: Texas	ZIP: 78701
Phone Number: 512-615-9463 / 512-440-0305	Fax Number: 512-440-0277	
Mobile Number *(optional)*:	Business Email Address: JRobertson@cielowind.com	

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

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

First Name	Last Name	
Robert	Pena, Jr.	
Title: Project Manager		
Organization: Cielo Wind Services, Inc.		
Street Address: 823 Congress Ave, 5th Floor		
Mailing Address:		
City: Austin	State: Texas	ZIP: 78701
Phone Number: 512-440-0305	Fax Number: 512-44-0277	
Mobile Number *(optional)*: 956-207-3644	Email Address: rpena@cielowind.com	

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

Will consultant be primary contact? . . . . . ☐ Yes ☑ No

APPLICANT INFORMATION – CERTIFICATION OF APPLICATION *(CONTINUED)*

Authorized Company Consultant *(If Applicable)*

First Name	Last Name	
Title		
Firm Name		
Street Address		
Mailing Address		
City	State	ZIP
Phone Number	Fax Number	
Business Email Address		

I am the authorized representative for the business entity for the purpose of filing this application. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code. The information contained in this application is true and correct to the best of my knowledge and belief.

I hereby certify and affirm that the business entity I represent is in good standing under the laws of the state in which the business entity was organized and that no delinquent taxes are owed to the State of Texas.

Signature *(Authorized Business Representative (Applicant))*	Date
	November 20, 2013

GIVEN under my hand and seal of office this 20 day of November, 2013

AMANDA GARCIA
Notary Public, State of Texas
My Commission Expires 03-06-2017

Amanda Garcia

Notary Public, State of Texas

(Notary Seal)

My commission expires 03/06/2017

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

FEES AND PAYMENTS

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

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

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)? . . . . . ☐ Yes ☑ No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)? . . ☐ Yes ☐ No

BUSINESS APPLICANT INFORMATION

Legal Name Under Which Application is Made

Salt Fork Wind, LP

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

32035855454

NAICS Code

221115-2012 NAICS Code (221119-1997 NAICS Code)

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

If yes, please list name of school district and year of agreement.

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State? . . . . . ☑ Yes ☐ No

Identify Business Organization of Applicant *(corporation, limited liability corporation, etc.)*

Limited Partnership

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? . . . . . ☑ Yes ☐ No

   If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? . . . . . ☑ Yes ☐ No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? . . . . . ☐ NA ☑ Yes ☐ No

   If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)

Form 50-296 Application for Appraised Value Limitation on Qualified Property

ELIGIBILTY UNDER TAX CODE CHAPTER 313.024

Are you an entity to which Tax Code, Chapter 171 applies? ☑ Yes ☐ No

The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:

(1) manufacturing ☐ Yes ☑ 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

Are you requesting that any of the land be classified as qualified investment? ☐ Yes ☑ No

Will any of the proposed qualified investment be leased under a capitalized lease? ☐ Yes ☑ No

Will any of the proposed qualified investment be leased under an operating lease? ☐ Yes ☑ No

Are you including property that is owned by a person other than the applicant? ☐ Yes ☑ No

Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment? ☐ Yes ☑ No

PROJECT DESCRIPTION

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

See Attachment #4: Project Description - Question 1

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

See Attachment #4: Project Description - Question 2

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

☑ New Jobs ☑ Construct New Facility ☐ New Business / Start-up ☐ Expand Existing Facility

☐ Relocation from Out-of-State ☐ Expansion ☑ Purchase Machinery & Equipment

☐ Consolidation ☐ Relocation within Texas

PROJECTED TIMELINE

Begin Construction: October 2014

Begin Hiring New Employees: December 2014

Construction Complete: December 2015

Fully Operational: December 2015

Purchase Machinery & Equipment: October 2014

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.

When do you anticipate the new buildings or improvements will be placed in service? December 2015

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
N/A	N/A
Total	

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

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

Applicant has received Tax Abatement under Chapter 312 Texas Tax Code from Donley County.

THE PROPERTY

Identify county or counties in which the proposed project will be located Gray County / Donley County

Central Appraisal District (CAD) that will be responsible for appraising the property Gray County / Donley County

Will this CAD be acting on behalf of another CAD to appraise this property? . . . . . ☐ Yes ☑ No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Gray County (45%) / Donley County (55%) *(Name and percent of project)*

City: N/A *(Name and percent of project)*

Hospital District: *(Name and percent of project)*

Water District: Panhandle Groundwater Conservation Dist #3 *(Name and percent of project)*

Other *(describe)*: *(Name and percent of project)*

Other *(describe)*: *(Name and percent of project)*

Is the project located entirely within this ISD? . . . . . ☐ Yes ☑ No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

45% of project is located in Groom CISD jurisdiction. 55% of project is in the Clarendon CISD jurisdiction.

INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? . . . . . $10 million

What is the amount of appraised value limitation for which you are applying? . . . . . $10 million

What is your total estimated *qualified* investment? $142,750,000

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

What is the anticipated date of application approval? . . . . . March 2014

What is the anticipated date of the beginning of the qualifying time period? . . . . . March 2014

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? $142,750,000

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

(1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,

(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and

(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? . . . . . ☑ Yes ☐ No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

(1) in or on the new building or other new improvement for which you are applying? . . . . . ☑ Yes ☐ No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? . . . . . ☑ Yes ☐ No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? . . . . . ☑ Yes ☐ No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? . . ☑ Yes ☐ No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? . . . . . ☑ Yes ☐ No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? ☑ Yes ☐ No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

(1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,

(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and

(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? . . . . . ☑ Yes ☐ No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? . . . . _____

Will the applicant own the land by the date of agreement execution? . . . . . ☐ Yes ☑ No

Will the project be on leased land? . . . . . ☑ Yes ☐ No

QUALIFIED PROPERTY *(CONTINUED)*

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? . . . . . ☐ Yes ☑ No

Attach a description of any existing improvements and include existing appraisal district account numbers.

List current market value of existing property at site as of most recent tax year. N/A *(Market Value)* _____ *(Tax Year)*

Is any of the existing property subject to a value limitation agreement under Tax Code 313? . . . . . ☐ Yes ☑ No

Will all of the property for which you are requesting an appraised value limitation be free of a tax abatement agreement entered into by a school district for the duration of the limitation? . . . . . ☑ Yes ☐ No

WAGE AND EMPLOYMENT INFORMATION

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 7

The last complete calendar quarter before application review start date is the:

☐ First Quarter ☐ Second Quarter ☑ Third Quarter ☐ Fourth Quarter of 2013 *(year)*

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? 7

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

Total number of new jobs that will have been created when fully operational 7

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

Do you intend to request that the governing body waive the minimum new job creation requirement, as provided under Tax Code §313.025(f-1)? . . . . . ☑ Yes ☐ No

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 7

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

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

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

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

WAGE AND EMPLOYMENT INFORMATION *(CONTINUED)*

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

110% of the county average weekly wage for all jobs (all industries) in the county is $630.03

110% of the county average weekly wage for manufacturing jobs in the county is $656.70

110% of the county average weekly wage for manufacturing jobs in the region is $885.28

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

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

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? $46,034.56

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? $46,034.56

Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? . . . . . ☑ Yes ☐ No

Will each qualifying job require at least 1,600 of work a year? . . . . . ☑ Yes ☐ No

Will any of the qualifying jobs be jobs transferred from one area of the state to another? . . . . . ☐ Yes ☑ No

Will any of the qualifying jobs be retained jobs? . . . . . ☐ Yes ☑ No

Will any of the qualifying jobs be created to replace a previous employee? . . . . . ☐ Yes ☑ No

Will any required qualifying jobs be filled by employees of contractors? . . . . . ☐ Yes ☑ No

If yes, what percent? _____

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

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

COMPANY OFFERS: Medical, Dental & Life Insurance plans for employee & dependents, Short-term / Long-term Disability, 401K Plan, IRA, paid cell phone, paid leave, & paid holidays.

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? . . . . . ☐ Yes ☑ No

Is Schedule A completed and signed for all years and attached? . . . . . ☑ Yes ☐ No

Is Schedule B completed and signed for all years and attached? . . . . . ☑ Yes ☐ No

Is Schedule C (Application) completed and signed for all years and attached? . . . . . ☑ Yes ☐ No

Is Schedule D completed and signed for all years and attached? . . . . . ☑ Yes ☐ No

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

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

CONFIDENTIALITY NOTICE

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

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

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

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

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

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

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

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

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

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

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

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

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

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

Checklist Item #2

ATTACHMENT

Proof of Payment of Application Fee (check copy provided)

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)

Groom Independent School District

304 West Third Street
P.O. Box 598
Groom, TX. 79039
Superintendent—Jay Lamb

Phone: 806-248-7557
Fax: 806-248-7949
E-mail: jay.lamb@region16.net

Invoice

111213

Date: November 12, 2013

To:

Cielo Wind Services, Inc.
823 Congress Avenue
Suite 500
Austin, TX. 78701
(512) 440-0305
Fax: (512) 440-0277

For:

Application Fee Per Board Policy CCG (Local)—
Limited Assessed Valuation Agreement

Salt Fork Wind LP, Value Limitation Application—313

DESCRIPTION	HOURS	RATE	AMOUNT
Application Fees for Limited Assessed Valuation Agreement Authority—Board Policy CCG (Local) For **Salt Fork Wind LP, Value Limitation Application—313**	N/A	N/A	$80,000.00
		TOTAL	**$80,000.00**

Make all checks payable to: Groom Independent School District

Payment Due Upon Application Receipt

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

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

John Steen
Secretary of State

Office of the Secretary of State

CERTIFICATE OF FILING
OF

Cielo Salt Fork Wind, LP
File Number: 800124538
Assumed Name:
Salt Fork Wind, LP

The undersigned, as Secretary of State of Texas, hereby certifies that the assumed name certificate for the above named entity has been received in this office and filed as provided by law on the date shown below.

ACCORDINGLY the undersigned, as Secretary of State, and by virtue of the authority vested in the secretary by law hereby issues this Certificate of Filing.

Dated: 05/29/2013

Effective: 05/29/2013

John Steen
Secretary of State

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

John Steen
Secretary of State

Office of the Secretary of State

May 31, 2013

Karen Burks

Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, TX 78701 USA

RE: Cielo Salt Fork Wind, LP
File Number: 800124538

Assumed Name:
Salt Fork Wind, LP

File Date: 05/29/2013

It has been our pleasure to file the assumed name certificate for the above referenced entity. Enclosed is the certificate evidencing filing. Payment of the filing fee is acknowledged by this letter.

In addition to filing with the Secretary of State, Chapter 71 of the Texas Business and Commerce Code requires filing of the assumed name certificate with the county clerk in the county in which the principal office of the entity is located. If the entity is required by law to maintain a registered office in Texas, the assumed name certificate is also required to be filed in the county in which the registered office is located.

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

Sincerely,

Corporations Section
Business & Public Filings Division

Enclosure

The State of Texas

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

Phone: 512-463-5555
Fax: 512-463-5709
Dial 7-1-1 For Relay Services
www.sos.state.tx.us

John Steen
Secretary of State

PLEASE NOTE:

THE ENCLOSED CERTIFICATE IS YOUR OFFICIAL CERTIFICATE OF FILING, WHICH CAN BE USED AS EVIDENCE OF FILING.

IF YOU DESIRE A FILE-MARKED COPY OF YOUR DOCUMENT PLEASE CALL OUR CERTIFYING TEAM @512-463-5578 FOR ADDITIONAL INFORMATION.

THANK YOU

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

RECEIVED JUN 0 4 2013

John Steen
Secretary of State

Office of the Secretary of State

Packing Slip

May 31, 2013

Attn: Karen Burks
Cielo Wind Services, Inc.
823 Congress Avenue, Suite 500
Austin, TX 78701

Batch Number: **48311264**

Batch Date: **05-29-2013**

Client ID: **224964461**

Return Method: **Mail**

Document Number	Document Detail	Number / Name	Page Count	Fee
483112640002	**Certificate of Assumed Business Name**	**Cielo Salt Fork Wind, LP**	**0**	**$25.00**
			Total Fees:	**$25.00**

Payment Type	Payment Status	Payment Reference	Amount
Credit Card	**Received**	**************4066**	**$25.00**
		Total:	**$25.00**

Total Amount Charged to Client Account: **$0.00**
(Applies to documents or orders where Client Account is the payment method)

Note to Customers Paying by Client Account: This is not a bill. Payments to your client account should be based on the monthly statement and not this packing slip. Amounts credited to your client account may be refunded upon request. Refunds (if applicable) will be processed within 10 business days.

User ID: LBOOTS

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

January 20, 2010

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

CIELO SALT FORK WIND, LP

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 17, 2010.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 20th day of
January 2010 A.D.

Susan Combs

Susan Combs
Texas Comptroller

Taxpayer number: 32035855454
File number: 0800124538

Form 05-304 (Rev. 12-07/17)

TEXAS COMPTROLLER OF PUBLIC ACCOUNTS

SUSAN COMBS • COMPTROLLER • AUSTIN, TEXAS 78774

January 20, 2010

CERTIFICATE OF ACCOUNT STATUS

THE STATE OF TEXAS
COUNTY OF TRAVIS

I, Susan Combs, Comptroller of Public Accounts of the State of Texas, DO HEREBY CERTIFY that according to the records of this office

CIELO SALT FORK GP, LLC

is, as of this date, in good standing with this office having no franchise tax reports or payments due at this time. This certificate is valid through the date that the next franchise tax report will be due May 17, 2010.

This certificate does not make a representation as to the status of the entity's registration, if any, with the Texas Secretary of State.

This certificate is valid for the purpose of conversion when the converted entity is subject to franchise tax as required by law. This certificate is not valid for any other filing with the Texas Secretary of State.

GIVEN UNDER MY HAND AND
SEAL OF OFFICE in the City of
Austin, this 20th day of
January 2010 A.D.

Susan Combs

Susan Combs
Texas Comptroller

Taxpayer number: 32008187422
File number: 0800124517

Form 05-304 (Rev. 12-07/17)

Checklist Item #4

Form 50-296 313 Value Limitation

ATTACHMENTS

PROJECT DESCRIPTION

Question 1: Provide a detailed description of the scope of the proposed project, including, at a minimum, the type and planned use of real and tangible personal property, the nature of the business, a timeline for property construction or installation, and any other relevant information.

The proposed project will consist of a facility designed to use wind power to generate electricity (otherwise known as a wind farm). The Applicant expects to build the proposed project to be operational by the 4th quarter of 2015. 55% of the construction will be within the jurisdictional boundary of Groom ISD jurisdiction. The Applicant expects to commence construction on or before October 2014 and expects to complete construction within 12-months.

The property for which the Applicant is requesting an appraised value limitation shall include, but is NOT limited to, the following: up to 55 wind turbines, ranging from 1.8 to 2.3 megawatts with a generating capacity of approximately 110 MW; up to 55 steel reinforced concrete foundations supporting the weight of each turbine tower; up to 55 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation; and a new project electrical substation interconnected to the Gray Texas Electric Substation, a 345kV transmission line located in central Donley County and intersecting on or near I-40 and proceeding north into Gray County connecting at the Gray Electric Substation. All property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant.

Amendment No. 001

Checklist Item #4

Form 50-296 313 Value Limitation

ATTACHMENTS

PROJECT DESCRIPTION

Question 2: Describe the ability of your company to locate or relocate in another state or another region of the state.

Cielo Wind Power, LP., acting as parent company of Salt Fork Wind, L.P., is a U.S. developer of wind projects, and has operations in several regions within the contiguous United States. Construction is one of the most significant costs in creating a wind farm. The wind turbines and supporting infrastructure are long-lived assets engineered and designed specifically for this project location. The cost of installing the improvements on the site is substantial and the cost to remove, redesign, and relocate the improvements to a different location would be prohibitive. The physical improvements of the Salt Fork wind power project, once completed, cannot be feasibly moved to another location.

Cielo has the ability to locate wind farms anywhere in the U.S. with the right conditions. For these reasons Cielo Wind Power studies and looks at various competing sites throughout the market areas where wind development is attractive. Without a Value Limitation program, Cielo Wind Power would seek to move to alternative sites outside the State of Texas.

Amendment No. 001

ATTACHMENTS

PROJECT SCOPE, INFORMATION, and SIZE

To date, the Applicant has acquired leases on approximately 20,000 acres of land in the project area, which is bounded approximately by FM 70. Approximately 55% of the project area is incorporated within the Groom ISD in Donley & Gray County. The remaining 45% of the project will be constructed in the Clarendon ISD jurisdiction within Donley County.

The total proposed project the Applicant intends to construct and operate consists of, but is not limited to up to 55 wind turbines, to be constructed commencing after October 2014. It is anticipated the Salt Fork Wind farm will be fully operational on or about December 2015.

The project also includes construction of operations and maintenance facility and an electrical substation, all constructed commencing on or before October, 2014.

When completed the Salt Fork Wind project will add over $146 million to the ad valorem tax rolls of Groom ISD located within Donley & Gray County, . The Project will significantly enhance sales and use taxes for the state and local area, particularly during the construction period.

Checklist Item #5

Projected Located in ***MORE*** than One School Ditrict

The Applicant expects to build 100% of the proposed project in Donley & Gray County, Texas. There are three (3) ISD's within Donley County; however, the project is located within the Groom ISD and the Clarendon ISD. Of the 96 WTG's the applicant intends to build, approximately 55 WTG's will be located within the Groom ISD.

The remaining 41 WTG's are to be located within the Clarendon ISD jurisdiction. Cielo Wind Power will be submitting an application for Appraised Value Limitation for the portion of project located within the Clarendon ISD.

Checklist Item #6

ATTACHMENTS

INVESTMENT

(1) A specific and detailed description of the qualified investment you propose to make on the property for which you are requesting and appraised value limitation as defined by Tax Code §313.021.

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described and shown in Map Exhibit within Groom ISD, which is located in Donley & Gray County, Texas. The property for which the Applicant is requesting an appraised value limitation shall include, but is NOT limited to, the following: up to 55 wind turbines, ranging from 1.8 to 2.3 megawatts with a generating capacity of approximately 110 MW; up to 55 steel reinforced concrete foundations supporting the weight of each turbine tower; up to 55 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation; and a new project electrical substation interconnected to the Gray Texas Electric Substation, a 345kV transmission line located in central Donley County and intersecting on or near I-40 and proceeding north into Gray County connecting at the Gray Electric Substation.

Additionally, the map provided does not present the location of the improvements; however all of the improvements that make up the amount of qualified investment will be made within the Project Investment Area. The Applicant will provide a map with the location of the improvements in the near future.

During 2013, the Applicant obtained Reinvestment Zone designation and approval from Donley and Gray County for the proposed project area and areas of consideration for future expansion.

None of the above mentioned property is covered under an existing County Appraisal District account number.

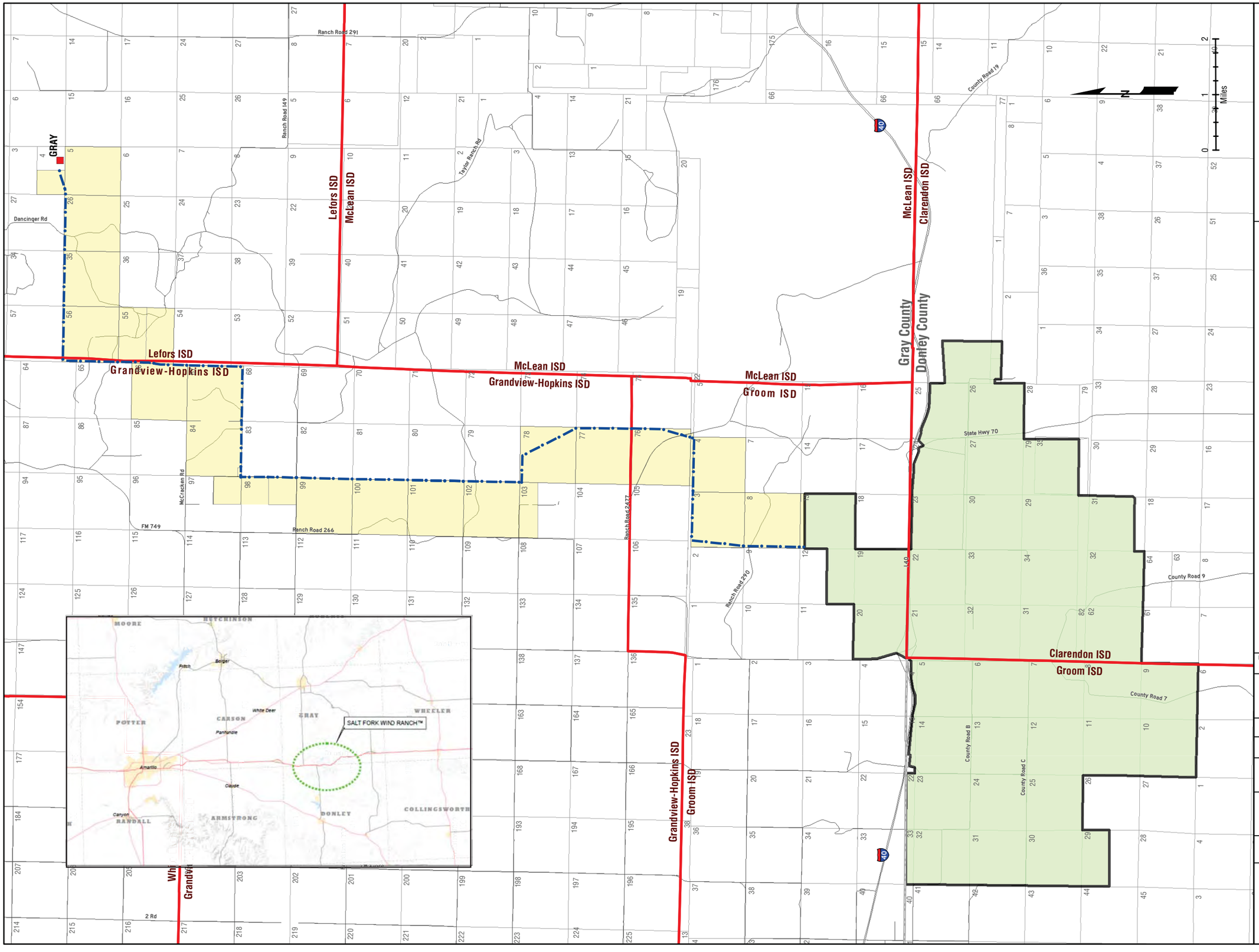
(2) A description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment.

The Applicant intends to construct a building(s) to house maintenance and operations, supplies, replacement parts and other miscellaneous related equipment. The Applicant will also be constructing an electrical sub-station facility for integration and transmission of power into the electrical grid.

Checklist Item #7

Map of Qualified Investment showing location of Improvements

The improvements depicted on the following map are subject to change and does not depict the exact or precise location of the improvements. It does, however, provide an accurate account of the qualified improvements within the reinvestment zone.



ISSUE	DRAWN	DATE	APPD	REVISION NOTES
1.0	KC	11/21/2013		

DRAWING NUMBER
SALT FORK SITE PLAN COMPLETE 17x11.MXD

BASEMAP DRG NO.

LAYOUT NO.

PURPOSE LAYOUT

SCALE 1:102,000

ORIGINAL PLOT SIZE 11X17

PROJECT TITLE
SALT FORK

DRAWING TITLE
SITE PLAN

THIS DRAWING IS THE PROPERTY OF CIELO WIND SERVICES, INC. NO REPRODUCTION MAY BE MADE IN WHOLE OR IN PART WITHOUT PERMISSION.

823 CONGRESS AVE.
SUITE 500
AUSTIN, TEXAS 78701

TEL: 512-440-0305
FAX: 512-440-0277

CIELO WIND SERVICES, INC.
Home of the Wind Ranch™

Checklist Item #8

Description of Qualified Property (per Application pg 8)

Salt Fork Wind Project will consist of a wind-powered electric generating facility with an operating capacity of approximately 161 megawatts. The exact number of turbines and foundations will depend on the nameplate capacity of the turbine selected. The turbine size will be between 1.8 and 2.3 MW.

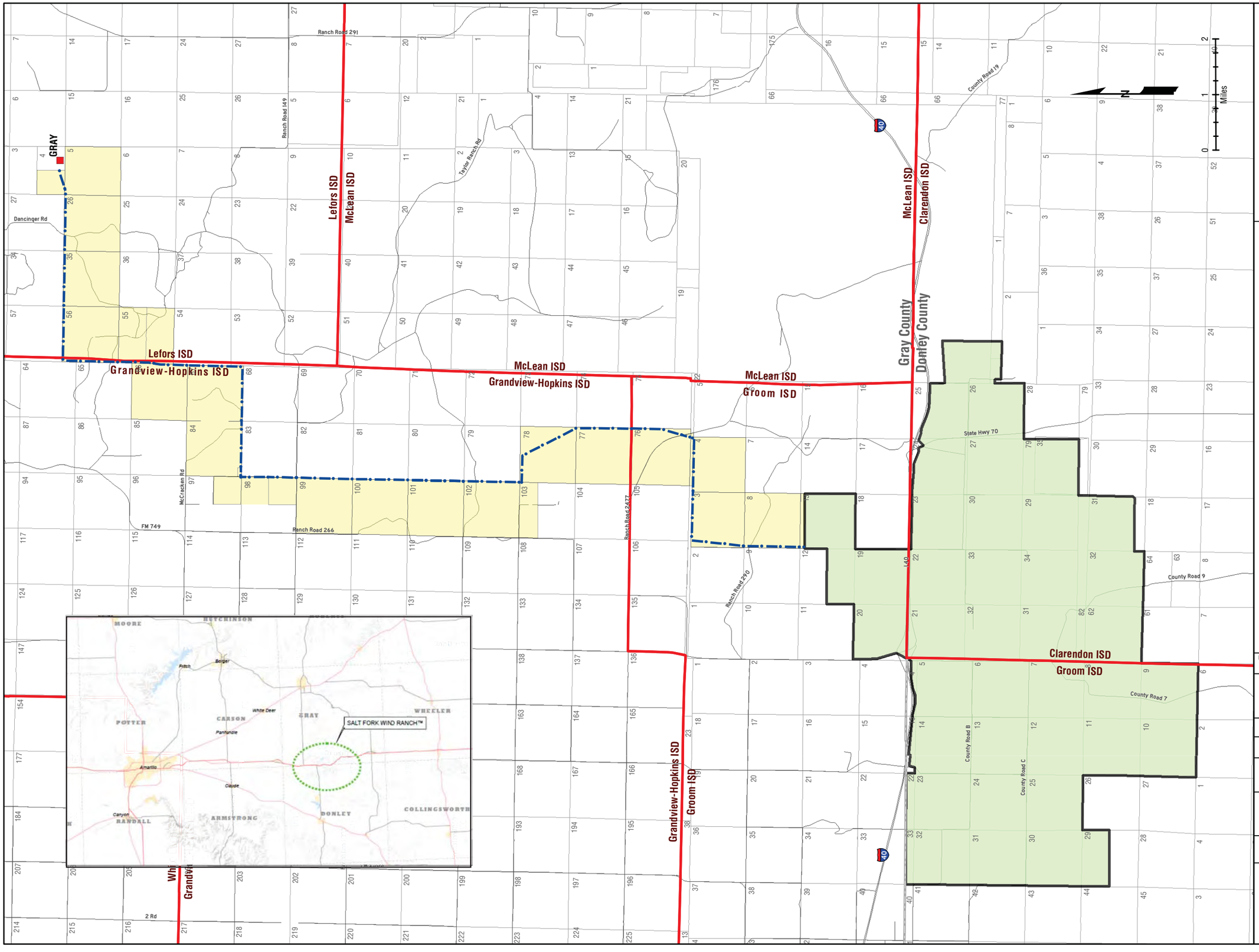
The additional improvements of Qualified Property for the Salt Fork Wind Project include but are not limited to:

- Up to 31 wind turbine generator foundations, anchor bolt embeds & template mounting rings.
- An electric substation including power transformers, associated circuit breakers, switches, reactive power compensation equipment and control building & fencing of perimeter.
- Operations & Maintenance Building with offices, warehouse & all standard utilities (i.e. telephone, water, drainage, sewer, etc.)
- Underground power cables from wind turbines to substation with various cable accessories including junction boxes.
- Roadwork sloped for drainage, with turnouts from public roads.
- Permanent meteorological towers, quality and location of which to be determined by final layout turbine.
- Underground communication cables.
- Wind turbine lighting per FAA requirements.

Checklist Item #9

ATTACHMENT

SEE ATTACHED MAP



ISSUE	DRAWN	DATE	APPD	REVISION NOTES
1.0	KC	11/21/2013		

DRAWING NUMBER
SALT FORK SITE PLAN COMPLETE 17x11.MXD

BASEMAP DRG NO.

LAYOUT NO.

PURPOSE LAYOUT

SCALE 1:102,000

ORIGINAL PLOT SIZE 11X17

PROJECT TITLE
SALT FORK

DRAWING TITLE
SITE PLAN

THIS DRAWING IS THE PROPERTY OF CIELO WIND SERVICES, INC. NO REPRODUCTION MAY BE MADE IN WHOLE OR IN PART WITHOUT PERMISSION.

823 CONGRESS AVE.
SUITE 500
AUSTIN, TEXAS 78701

TEL: 512-440-0305
FAX: 512-440-0277

CIELO WIND SERVICES, INC.
Home of the Wind Ranch™

Checklist Item #10

Description of Land

Donley County

Section	Block	Survey
10	B3	H&GN RR CO
11	B3	H&GN RR CO
12	B3	H&GN RR CO
13	B3	H&GN RR CO
14	B3	H&GN RR CO
15	B3	H&GN RR CO
22	B3	H&GN RR CO
23	B3	H&GN RR CO
24	B3	H&GN RR CO
25	B3	H&GN RR CO
29	B3	H&GN RR CO
30	B3	H&GN RR CO
31	B3	H&GN RR CO
32	B3	H&GN RR CO
33	B3	H&GN RR CO
4	B3	H&GN RR CO
5	B3	H&GN RR CO
6	B3	H&GN RR CO
7	B3	H&GN RR CO
8	B3	H&GN RR CO

9	B3	H&GN RR CO
35	C2	CARHART, L H
25	C2	GC&SF RR CO
26	C2	GC&SF RR CO
27	C2	GC&SF RR CO
29	C2	GC&SF RR CO
30	C2	GC&SF RR CO
31	C2	GC&SF RR CO
32	C2	GC&SF RR CO
23	C2	H&GN RR CO
24	C2	H&GN RR CO
33	C2	L&SV RR CO
34	C2	L&SV RR CO
21	C2	TT RR CO
22	C2	TT RR CO
31	C3	GC&SF RR CO
32	C3	GC&SF RR CO
62	C3	TT RR CO
82	HD	HUGGINS, S H
79	HD	JEFFERIES, J D
		RAWLINGS, A J
		RAWLINGS, W L

Checklist Item #10

Description of Land

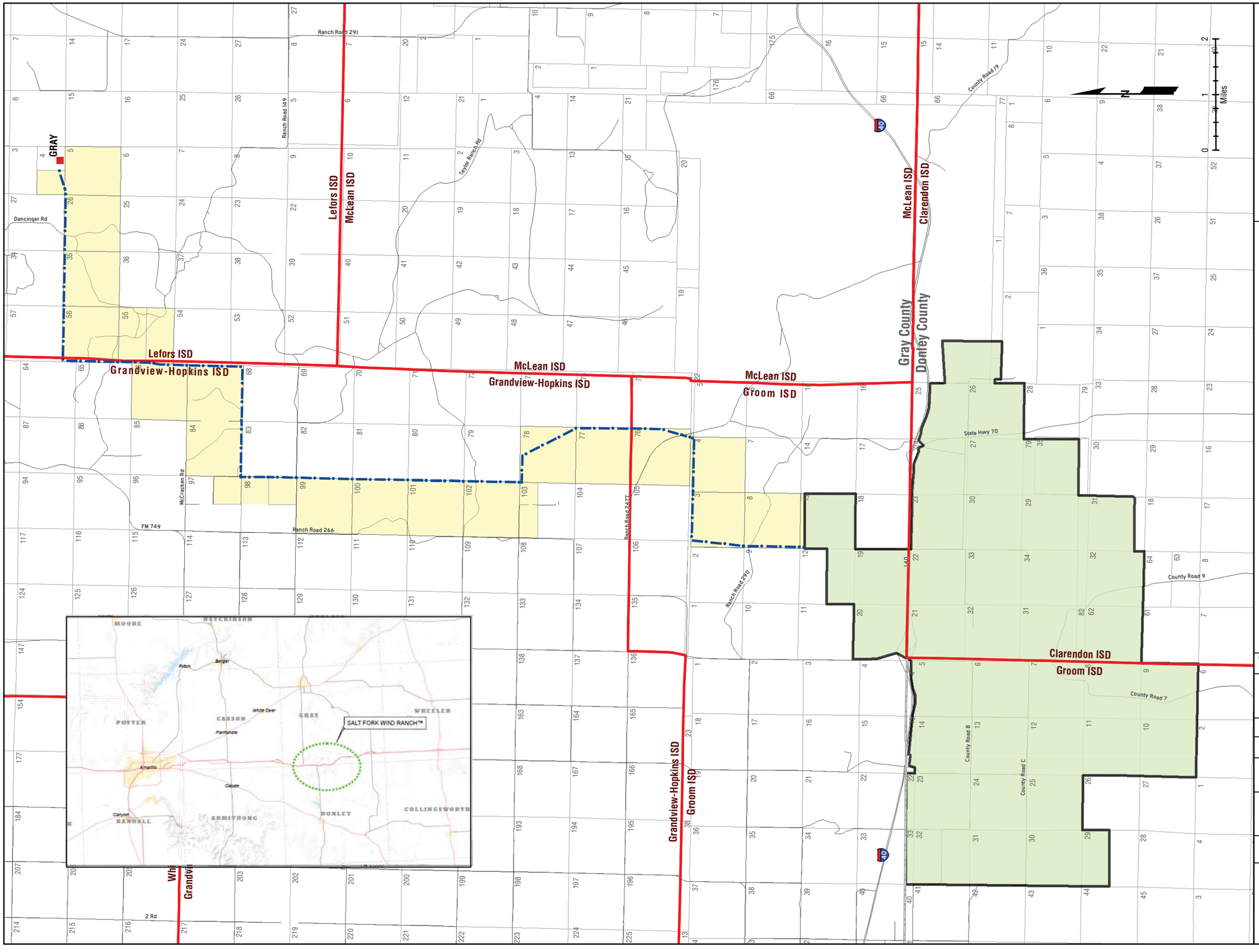
Gray County

Section	Block	Survey
100	B2	H&GN RR CO
101	B2	H&GN RR CO
102	B2	H&GN RR CO
103	B2	H&GN RR CO
26	B2	H&GN RR CO
35	B2	H&GN RR CO
4	B2	H&GN RR CO
5	B2	H&GN RR CO
55	B2	H&GN RR CO
56	B2	H&GN RR CO
66	B2	H&GN RR CO
67	B2	H&GN RR CO
76	B2	H&GN RR CO
77	B2	H&GN RR CO
78	B2	H&GN RR CO
84	B2	H&GN RR CO
97	B2	H&GN RR CO
98	B2	H&GN RR CO
99	B2	H&GN RR CO
12	C2	CCSD & RGNG RR CO
19	C2	CCSD & RGNG RR CO
20	C2	CCSD & RGNG RR CO
13	C2	CCSD & RGNG RR CO
3	C2	CCSD & RGNG RR CO
4	C2	CCSD & RGNG RR CO
8	C2	CCSD & RGNG RR CO
22	S	HILL, D B

Checklist Item #11

ATTACHMENT

SEE ATTACHED MAP



ISSUE	DRAWN	DATE	APPD	REVISION NOTES
1.0	KC	11/21/2013		

DRAWING NUMBER
SALT FORK SITE PLAN COMPLETE 17x11.MXD

BASEMAP DRG NO.

LAYOUT NO.

PURPOSE LAYOUT

SCALE 1:102,000

ORIGINAL PLOT SIZE 11X17

PROJECT TITLE
SALT FORK

DRAWING TITLE
SITE PLAN

THIS DRAWING IS THE PROPERTY OF CIELO WIND SERVICES, INC. NO REPRODUCTION MAY BE MADE IN WHOLE OR IN PART WITHOUT PERMISSION.

823 CONGRESS AVE.
SUITE 500
AUSTIN, TEXAS 78701

TEL: 512-440-0305
FAX: 512-440-0277

CIELO WIND SERVICES, INC.
Home of the Wind Ranch™

Checklist Item #12

Description of all Existing Improvements

There are currently NO existing improvements.

Checklist Item #13

Request for Waiver of Job Creation Requirement

ATTACHED

November 5, 2013
Mr. Jay Lamb, Superintendent
Groom Consolidated Independent School District
304 W. 3rd St.
Groom, TX 79039

RE: Ch-313 Application for Appraised Value Limitation – Job Waiver Request

Dear Mr. Lamb,

This letter is to advise you that Cielo Wind Services under project company Salt Fork Wind, LP is submitting its Chapter 313 Application for Appraised Value Limitation on Qualified Property with a request for a waiver of the jobs creation requirement. House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-I) to permit a school district's board of trustees to make a finding that the job requirement could be waived if the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Salt Fork Wind, LP, requests that Groom ISD's Board of Trustees make such a finding and waive the job creation requirement for the permanent jobs. Based on the industry standard, the size and scope of this project will require approximately five (5) permanent jobs.

As background information on the creation of full-time jobs by wind energy projects, these type of projects create a large number of full-time, temporary jobs during the construction phase, but require a small number of highly skilled technicians to operate a wind project once construction operations cease and commercial operations begin.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. The industry standard for permanent employment is one full-time employee for every fifteen to twenty (15-20) turbines, although this number varies depending on the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described, there may be asset managers or technicians who supervise, monitor, and support the wind project operations from offsite locations.

Sincerely,

Jon Robertson
Development Manager

Cielo Wind Power
823 Congress Avenue, 5th Floor
Austin, TX 78701
www.cielowind.com

Checklist Item #14

ATTACHMENT

CALCULATION OF WAGE REQUIREMENTS – DONLEY COUNTY

110% of County Average Weekly Wage for All Jobs

2012	2Q	431
2012	3Q	431
2012	4Q	472
2013	1Q	518

1852/4= $463.00 average weekly salary
X 1.1 (110%)
$509.30 *110% of County Average Weekly Wage for all jobs*

110% of County Average Weekly Wage for Manufacturing Jobs in County

2012	2Q	672
2012	3Q	504
2012	4Q	243
2013	1Q	556

1975/4= $493.75 average weekly salary
X 1.1 (110%)
$543.13 *110% of County Average Weekly Wage for Manufacturing Jobs*

110% of County Average Weekly Wage for Manufacturing Jobs in Region (Panhandle)

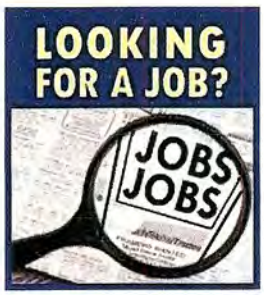
$20.12 per hour
X 40 hr per week
$804.80 average weekly salary

$804.80 average weekly salary
X1.1 (110%)
$885.28

$885.28
X 52 weeks
$46,034.56 110% of County Average Weekly Wage for Manufacturing Jobs in Region

Texas Workforce Commission

LMCI Searchpage
Data Link
Wage Information
The Future
Career & Economic Dev Resource
LMCI Publications
Resources
Select Data Type
All Data Types
Unemployment (LAUS)
Employment Estimates (CES)
Quarterly Employment and Wages (QCEW)
Wages by Profession
Projections - Occupation
Projections - Industry
Consumer Price Index
Income
Staffing Patterns
Population



Quarterly Employment and Wages (QCEW)

Restart Back Print Download
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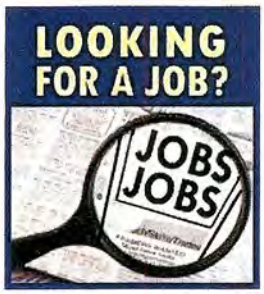
Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2012	1st Qtr	Donley County	Private	00	0	10	Total, All Industries	$418
2012	2nd Qtr	Donley County	Private	00	0	10	Total, All Industries	$431
2012	3rd Qtr	Donley County	Private	00	0	10	Total, All Industries	$431
2012	4th Qtr	Donley County	Private	00	0	10	Total, All Industries	$472
2013	1st Qtr	Donley County	Private	00	0	10	Total, All Industries	$521
2013	2nd Qtr	Donley County	Private	00	0	10	Total, All Industries	$867

Texas Workforce Commission

LMCI Searchpage
Data Link
Wage Information
The Future
Career & Economic Dev Resource
LMCI Publications
Resources
Select Data Type
All Data Types
Unemployment (LAUS)
Employment Estimates (CES)
Quarterly Employment and Wages (QCEW)
Wages by Profession
Projections - Occupation
Projections - Industry
Consumer Price Index
Income
Staffing Patterns
Population



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
2012	1st Qtr	Donley County	Private	31	2	31-33	Manufacturing	$532
2012	2nd Qtr	Donley County	Private	31	2	31-33	Manufacturing	$672
2012	3rd Qtr	Donley County	Private	31	2	31-33	Manufacturing	$504
2012	4th Qtr	Donley County	Private	31	2	31-33	Manufacturing	$243
2013	1st Qtr	Donley County	Private	31	2	31-33	Manufacturing	$556
2013	2nd Qtr	Donley County	Private	31	2	31-33	Manufacturing	$1,085

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

COG	Wages Hourly	Wages Annual
Texas	**$23.56**	**$48,996**
1. Panhandle Regional Planning Commission	$20.12	$41,850
2. South Plains Association of Governments	$16.18	$33,662
3. NORTEX Regional Planning Commission	$17.83	$37,076
4. North Central Texas Council of Governments	$24.68	$51,333
5. Ark-Tex Council of Governments	$16.84	$35,032
6. East Texas Council of Governments	$19.61	$40,797
7. West Central Texas Council of Governments	$18.24	$37,941
8. Rio Grande Council of Governments	$16.17	$33,631
9. Permian Basin Regional Planning Commission	$21.93	$45,624
10. Concho Valley Council of Governments	$16.33	$33,956
11. Heart of Texas Council of Governments	$19.07	$39,670
12. Capital Area Council of Governments	$26.03	$54,146
13. Brazos Valley Council of Governments	$16.55	$34,424
14. Deep East Texas Council of Governments	$16.20	$33,698
15. South East Texas Regional Planning Commission	$29.38	$61,118
16. Houston-Galveston Area Council	$26.59	$55,317
17. Golden Crescent Regional Planning Commission	$21.03	$43,742
18. Alamo Area Council of Governments	$18.40	$38,280
19. South Texas Development Council	$13.54	$28,170
20. Coastal Bend Council of Governments	$22.97	$47,786
21. Lower Rio Grande Valley Development Council	$16.33	$33,961
22. Texoma Council of Governments	$22.57	$46,949
23. Central Texas Council of Governments	$17.16	$35,689
24. Middle Rio Grande Development Council	$18.93	$39,380

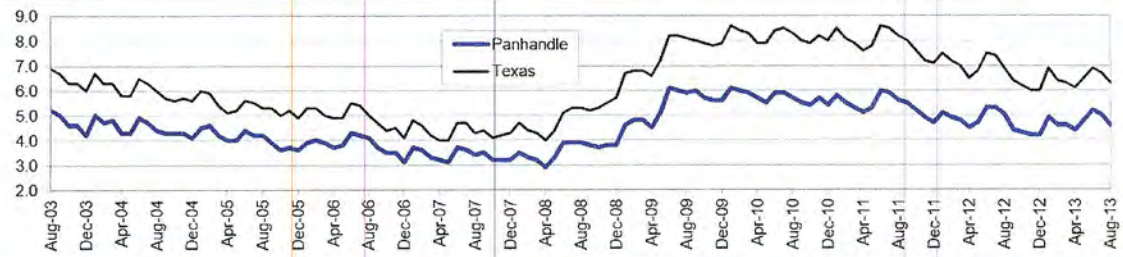
Source: Texas Occupational Employment and Wages
Data published: July 2013
Data published annually, next update will be July 31, 2014

Note: Data is not supported by the Bureau of Labor Statistics (BLS).
Wage data is produced from Texas OES data, and is not to be compared to BLS estimates.
Data intended for TAC 313 purposes only.

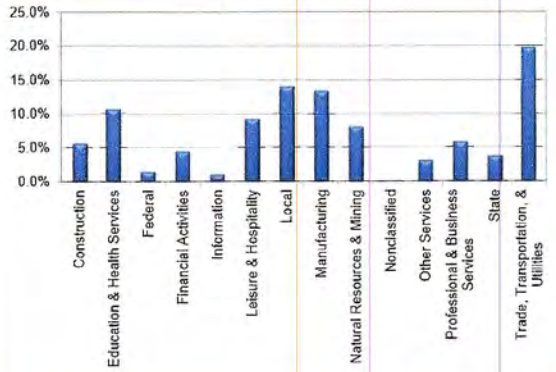
Panhandle Workforce Development Area* — August 2013

	Panhandle WDA					Texas			
	CLF	Employed	Unemployed	Rate		CLF	Employed	Unemployed	Rate
Aug-13	222,663	212,316	10,347	4.6	Aug-13	12,780,824	11,981,929	798,895	6.3
Jul-13	227,953	216,575	11,378	5.0	Jul-13	12,868,256	12,010,823	857,433	6.7
Aug-12	223,003	211,915	11,088	5.0	Aug-12	12,572,856	11,700,357	872,499	6.9

Historical Unemployment Rates



Panhandle WDA Industry Composition
1st Quarter 2013



Total WDA Claims

Continued Claims for the Week of the 12th

	Aug-13	Jul-13	Aug-12	OTY
Continued	1,059	1,145	1,195	-136

Texas Unemployment Insurance Claims

Continued Claims for the Week of the 12th

	Aug-13	Jul-13	Aug-12	OTY
Continued	131,232	140,477	135,191	-3,959

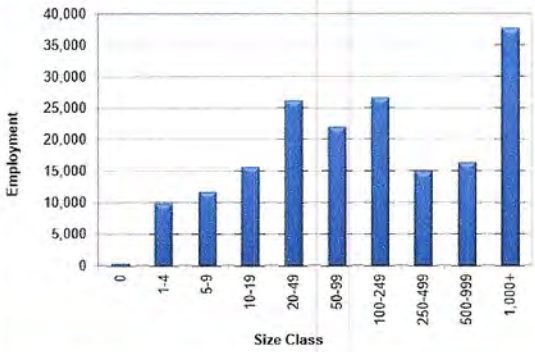
Panhandle WDA Average Weekly Wage

	Panhandle	Texas
1st Quarter 2013	$796.26	$1,015.49
4th Quarter 2012	$830.63	$1,027.11
1st Quarter 2012	$779.73	$1,012.32
Quarter Change	-$34.37	-$11.62
OTY Change	$16.53	$3.17

NAICS Covered Employment Quarterly Data
1st Quarter 2013

SUPER SECTOR	Employment	Change Quarter	Change Year
Construction	10,178	64	1,059
Education & Health Services	19,306	-117	174
Federal	2,597	-71	-42
Financial Activities	7,953	-299	-275
Information	1,828	-32	-132
Leisure & Hospitality	16,583	-66	345
Local	25,339	-154	-21
Manufacturing	24,282	-200	-126
Natural Resources & Mining	14,532	-676	428
Nonclassified	59	-9	33
Other Services	5,535	-107	-46
Professional & Business Services	10,442	-150	384
State	6,724	-176	-180
Trade, Transportation, & Utilities	35,817	-987	79
TOTAL	181,175	-2,980	1,680

Size Class Employment Composition
1st Quarter 2013



*Counties in WDA: Armstrong, Briscoe, Carson, Castro, Childress, Collingsworth, Dallam, Deaf Smith, Donley, Gray, Hall, Hansford, Hartley, Hemphill, Hutchinson, Lipscomb, Moore, Ochiltree, Oldham, Parmer, Potter, Randall, Roberts, Sherman, Swisher, & Wheeler

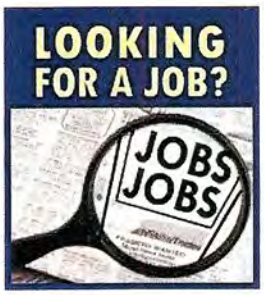
Available at http://www.tracer2.com/

Texas Workforce Commission

Wages by Profession

Page 1 of 1 (40 results/page)

Year	Period	Area	Ind Code	Industry	Occ Code	Occupation	Wage Source	Rate Type	Mean Wages
2012	Annual	Panhandle WDA	1012	Construction	470000	Construction and Extraction Occupations	BLS Occupational Employment Statistics Survey	Annual wage or salary	$34,321



Checklist Item #15

Description of Benefits

Cielo Wind Services offers the following benefits for employees & dependents:

- Medical
- Dental
- Life Insurance
- Short-term disability
- Long-term disability
- 401K Plan
- Individual Retirement Acct (IRA)
- Paid Cell Phone
- Paid Leave
- Paid Holidays

Checklist Item #16

ECONOMIC IMPACT ANALYSIS

Not Applicable

Checklist Item #17

Schedule “A” attached

Amendment No. 001

Schedule A (Rev. May 2010): Investment

Applicant Name SALT FORK WIND, LP

ISD Name GROOM ISD

Form 50-296

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: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)								
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)								
	Complete tax years of qualifying time period	1	2015-2016	2015					
		2	2016-2017	2016	$ 141,750,000	$ 755,000	$ 142,750,000		$ 142,750,000
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017					
		4	2018-2019	2018					
		5	2019-2020	2019					
		6	2020-2021	2020					
		7	2021-2022	2021					
		8	2022-2023	2022					
		9	2023-2024	2023					
		10	2024-2025	2024					
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025					
		12	2026-2027	2026					
		13	2027-2028	2027					
Post- Settle-Up Period		14	2028-2029	2028					
Post- Settle-Up Period		15	2029-2030	2029					

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D).
For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility.
The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013

DATE

Checklist Item #18

Schedule “B” attached

Amendment No. 001

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name SALT FORK WIND, LP

ISD Name GROOM ISD

Form 50-296

					Qualified Property			Reductions from Market Value	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 building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
		pre- year 1	2014-2015	2014	N/A	$ -	$ -	N/A	$ -	$ -
	Complete tax years of qualifying time period	1	2015-2016	2015	N/A	$ -	$ -	N/A	$ -	$ -
		2	2016-2017	2016	N/A	$ -	$ 142,750,000	N/A	$ 142,750,000	$ 142,750,000
	Value Limitation Period	3	2017-2018	2017	N/A	$ -	$ 135,612,500	N/A	$ 135,612,500	$ 10,000,000
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018	N/A	$ -	$ 128,831,875	N/A	$ 74,759,209	$ 10,000,000
		5	2019-2020	2019	N/A	$ -	$ 122,390,281	N/A	$ 122,390,281	$ 10,000,000
		6	2020-2021	2020	N/A	$ -	$ 116,270,767	N/A	$ 116,270,767	$ 10,000,000
		7	2021-2022	2021	N/A	$ -	$ 110,457,229	N/A	$ 110,457,229	$ 10,000,000
		8	2022-2023	2022	N/A	$ -	$ 104,934,367	N/A	$ 104,934,367	$ 10,000,000
		9	2023-2024	2023	N/A	$ -	$ 99,687,649	N/A	$ 99,687,649	$ 10,000,000
		10	2024-2025	2024	N/A	$ -	$ 94,703,267	N/A	$ 94,703,267	$ 10,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	N/A	$ -	$ 89,968,103	N/A	$ 89,968,103	$ 89,968,103
		12	2026-2027	2026	N/A	$ -	$ 85,469,698	N/A	$ 85,469,698	$ 85,469,698
		13	2027-2028	2027	N/A	$ -	$ 81,196,213	N/A	$ 81,196,213	$ 81,196,213
Post- Settle-Up Period		14	2028-2029	2028	N/A	$ -	$ 77,136,403	N/A	$ 77,136,403	$ 77,136,403
Post- Settle-Up Period		15	2029-2030	2029	N/A	$ -	$ 73,279,582	N/A	$ 73,279,582	$ 73,279,582

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Jon Robertson

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013

DATE

Checklist Item #19

Schedule “C” attached

Amendment No. 001

Schedule C- Application: Employment Information

Applicant Name SALT FORK WIND, LP
ISD Name GROOM ISD

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	**School Year** (YYYY-YYYY)	**Tax Year** (Fill in actual tax year) YYYY	**Column A:** Number of Construction FTE's or man-hours (specify)	**Column B: Average** annual wage rates for construction workers	**Column C:** Number of new jobs applicant commits to create (cumulative)	**Column D: Average** annual wage rate for all new jobs.	**Column E:** Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Column F: Average** annual wage of qualifying jobs
		pre- year 1								
	Complete tax years of qualifying time period	1	2015-2016	2015	150	34,321	7	$ 46,034	7	$ 46,034
		2	2016-2017	2016	150	34,321	7	$ 46,034	7	$ 46,034
	Value Limitation Period	3	2017-2018	2017	0	34,321	7	$ 46,034	7	$ 46,034
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018	0	34,321	7	$ 46,034	7	$ 46,034
		5	2019-2020	2019	0	34,321	7	$ 46,034	7	$ 46,034
		6	2020-2021	2020	0	34,321	7	$ 46,034	7	$ 46,034
		7	2021-2022	2021	0	34,321	7	$ 46,034	7	$ 46,034
		8	2022-2023	2022	0	34,321	7	$ 46,034	7	$ 46,034
		9	2023-2024	2023	0	34,321	7	$ 46,034	7	$ 46,034
		10	2024-2025	2024	0	34,321	7	$ 46,034	7	$ 46,034
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	0	34,321	7	$ 46,034	7	$ 46,034
		12	2026-2027	2026	0	34,321	7	$ 46,034	7	$ 46,034
		13	2027-2028	2027	0	34,321	7	$ 46,034	7	$ 46,034
Post- Settle-Up Period		14	2028-2029	2028	0	34,321	7	$ 46,034	7	$ 46,034
Post- Settle-Up Period		15	2029-2030	2029	0	34,321	7	$ 46,034	7	$ 46,034

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013
DATE

Checklist Item #20

Schedule “D” attached

Checklist Item #20

Amendment No. 001

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name **SALT FORK WIND, LP** **ISD Name** GROOM ISD **Form 50-296**

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	**Column F:** Estimate of total annual expenditures* subject to state sales tax	**Column G:** Estimate of total annual expenditures* made in Texas NOT subject to sales tax	**Column H:** Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)											
	Complete tax years of qualifying time period	1	2015-2016	2015	$ 6,000,000	$ 9,000,000	$ 26,829	0	N/A	0	0
		2	2016-2017	2016	$ 16,000,000	$ 24,000,000	$ 89,714	100	N/A	0	0
	Value Limitation Period	3	2017-2018	2017	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		5	2019-2020	2019	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		6	2020-2021	2020	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		7	2021-2022	2021	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		8	2022-2023	2022	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		9	2023-2024	2023	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		10	2024-2025	2024	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		12	2026-2027	2026	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0
		13	2027-2028	2027	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0
Post- Settle-Up Period		14	2028-2029	2028	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0
Post- Settle-Up Period		15	2029-2030	2029	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0

*For planning, construction and operation of the facility.

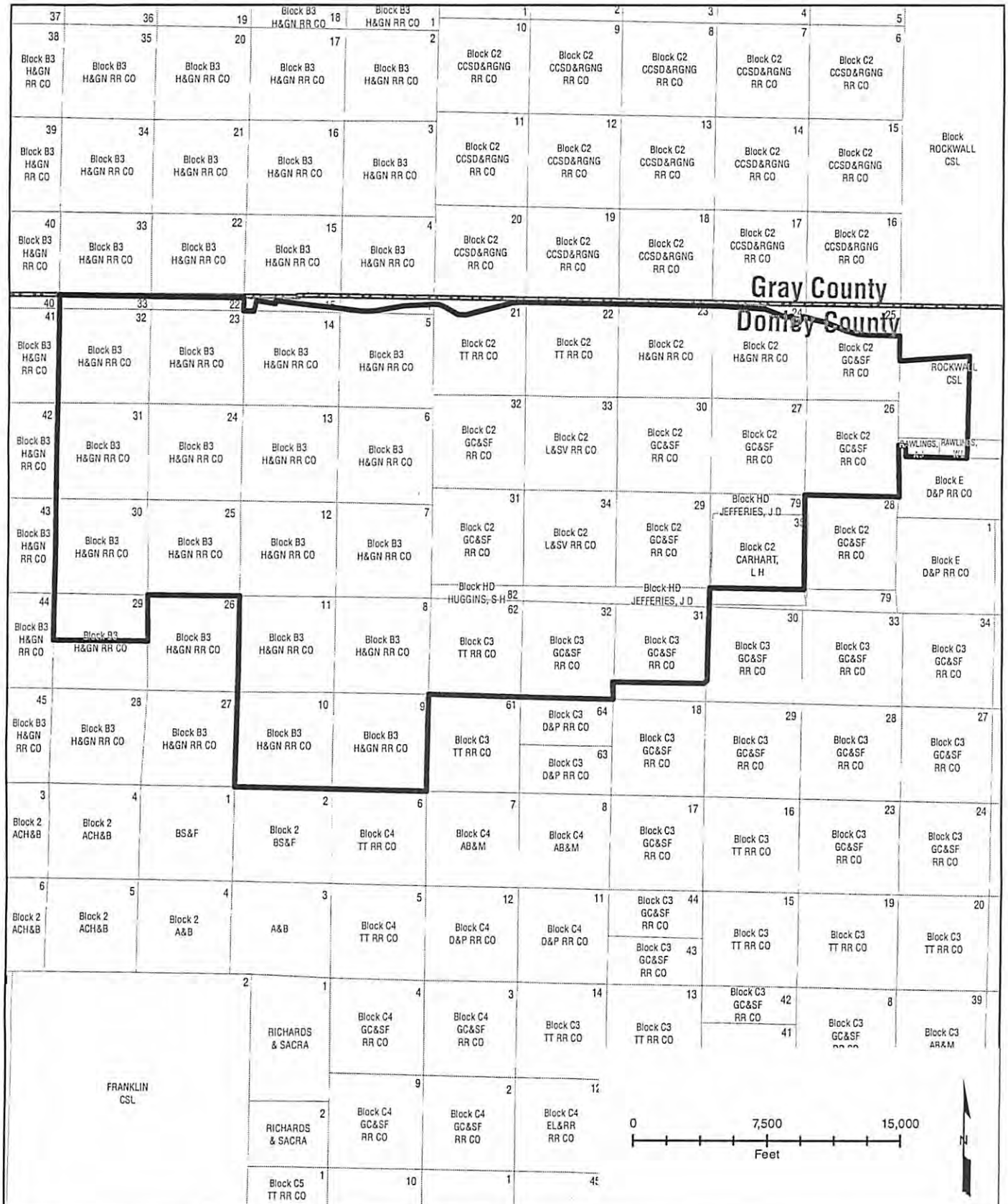
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013

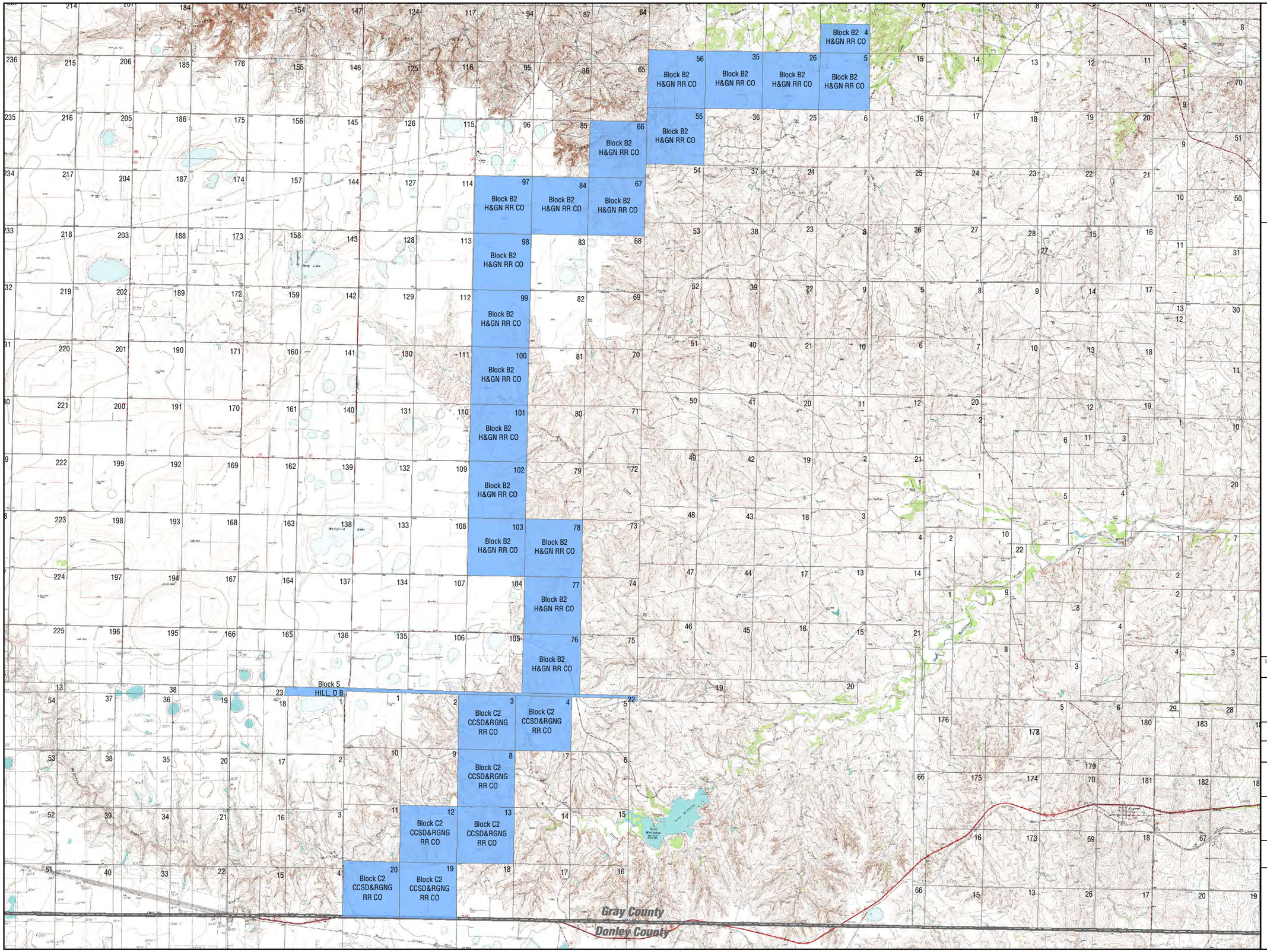
DATE

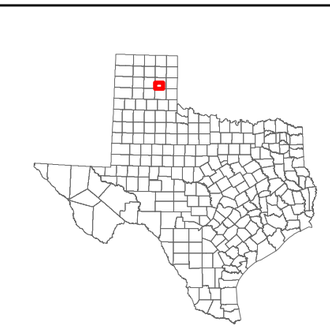
Checklist Item #21

Map of Reinvestment Zone



CIELO WIND SERVICES, INC.	DRAWING DATE: 8/19/2013	DRAWING TITLE: EXHIBIT A	IMPROVEMENTS
	DRAWING SCALE: 1:90,000		
	DRAWN BY: KC	ISSUE: 1.0 CONFIDENTIAL	PROJECT TITLE: SALT FORK
	DRAWING NUMBER:	PURPOSE: TAX ABATEMENT	LOCATION: DONLEY COUNTY, TEXAS
			BASE MAP: SALT FORK DONLEY COUNTY TAX ABATEMENT.MXD





N

0 1 2
Miles

REINVESTMENT ZONE
COUNTY LINE
SECTION LINE

ISSUE	DRAWN	DATE	APPD	REVISION NOTES
1.0	KC	10/22/2013		

DRAWING NUMBER
SALT FORK TRANSMISSION REINVESTMENT ZONE GRAY COUNTY.MXD

BASEMAP DRG NO.

LAYOUT NO.

PURPOSE
LAYOUT

CONFIDENTIAL

SCALE 1:100,000

ORIGINAL PLOT SIZE 11X17

PROJECT TITLE
SALT FORK

DRAWING TITLE
GRAY COUNTY REINVESTMENT ZONE

THIS DRAWING IS THE PROPERTY OF CIELO WIND SERVICES, INC. NO REPRODUCTION MAY BE MADE IN WHOLE OR IN PART WITHOUT PERMISSION.

823 CONGRESS AVE.
SUITE 500
AUSTIN, TEXAS 78701

TEL: 512-440-0305
FAX: 512-440-0277

CIELO WIND SERVICES, INC.

Checklist Item #22

Order & Resolution Establishing Reinvestment Zone

RESOLUTION OF THE COMMISSIONERS COURT
OF GRAY COUNTY, TEXAS
DESIGNATING GRAY REINVESTMENT ZONE #1

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN GRAY COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

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

WHEREAS, on this date, a hearing before the Commissioners Court of GRAY County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in GRAY County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of GRAY County, Texas at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

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

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

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

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

(a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and

(b) That the boundaries of the reinvestment zone should be the area described in the attached Exhibit "A" and depicted in the map attached hereto as Exhibit "B", which are incorporated herein by reference for all purposes. In the event of discrepancy between the descriptions of Exhibit "A" and map on Exhibit "B", the map shall control; and,

(c) That creation of the reinvestment zone will result in benefits to GRAY County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and

(d) The reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of GRAY County, Texas, and that the entire tract of land is located entirely within an unincorporated area of GRAY County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, GRAY County Commissioner's Court hereby creates GRAY Reinvestment Zone #1, a reinvestment zone for commercial-industrial tax abatement encompassing only the area described in Exhibit "A" and depicted in Exhibit "B", and such reinvestment zone is hereby designated and shall hereafter be referred to as GRAY Reinvestment Zone #1.

SECTION 4. That GRAY Reinvestment Zone #1 shall take effect on this date, and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

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

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

PASSED, APPROVED AND ADOPTED on November 1, 2013.

GRAY County Commissioners Court

Richard Peet
GRAY County Judge

Joe Wheeley
Precinct 1 Commissioner

Gary Willoughby
Precinct 2 Commissioner

Neil Fulton
Precinct 3 Commissioner

Jeff Haley
Precinct 4 Commissioner

Attest:

Susan Winborne, GRAY County Clerk

FILED
AT 2:40 o'clock P M
9-9-2013
COUNTY CLERK
DONLEY COUNTY
COMMISSIONERS COURT
By

#029913

RESOLUTION OF THE COMMISSIONERS COURT OF DONLEY COUNTY, TEXAS DESIGNATING DONLEY REINVESTMENT ZONE #1

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR A COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN DONLEY COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

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

WHEREAS, on this date, a hearing before the Commissioners Court of Donley County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the local newspaper of general circulation in Donley County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of Donley County, Texas at such public hearing invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and

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

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

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

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

(a) That the public hearing on adoption of the reinvestment zone has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed

reinvestment zone; and

(b) That the boundaries of the reinvestment zone should be the area described in the attached Exhibit "A" and depicted in the map attached hereto as Exhibit "B", which are incorporated herein by reference for all purposes. In the event of discrepancy between the descriptions of Exhibit "A" and map on Exhibit "B", the map shall control; and,

(c) That creation of the reinvestment zone will result in benefits to Donley County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and

(d) The reinvestment zone meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Donley County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Donley County, Texas.

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SECTION 4. That Donley Reinvestment Zone #1 shall take effect on this date, and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

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

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

Abatement Act.

PASSED, APPROVED AND ADOPTED on September 9, 2013.

Donley County Commissioners Court

Jack Hall
Donley County Judge

Mark White
Precinct 1 Commissioner

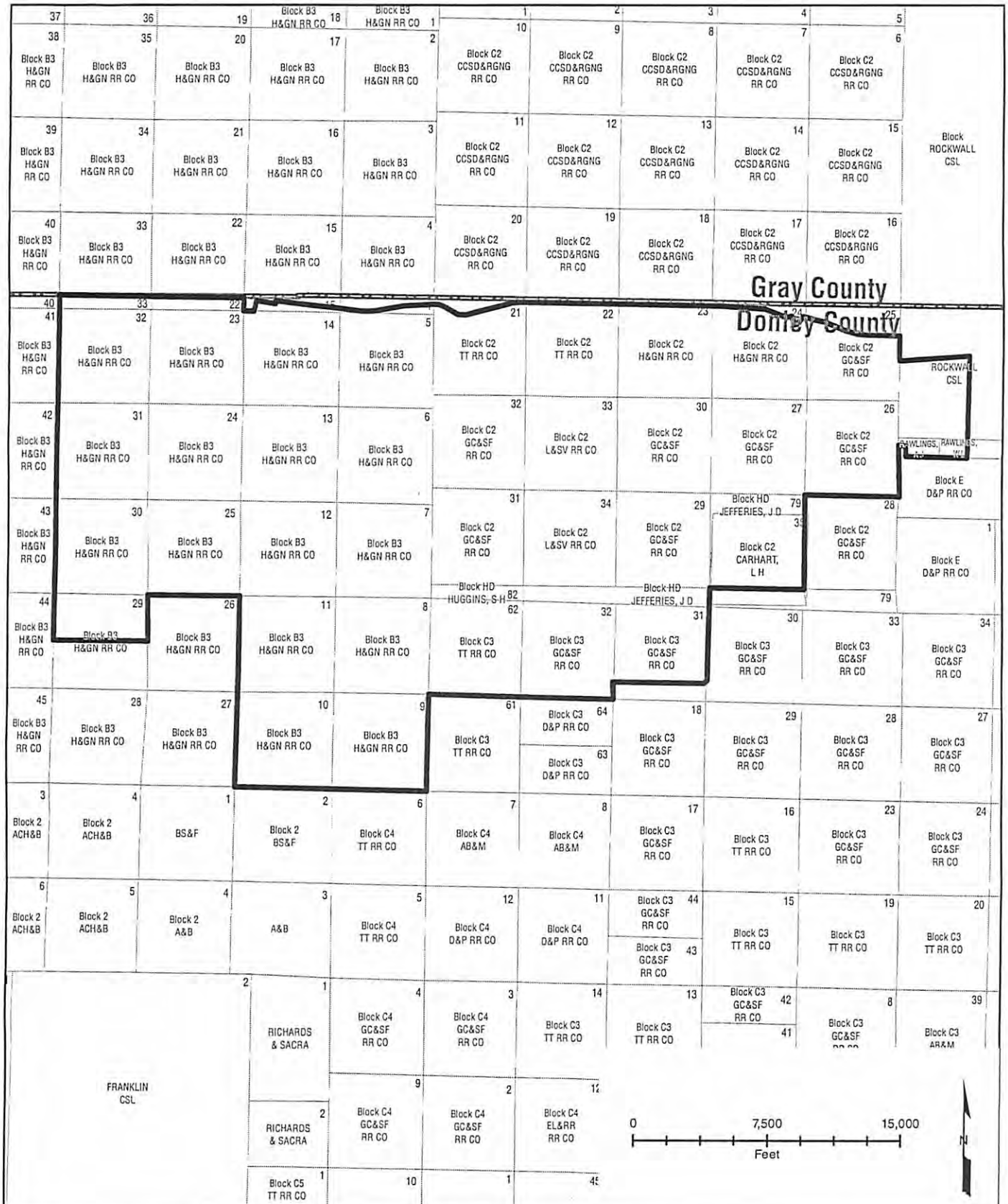
Don Hall
Precinct 2 Commissioner

Andy Wheatly
Precinct 3 Commissioner

Dan Sawyer
Precinct 4 Commissioner

Attest:

Fay Vargas, Donley County Clerk



CIELO WIND SERVICES, INC.	DRAWING DATE: 8/19/2013	DRAWING TITLE: EXHIBIT A	IMPROVEMENTS
	DRAWING SCALE: 1:90,000		
	DRAWN BY: KC	ISSUE: 1.0 CONFIDENTIAL	PROJECT TITLE: SALT FORK
	DRAWING NUMBER:	PURPOSE: TAX ABATEMENT	LOCATION: DONLEY COUNTY, TEXAS
			BASE MAP: SALT FORK DONLEY COUNTY TAX ABATEMENT.MXD

Checklist Item #23

Legal Description of Reinvestment Zone

EXHIBIT A
LEGAL DESCRIPTION OF
GRAY REINVESTMENT ZONE #1

GRAY Reinvestment Zone #1 is comprised of the following parcels. In the event of discrepancy between this Exhibit "A" and the attached map on Exhibit "B", Exhibit "B" shall control; provided however, the GRAY Reinvestment Zone #1 shall in no way be deemed to include any portion of any municipality located within the designate area.

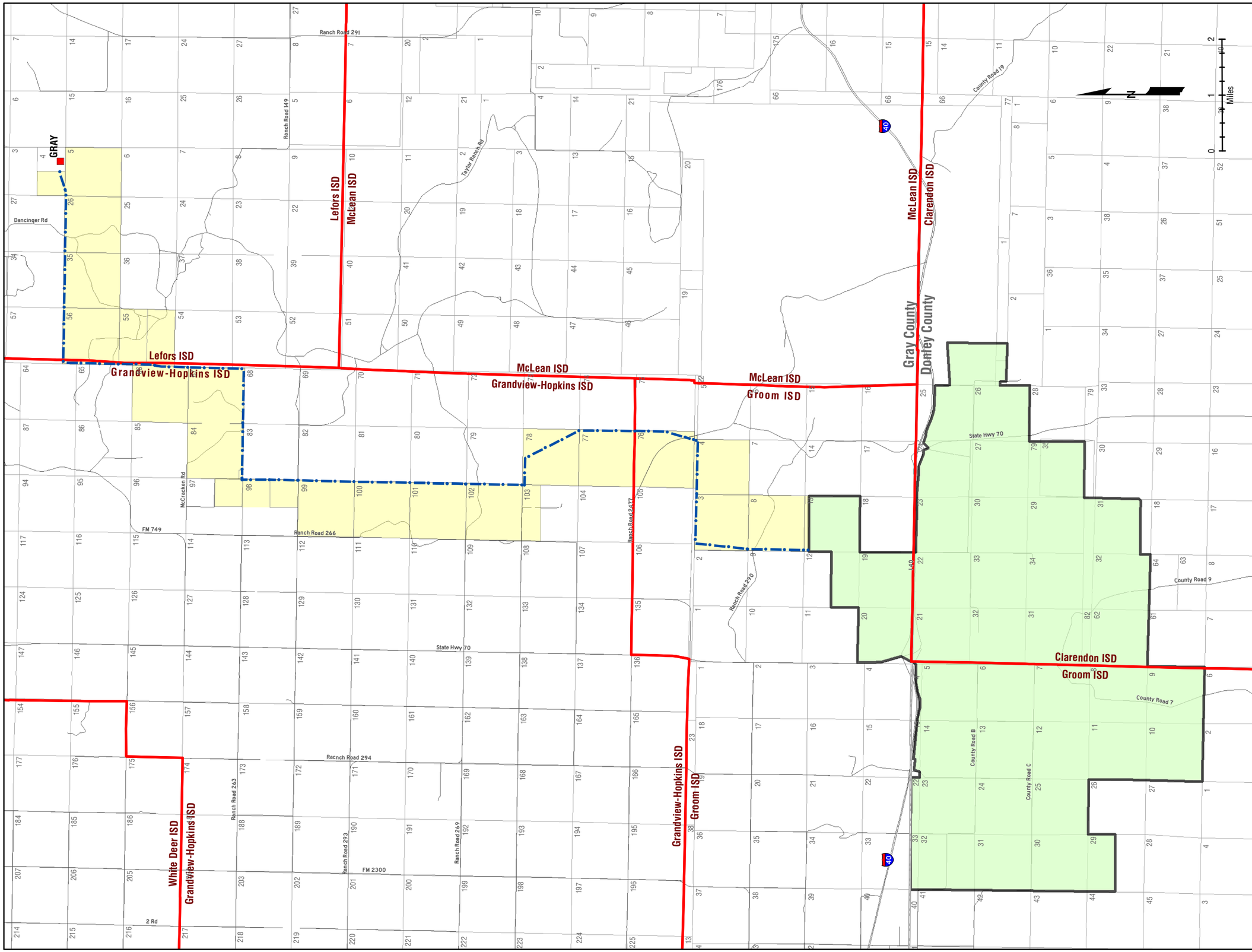
Section	Block	Survey
100	B2	H&GN RR CO
101	B2	H&GN RR CO
102	B2	H&GN RR CO
103	B2	H&GN RR CO
26	B2	H&GN RR CO
35	B2	H&GN RR CO
4	B2	H&GN RR CO
5	B2	H&GN RR CO
55	B2	H&GN RR CO
56	B2	H&GN RR CO
66	B2	H&GN RR CO
67	B2	H&GN RR CO
76	B2	H&GN RR CO
77	B2	H&GN RR CO
78	B2	H&GN RR CO
84	B2	H&GN RR CO
97	B2	H&GN RR CO
98	B2	H&GN RR CO
99	B2	H&GN RR CO
12	C2	CCSD & RGNG RR CO
19	C2	CCSD & RGNG RR CO
20	C2	CCSD & RGNG RR CO
13	C2	CCSD & RGNG RR CO
3	C2	CCSD & RGNG RR CO
4	C2	CCSD & RGNG RR CO
8	C2	CCSD & RGNG RR CO
22	S	HILL, D B

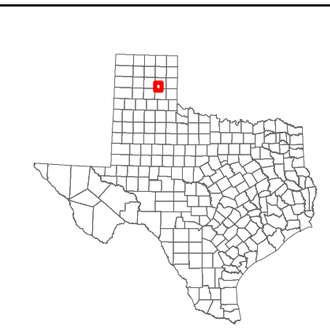
EXHIBIT A
LEGAL DESCRIPTION OF
DONLEY REINVESTMENT ZONE #1

Donley Reinvestment Zone #1 is comprised of the following parcels. In the event of discrepancy between this Exhibit "A" and the attached map on Exhibit "B", Exhibit "B" shall control; provided however, the Donley Reinvestment Zone #1 shall in no way be deemed to include any portion of any municipality located within the designate area.

Section	Block	Survey
10	B3	H&GN RR CO
11	B3	H&GN RR CO
12	B3	H&GN RR CO
13	B3	H&GN RR CO
14	B3	H&GN RR CO
15	B3	H&GN RR CO
22	B3	H&GN RR CO
23	B3	H&GN RR CO
24	B3	H&GN RR CO
25	B3	H&GN RR CO
29	B3	H&GN RR CO
30	B3	H&GN RR CO
31	B3	H&GN RR CO
32	B3	H&GN RR CO
33	B3	H&GN RR CO
4	B3	H&GN RR CO
5	B3	H&GN RR CO
6	B3	H&GN RR CO
7	B3	H&GN RR CO
8	B3	H&GN RR CO
9	B3	H&GN RR CO
35	C2	CARHART, L H
25	C2	GC&SF RR CO
26	C2	GC&SF RR CO
27	C2	GC&SF RR CO
29	C2	GC&SF RR CO
30	C2	GC&SF RR CO
31	C2	GC&SF RR CO
32	C2	GC&SF RR CO
23	C2	H&GN RR CO
24	C2	H&GN RR CO

33	C2	L&SV RR CO
34	C2	L&SV RR CO
21	C2	TT RR CO
22	C2	TT RR CO
31	C3	GC&SF RR CO
32	C3	GC&SF RR CO
62	C3	TT RR CO
82	HD	HUGGINS, S H
79	HD	JEFFERIES, J D
		RAWLINGS, A J
		RAWLINGS, W L





- GRAY SUBSTATION
- TRANSMISSION LINE
- SCHOOL DISTRICT BOUNDARY
- COUNTY LINE
- PROJECT LIMITS
- TRANSMISSION PARCEL

ISSUE	DRAWN	DATE	APPD	REVISION NOTES
1.0	KC	11/21/2013		

DRAWING NUMBER: SALT FORK SITE PLAN COMPLETE 17x11.MXD

BASEMAP DRG NO.

LAYOUT NO.

PURPOSE: LAYOUT

SCALE: 1:102,000

ORIGINAL PLOT SIZE: 11X17

PROJECT TITLE: SALT FORK

DRAWING TITLE: SITE PLAN

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CIELO WIND SERVICES, INC.
Home of the Wind Ranch™

Checklist Item #24

Guidelines and Criteria for Reinvestment Zone

GUIDELINES AND CRITERIA FOR GRANTING TAX ABATEMENT IN REINVESTMENT ZONES CREATED IN THE JURISDICTION OF GRAY COUNTY, TEXAS

STATE OF TEXAS }
}
COUNTY OF GRAY }

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WHEREAS, the creation and retention of job opportunities that bring new wealth is one of the highest civic priorities; and,

WHEREAS, new jobs and investments will benefit the area economy, provide needed opportunities, strengthen the real estate market, and generate tax revenue to support local services; and,

WHEREAS, Gray County must compete with other localities across the nation currently offering tax inducements to attract new and modernization projects; and,

WHEREAS, any tax incentives offered in Gray County would reduce needed tax revenue unless these tax incentives are strictly limited in application to those new and existing industries that bring new wealth to the community; and,

WHEREAS, the abatement of property taxes, when offered to attract primary jobs or investments in industries that bring in money from outside a community instead of merely recirculating dollars within a community, has been shown to be an effective method of enhancing and diversifying an area's economy; and,

WHEREAS, Texas laws requires any eligible taxing jurisdiction to establish guidelines and criteria as to eligibility for tax abatement agreements prior to the granting of any future tax abatement, which guidelines and criteria are to remain unchanged for a two-year period unless amended by minimum votes, as provided by said state law; and,

WHEREAS, these guidelines and criteria shall not be construed as implying or suggesting that the County of Gray, or any other taxing jurisdiction, is under any obligation to provide tax abatement or other incentives to any applicant, and all applicants shall be considered on a case-by-case basis; and,

WHEREAS, these guidelines and criteria are approved for circulation to all affected taxing jurisdictions for consideration as a common policy for all jurisdictions that choose to participate in tax abatement agreements; and

WHEREAS, the Commissioners Court of Gray County, Texas has approved and authorized these guidelines and criteria;

NOW THEREFORE BE IT RESOLVED THAT, said guidelines and criteria are as follows:

Sec. 1. Definitions

A. "Abatement" means the full or partial exemption from ad valorem taxes of certain real property, and certain personal property, in a reinvestment zone designated by the County of Gray for economic development purposes.

B. "Affected jurisdiction" means the County of Gray and any other taxing jurisdiction with any substantial parts of its area located in Gray County; and that levies ad valorem taxes and provides services to property located in said County; and that chooses to participate in tax abatement agreements by, or pursuant to, these guidelines.

C. "Agreement" means a contractual agreement between a property owner or lessee, or both, and an

affected jurisdiction for the purposes of tax abatement.

D. "Base year value" means the assessed value of eligible property January 1 preceding the execution of the agreement, plus the agreed-upon value of eligible property improvements made after January 1 but before the execution of the Agreement.

E. "Deferred maintenance" means improvements necessary for continued operations that do not improve productivity or alter the process technology.

F. "Distribution Center Facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used, primarily to receive, store, service, or distribute goods or materials owned by the facility operator.

G. "Expansion" means the addition of permanent building and structures, fixed machinery and equipment for purposes of increasing production capacity.

H. "Facility" means property improvements completed or in the process of construction that together comprise an integral whole.

I. "Manufacturing Facility" means permanent buildings and structures, including fixed machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

J. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction, alteration, or installation of permanent buildings and structures, alteration, or installation of permanent buildings and structures, fixed machinery and equipment. Modernization shall include improvements for the purposes of increasing productivity or updating the technology of machinery or equipment or both.

K. "New Facility" means a property previously undeveloped that is placed into service by means other than by, or in conjunction with, expansion or modernization.

L. "Other basic industry" means permanent buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used, for the production of products or services that primarily serve a market that result in the creation of new permanent jobs, and that bring in new wealth.

M. "Productive life" means the number of years a property improvement is expected to be in service in a facility.

N. "Regional entertainment facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used to provide entertainment through the admission of the general public.

O. "Research facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used primarily for the research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.

P. "Regional service facility" means permanent buildings and structures, including fixed machinery and equipment, used or to be used, to service goods.

Q. "Renewable Energy Resource" means a resource which produces energy derived from renewable energy technologies, as defined in PUC Substantive Rule 25.5 or any successor to such rule.

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Sec. 2. Criteria for Abatement and Designation a Reinvestment Zone.

A. Authorized facility. A facility may be eligible for abatement if it is a manufacturing facility, research facility, distribution center or regional service facility, regional entertainment facility, renewable energy resource, or other basic industry.

B. Creation of new value. Abatement may be granted only for the additional value of eligible property improvements made subsequent to, and specified in, an abatement agreement by and among Gray County and the property owner or lessee, subject to such limitation as Gray County may require.

C. New and existing facilities. Abatement may be for new facilities and improvements to existing facilities purposes of modernization or expansion.

D. Eligible property. Abatement may be extended to the value of permanent buildings and structures, fixed machinery and equipment, and certain other personal property, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

E. Ineligible property. The following types of property shall be fully taxable and ineligible for abatement: land; inventories; supplies; housing; hotel accommodations; deferred maintenance investments; any improvements, including those to produce, store or distribute natural gas, fluids or gases, that are not integral to the operation of the facility; property owned or used by the State of Texas or its political subdivision or by any organization owned, operated, or directed by a political subdivision of the State of Texas.

F. Value and term of abatement. A tax abatement agreement granted by Gray County shall be up to but not exceeding ten (10) years in duration and up to but not exceeding 100% of the ad valorem property taxes assessed.

G. Economic qualification. In order to be eligible to receive tax abatement the planned improvement:

1. Must be reasonably expected to have an increase in positive net benefit to Gray County of at least $100,000 in the case of new businesses and $50,000 in the case of existing businesses over the life of the tax abatement agreement (such amounts computed to include, but not limited to, new payroll and new capital investment);

2. Must be expected to prevent the loss of employment, retain employment, or create employment on a permanent basis; and

3. Must not be expected to solely or primarily have the effect of transferring employment from one part of the County of Gray to another.

H. Existing business. Recognizing the importance of cosmetic improvements to the community of those existing businesses that modernize or expand over and above normal repair and upkeep, such existing businesses may be granted a two-year tax abatement of the amount of value the facility is increased. (If a business has a building appraised at $50,000.00 and modernization or expansion changes the appraised value to $100,000.00, $50,000.00 of the new value could be abated for two years beginning January 1 after the year completed.)

I. Taxability. From the execution of the abatement agreement to the end of the agreement period taxes shall be assessed as follows:

1. The value of ineligible property shall be fully taxable; and,

2. The base year value of existing eligible property as determined each year shall be fully taxable; and,

3. The additional value of new eligible property shall be taxable in the manner described in Section 2.

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Sec. 3. Application and Hearing

A. Any present or potential owner of taxable property in the jurisdiction of the taxing entities of the County of Gray, Texas may request tax abatement by filing a written request with the Gray County Commissioners Court.

B. The application shall consist of a completed application form accompanied by:

1. a general description of the proposed use and the general nature and extent of the modernization, expansion, or new improvements to be undertaken;

2. a descriptive list of the improvements that will be a part of the facility; a map and property description; and

3. A time schedule for undertaking and completing the planned improvements.

In the case of modernization, a statement of the assessed value of the facility separately stated for real and personal property shall be given for the tax year immediately preceding the application. The application form may require any financial and other information that may be appropriate for evaluating the financial capacity of the applicant and any other factors.

C. After receipt of an application, the Commissioners Court shall determine within forty-five (45) days how to proceed with the application. Within this time frame the Commissioners Court shall choose to deny the application, consider the application, or consider the application on an expedited basis.

D. Consideration of Application. If the County determines that the application should be further considered, then the County Judge shall schedule a hearing to obtain public input on the application. At least seven (7) days prior to the hearing, the County must send written notice to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought and must publish notice of the hearing time, place and subject in the local newspaper. At the hearing, the Commissioners Court will evaluate the application against the criteria in Section 2 and decide whether to designate the property for which abatement is sought as a reinvestment zone. If the reinvestment zone is not designated, the application fails, although it may be amended and resubmitted. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect and may then arrange to consider for approval the tax abatement agreement between the applicant and the County at its next regularly scheduled meeting. At least seven (7) days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought, along with a copy of the proposed tax abatement agreement. At the regularly scheduled meeting, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement or to decline. An approved tax abatement agreement may be executed in the same manner as other contracts made by the County.

E. Expedited Consideration of Application. If the County determines that the application should receive expedited consideration, then the County Judge shall schedule an opportunity to obtain public input on the application at the Commissioners Court's next meeting. At least seven (7) days prior to the meeting, the County must send written notice to the presiding officers of all taxing units with jurisdiction over the property for which an abatement is sought and must publish notice of the hearing time, place and subject in the local newspaper. Also at this time, the County must give written notice of its intent to enter into a tax abatement agreement to the presiding officers of all taxing units with jurisdiction over the property for which the abatement is sought, along with a copy of the proposed tax abatement agreement. During the Commissioners Court meeting, the Commissioners Court shall evaluate the application against the criteria in Section 2 and shall decide whether to designate the property for which the abatement is sought as a reinvestment zone. If the reinvestment zone is designated, the Commissioners Court shall pass an order to that effect and may then immediately

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consider for approval the tax abatement agreement between the applicant and the County. After consideration, the Commissioners Court may finally vote by simple majority to enter into the tax abatement agreement, or the decline. An approved tax abatement agreement may be executed in the same manner as other contracts made by the County.

F. Confidentiality. As required by Section 312.003 of the Texas Tax Code, information that is provided to the County in connection with an application or a request for a tax abatement under this chapter that describes the specific processes or business activities to be conducted or the equipment or other property to be located on the property for which the abatement is sought is confidential and not subject to public disclosure until the tax abatement is executed.

G. When the abatement is disapproved, an applicant may be granted a review, or rehearing, in which a new application and hearing may be required.

H. Tax abatement may not be approved if the County finds that the application was filed after the commencement of the construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.

I. Request for variance from the provisions of Section 2 may be made in written form to the Commissioners Court of Gray County. Such request shall include all the items listed in Section 3 above, together with a complete description of the circumstances that prompt the applicant to request variance. The approval process for a variance shall be identical to that for a standard application and may be supplemented by such additional requirements as may be deemed necessary by the County.

Sec. 4. Standards for denying Approval of Abatement.

A. If any affected jurisdiction is able to conclusively show cause in the public hearing why the granting of the abatement will have a substantial adverse effect on its bonds, tax revenue, service capacity, or the providing of services, Gray County shall deny the approval of abatement.

B. An abatement agreement shall not be granted if it is determined that:

1. There would be substantial adverse effect on the providing of government services or tax bases;

2. The applicant has insufficient financial capacity;

3. Planned or potential use of the property would constitute a hazard to public safety, health, or morals; or,

4. Codes or laws would be violated.

Sec. 5. Effect of Approval of Application

Gray County Commissioners Court acts only for the taxing entity of Gray County and for no other taxing entity within Gray County. The County's approval or disapproval of an application has no effect on any other taxing entity within the jurisdiction or their right to approve or disapprove an application. Only the governing bodies of the affected jurisdictions may grant tax abatements, and enter into tax abatement agreements with applicants.

Sec. 6. Tax Abatement Agreements

The Gray County Commissioners Court after approval of an application shall enter into an agreement with the applicant. Such agreements shall be executed with the owner of the facility, and with the lessee when required. Such agreements shall include:

A. The estimated value to be abated and the base year value;

B. The percentage of value to be abated each year;

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C. The commencement date and the termination date of abatement;

D. The proposed use of the facility, nature of construction, time schedule, map, property description, and improvements list;

E. Contractual obligations in the event of default, violation of terms or conditions, delinquent taxes recapture, administration, and assignment;

F. Size of investment and average number of jobs involved. Such agreement shall normally be executed within 30 days after the applicant has forwarded all necessary information and documentation to the County; and

G. The agreement shall stipulate that employees, or designated representatives, or both, of Gray County will have access to the reinvestment zone during the terms of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of 24 hours prior notice and will be conducted in such a manner that they will not unreasonably interfere with the construction or operation or both of the facility. All inspections will be made in the presence of one or more representatives of the company or individual and in accordance with the safety standards of the company or individual.

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Sec. 7 Recapture

A. If the facility is completed and begins producing products or services, but subsequently discontinues producing products or services for any reason excepting fire, explosion, or other casualty or accident or natural disaster, for a period of one year during the abatement period, then the agreement shall terminate and so shall the abatement of the taxes for the calendar year during which the facility no longer produces. The taxes otherwise abated for that calendar year shall be paid to the affected jurisdiction within 60 days from the date of termination.

B. If the Gray County Commissioners Court determines that the company or individual is in default according to the terms and conditions of its agreement, the Commissioners Court shall notify the company or individual in writing at the address stated in the agreement, and if such default is not cured within 60 days from the date of such notice ("cure period"), then the agreement may be terminated; provided, however if such failure cannot be cured within such sixty (60)-day period and the company or individual has commenced remedial action to cure such failure (and continued to diligently and timely pursue the completion of such remedial action), the company or individual shall be entitled to a total of one hundred eighty (180) days after receipt of notice within which to cure such default.

C. If the company or individual (1) allows its ad valorem taxes owed to the County of Gray, or any other taxing entity in Gray County, to become delinquent after all applicable notice and cure periods and fails to timely and properly follow the legal procedures for their protest or contest or both; or (2) violates any of the terms and conditions of the abatement agreement and fails to cure during the cure-period, the agreement may then be terminated, and all taxes previously abated by virtue of the agreement will be recaptured and paid within 60 days of the termination.

Sec. 8. Administration

A. The Chief Appraiser of the Gray County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, any company or individual receiving abatement shall furnish the assessor with such information as may be necessary for the abatement. Once value has been established, the chief appraiser shall notify the affected jurisdictions that levy taxes of the amount of the assessment.

B. Upon completion of construction, a designated representative of Gray County shall annually evaluate each facility receiving abatement to insure compliance with the agreement and shall make a report to the Commissioners Court regarding the findings of each evaluation.

Sec. 9. Assignment

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the affected jurisdiction, subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with the affected jurisdiction. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner, or the new lessee are liable to any taxing entity in Gray County for outstanding delinquent taxes or other obligations. Approval shall not be unreasonably withheld, conditioned or delayed.

Sec. 10. Sunset Provision

The guidelines and criteria are effective upon the date of their adoption and will remain in force for two years from the Effective Date (defined below) unless amended by a three-quarters vote of the Gray County Commissioners Court, at which time the tax abatement contracts created according to these provisions will be reviewed to determine whether or not the goals have been achieved. Based on that review, the guidelines and criteria may be further modified, renewed or eliminated.

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The foregoing was lawfully approved by County Commissioner's Court, effective as the 15 day of Feb 2013 (the "Effective Date").

Judge Richard Peet
Gray County Judge

Joe Wheeley
Commissioner Precinct 1

Gary Willoughby
Commissioner Precinct 2

Commissioner Precinct 3
Neil Fulton

Commissioner Precinct 4
Jeff Haley

ATTEST:

Susan Winborne
Gray County Clerk

Clerk's Seal stamped above

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GUIDELINES AND CRITERIA GOVERNING TAX ABATEMENTS FOR

DONLEY COUNTY, TEXAS

SECTION I. General Purpose:

The Donley County Commissioners Court is committed to the promotion of development and to an ongoing improvement in the quality of life for the citizens residing within the Donley County. The Donley County Commissioners Court recognizes that these objectives are generally served by enhancement and expansion of the local economy. The Donley County Commissioners Court will, on a case-by-case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the Donley County. It is the policy of the Donley County Commissioners Court that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the Commissioners Court is under any obligation to provide tax abatement to any applicant and attention is called to V.T.C.A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case-by-case basis.

The Board of Directors of the Clarendon Economic Development Corporation shall review any request for tax abatement.

The Board of Directors of the Clarendon Economic Development Corporation serves as a recommending body to the taxing units located in Clarendon, Texas, regarding whether economic development incentives should be offered in each individual case. Their recommendation shall be based upon a subjective evaluation of the following criteria, which each applicant will be requested to address in narrative format.

SECTION II. Definitions:

As used within these guidelines and criteria, the following words or phrases shall have the following meaning:

1. **Abatement of Taxes:** To exempt from ad valorem taxation all or part of the value of certain Improvements placed on land located in a reinvestment zone designated for economic development purposes as of the date of execution of the Tax Abatement Agreement for a period of time not to exceed ten (10) years.

2. **Abatement Agreement:** (1) A contract between a property owner and the Donley County Commissioners Court for the abatement of taxes on qualified property located within the reinvestment zone;

3. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.

4. **County:** Donley County

5. **Expansion of Existing Facilities or Structures:** The addition of buildings, structures, machinery or equipment to a Facility after the date of execution of an Abatement Agreement.

6. **Existing Facility or Structure:** A facility as of the date of execution of the Tax Abatement Agreement, located in or on Real Property eligible for tax abatement.

7. **Facility:** The improvements made to Real Property eligible for tax abatement and including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.

8. **Improvements to Real Property or Improvements:** Shall mean the construction, addition to, structural upgrading of, replacement of, or completion of any facility located upon, or to be located upon, Real Property, as herein defined, or any Tangible Personal Property placed in or on said Real Property.

9. **Modernization of Existing Facilities:** The replacement or upgrading of existing facilities.

10. **New Facility:** The construction of a Facility on previously undeveloped real property eligible for tax abatement.

11. **Owner:** The record title owner of Real Property or the legal owner of Tangible Personal Property.

12. **Productive Life**: The number of years a Facility is expected to be in service.

13. **Real Property:** Land on which Improvements are to be made or fixtures placed.

14. **Reinvestment Zone:** Real Property designated as a Reinvestment Zone under the provisions of V.T.C.A., Tax Code, Section 312.202.

15. **Tangible Personal Property**: Any Personal Property, not otherwise defined herein and which is necessary for the proper operation of any type of Facility.

SECTION III. Intent of Criteria and Guidelines:

The Intent of the criteria and guidelines, as herein set forth, is to establish the minimum standards, which an applicant for tax abatement must meet, in order to be considered for such status by the Commissioners Court.

SECTION IV. Criteria and Guidelines for Tax Abatement:

1. The Board of Directors of the Clarendon Economic Development Corporation shall review any request for tax abatement.

The Board of Directors of the Clarendon Economic Development Corporation serves as a recommending body to the taxing units located in Clarendon, Texas, regarding whether economic development incentives should be offered in each individual case.
Their recommendation shall be based upon a subjective evaluation of the following criteria, which each applicant will be requested to address in narrative format.

2 Any type of Facility will be eligible for tax abatement consideration provided such Facility meets all the following guidelines and criteria:

a. To qualify for Tax Abatement, the owner must modernize or expand an existing facility or construct a new facility.

b. To be considered the Facility must meet one of the following criteria:

i. The facility will conduct its primary business in one of the following target industries:

A. Value-added Agricultural Production including Food Processing and Machinery

B. Warehouse Distribution

C. Retail Merchandising

D. Professional and Amateur Sports

E. Tourism

F. Hospitality

G. Medical & Health Care

H. Manufacturing

ii. The project is not included as a target industry, but is expected to create a substantial economic impact in Donley County or has the potential of generating additional significant economic development opportunities in Donley County.

iii. The project will significantly increase assessed valuation of real property and/or personal property, or will create new permanent jobs of substantial value in the Donley County.

c. The Facility must meet **one** of the following criteria:

i. The project will add at least $100,000 in real estate assessed valuation, or $250,000 of personal property assessed valuation, or 5 new permanent jobs if the company is new to Donley County.

ii. **The project will add at least $75,000 in real estate assessed valuation,** or $150,000 in personal property assessed valuation if the facility is a modernization or expansion of an existing company that has operated in Donley County for five or more years.

d. Notwithstanding any of the requirements set forth in part (c) immediately above, the Donley County

Commissioners Court upon the affirmative vote of three-fourths (3/4) of its members may vary any of the above requirements when it is demonstrated by the applicant for Tax Abatement that variation is in the best interest of Donley County and will enhance the economic development of Donley County.

e. New or existing facilities, of any type herein defined, located in a reinvestment zone or upon Real Property eligible for such status will be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.

3 The following types of Property shall be ineligible for tax abatement status and shall be fully taxed.

a. Real Property;

b. inventories or supplies;

c. dwelling units intended for lease to provide passive income to the landlord; provided, however, that nursing homes, hotels and the like which include the provision of services as a substantial component of the enterprise are not hereby excluded from eligibility for tax abatement;

d. vehicles;

e. aircraft;

f. boats;

g. property owned by the State of Texas or any State agency; and,

4. In reinvestment zones, the amount and term of abatement shall be determined on a case-by-case basis; however, in no event shall taxes be abated for a term in excess of ten (10) years. The Donley County Commissioners Court shall determine the amount of the taxable value of Improvements to be abated and the term of the abatement.

5. Taxability:

a) The portion of the value of Improvements to be abated shall be abated in accordance with the terms and provisions of a Tax Abatement Agreement executed between the Commissioners Court and the owner of the Real Property and/or Tangible Personal Property, (which agreement shall be) in accord with the provisions of V.T.C.A., Tax Code, Section 312.205.

6. The Commissioners Court shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case-by-case basis. The adoption of these guidelines and criteria by Donley County Commissioners Court does not:

a) Limit the discretion of the Commissioners Court to decide whether to enter into a specific tax abatement agreement;

b) Limit the discretion of the Commissioners Court to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or,

c) Create any property, contract, or other legal right in any person to have the Commissioners Court consider or grant a specific application or request for tax abatement.

7. The burden to demonstrate that an application for tax abatement should be granted shall be upon the applicant. The Commissioners Court shall have full authority to request any additional information from the applicant that the Commissioners Court deems necessary to assist it in considering such application.

SECTION V. Reinvestment Zone:

No Property shall be eligible for tax abatement unless such property is located in a reinvestment zone designated as such in accordance with V.T.C.A., Tax Code, Section 312.202. In the case of lessees the leaseholder must have a commitment at least equal to the term of the abatement agreement plus one year.

SECTION VI. <u>Tax Abatement Agreement:</u>

1. A Tax Abatement Agreement shall:

a) Establish and set forth the Base Year assessed value of the property for which tax abatement is sought.

b) Provide that the taxes paid on the base year assessed value shall not be abated as a result of the execution of said Tax Abatement Agreement.

c) Provide that ineligible property as subscribed in Section IV, Subsection 6, hereinabove shall be fully taxed.

d) Provide for the exemption of Improvements in each year covered by the agreement only to the extent the value of such Improvements for each such year exceeds the value for the year in which the agreement is executed.

e) Fully describe and list the kind, number and location of all of the improvements to be made in or on the Real Property.

f) Set forth the estimated value of all improvements to be made in or on the Real Property.

g) Clearly provide that tax abatement shall be granted only to the extent:

1. The Improvements to Real Property increase the value of the Real Property for the year in which the Tax Abatement Agreement is executed; and,

2. That the Tangible Personal Property improvements to Real Property were not located on the Real Property prior to the execution of the Tax Abatement Agreement.

h) Provide for the portion of the value of the improvements to Real Property or improvements to be abated. This determination is to be made consistent with the provisions of Section IV, Subsection 6, of these guidelines and criteria as hereinabove set forth.

i) Provide for the commencement date and the termination date. In no event shall said dates exceed a period of ten years.

j) Describe the type and proposed use of the improvements to Real Property or improvements including:

1. The type of facility.

2. Whether the improvements are for a new facility, modernization of a facility, or expansion of a facility.

3. The nature of the construction, proposed timetable of completion, a map or drawings of the improvements above mentioned.

4. The amount of investment and the commitment for the creation of new jobs.

5. A list containing the kind, number and location of all proposed Improvements.

6. Any other information required by the Commissioners Court.

k) Provide a legal description of the Real Property upon which improvements are to be made.

1) Provide access to and authorize inspection of the Real Property or improvements by employees of Donley County to insure improvements are made according to the specifications and conditions of the Tax Abatement Agreement.

m) Provide for the limitation of the uses of the Real Property or improvements consistent with the general purpose of encouraging development or redevelopment of the zone during the period covered by the Tax Abatement Agreement.

n) Provide the contractual obligations in the event of default by owner, violation of the terms or conditions by owner, recapturing property tax revenue in the event owner defaults or otherwise fails to make improvements as provided in said Tax Abatement Agreement, and any other provision as may be required or authorized by State Law.

o) Contain each term agreed to by the owner of the property.

p) Require the owner of the property to certify annually to the governing body of each taxing unit that the owner is in compliance with each applicable term of the agreement.

q) Provide that the Donley County Commissioners Court may cancel or modify the agreement if the property owner fails to comply with the agreement.

SECTION VII. Application:

1. Any present owner or lessee of taxable property located within Donley County may apply for tax abatement by filing an application with the Clarendon Economic Development Board.

2. The application shall consist of a completed application form accompanied by:

   a) A general description of the improvements to be undertaken.

   b) A descriptive list of the improvements for which tax abatement is requested.

   c) A list of the kind, number and location of all proposed improvements of the Real Property Facility or Existing Facility.

   d) A map indicating the approximate location of improvements on the Real Property Facility or Existing Facility together with the location of any or all Existing Facilities located on the Real Property or Facility.

   e) A list of any and all Tangible Personal Property presently existing on the Real Property or located in an existing facility.

   f) A proposed time schedule for undertaking and completing the proposed improvements.

   g) A general description stating whether the proposed improvements are in connection with:

      1. the modernization of a facility (of any type herein defined); or,

      2. construction of a new facility (of any type herein defined); or,

      3. expansion of a facility (of any type herein defined); or,

4. any combination of the above.

h) A statement of the additional value to the Real Property or Facility as a result of the proposed improvements.

i) A statement of the assessed value of the Real Property, Facility or Existing Facility for the Base Year.

j) Information concerning the number of new jobs that will be created or information concerning the number of existing jobs to be retained as result of the improvements undertaken.

k) Any other information, which the Commissioners Court appropriate for evaluating the financial capacity of the applicant and compatibility of the proposed improvements with these guidelines and criteria.

l) Information that is provided to the Commissioners Court in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Tax Abatement Agreement is executed. Information in the custody of an Affected Jurisdiction after the agreement is executed is not confidential. (V.T.C.A., Tax Code, Section 312.003).

m) The Commissioners Court shall determine if the property described in said application is within a designated reinvestment zone. If the Commissioners Court determines that the property described is not within a current reinvestment zone then they shall so notify the applicant and said application shall then be considered both as an application for the creation of a reinvestment zone and a request for tax abatement to be effective after the zone is created.

SECTION VIII. Recapture:

1. In the event that any type of facility subject to a tax abatement agreement is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion, other casualty, accident, natural disaster or other event beyond the reasonable control of applicant or owner for a period of 180 days during the term of a tax abatement agreement, then in such even the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Donley County by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Donley County within sixty (60) days of the date of termination. The burden shall be upon the applicant or owner to prove to the satisfaction of Donley County that the discontinuance of producing goods or services was as a result of fire, explosion, other casualty, accident, natural disaster or other event beyond the control of applicant or owner. In the event that applicant or owner meets this burden and the Commissioners Court is satisfied

that the discontinuance of the production of goods or services was the result of events beyond the control of the applicant or owner, then such applicant or owner shall have a period of one year in which to resume the production of goods and services. In the event that the applicant or owner fails to resume the production of goods or services within one year, then the Tax Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Donley County by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Donley County within sixty (60) days of the date of termination. The one year time period, hereinabove mentioned, shall commence upon written notification from Donley County to the applicant or owner.

2. In the event that the applicant or owner has entered into a tax abatement agreement to make improvements to a facility subject to a tax abatement agreement, but fails to undertake or complete such improvements, then in such event the Donley County Commissioners Court to whom the application for tax abatement was directed shall give the applicant or owner sixty (60) days notice of such failure. The applicant or owner shall demonstrate to the satisfaction of the Donley County Commissioners Court, that the applicant or owner has commenced to cure such failure within the sixty (60) days above mentioned. In the event that the applicant or owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to Donley County by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to each Affected Jurisdiction within sixty (60) days of the date of termination.

3. In the event that the Commissioners Court determines that the applicant or owner is in default of any of the terms or conditions contained in the Tax Abatement Agreement, then in such event the Donley County Commissioners Court, shall give the applicant or owner sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of the Commissioners Court within the sixty (60) days notice period, then the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the Donley County by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Donley County within sixty (60) days of the date of termination.

4. In the event that the applicant or owner allows ad valorem taxes on property ineligible for tax abatement owed to Donley County, to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such even the Tax Abatement Agreement shall terminate and all abatement of taxes shall likewise terminate. Taxes abated during the calendar year in which termination, under this subparagraph, takes place shall be payable to the Hospital District by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Donley County within sixty (60) days of the date of termination.

5. In the even that the applicant or owner, who has executed a tax abatement agreement with Donley County relocates the business for which tax abatement has been granted, to a location outside of the designated reinvestment zone, then in such event, the Tax Abatement Agreement shall terminate after sixty (60) days written notice by Donley County to the Owner/Applicant. Taxes abated during the calendar year in which termination, under this subparagraph takes place shall be payable to Donley County by no later than January 31st of the following year. Taxes abated in years prior to the year of termination shall be payable to Donley County within sixty (60) days of the date of termination.

6. The date of termination as that term is used in this Subsection VIII shall, in every instance, be the 60th day after the day Donley County sends notice of default, in the mail to the address shown in the Tax Abatement Agreement to the Applicant or Owner. Should the default be cured by the owner or Applicant within the sixty (60) day notice period, the Owner/Applicant shall be responsible for so advising Donley County and obtaining a release from the notice of default from the Donley County, failing in which, the abatement remains terminated and the abated taxes must be paid.

7. In every case of termination set forth in Subparagraphs 1,2,3,4 and 5 above, Donley County shall determine whether default has occurred by Owner (Applicant) in the terms and conditions of the Tax Abatement Agreement and shall notify other Affected Jurisdictions, if any.

8. In the event that a tax abatement agreement is terminated for any reason what so ever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

SECTION IX. Miscellaneous:

1. Any notice required to be given by these criteria or guidelines shall be given in the following manner:

   a) To the owner or applicant: written notice shall be sent to the address appearing on the Tax Abatement Agreement.

   b) To the Donley County Commissioners Court: written notice shall be sent to the address appearing on the Tax Abatement Agreement.

2. The Chief Appraiser of the Appraisal District of Donley County shall annually assess the Real and Personal Property comprising the reinvestment zone. Each year, the applicant or owner receiving tax abatement shall furnish the Chief Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify Donley County Commissioners Court of the amount of assessment.

3. Upon the completion of improvements made to any type of Facility subject to a tax abatement agreement a designated employee or employees of Donley County shall have access to the Facility to insure compliance with the Tax Abatement Agreement.

shall have access to the Facility to insure compliance with the Tax Abatement Agreement.

4. A tax abatement agreement may be assigned to a new owner but only after written consent has been obtained from the Donley County Commissioners Court.

5. These guidelines and criteria are effective upon the date of their adoption by the Donley County Commissioners Court and shall remain in force for two years. At the end of the two-year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.

6. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, then in such event the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.

7. The guidelines and criteria once adopted by the Donley County Commissioners Court may be amended or repealed by a vote of three-fourths of the members of the governing body of an Affected Jurisdiction during the two-year term in which these guidelines and criteria are effective.

Approved on July 14, 2008

Jack Hall, County Judge

Franchise Tax Account Status

As of: 06/16/2014 02:55:15 PM

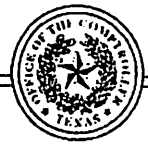
This Page is Not Sufficient for Filings with the Secretary of State

SALT FORK WIND, LLC	
Texas Taxpayer Number	32035855454
Mailing Address	823 CONGRESS AVE FL 5 AUSTIN, TX 78701-2405
Right to Transact Business in Texas	ACTIVE
State of Formation	DE
Effective SOS Registration Date	03/13/2014
Texas SOS File Number	0801951269
Registered Agent Name	CIELO WIND SERVICES INC
Registered Office Street Address	823 CONGRESS 5TH FLOOR AUSTIN, TX 78701

SUSAN COMBS

TEXAS COMPTROLLER of PUBLIC ACCOUNTS

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



March 17, 2014

Jay Lamb
Superintendent
Groom Independent School District
304 W. 3rd St.
Groom, Texas 79039

Dear Superintendent Lamb:

On Dec. 19, 2013, the Comptroller received the completed application (Application # 387) for a limitation on appraised value under the provisions of Tax Code Chapter 313[1]. This application was originally submitted in November 2013 to the Groom Independent School District (the school district) by Salt Fork Wind, LP (the applicant). This letter presents the results of the Comptroller's review of the application:

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

The school district is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment ($142.8 million) is consistent with the proposed appraised value limitation sought ($10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

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

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

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

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

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

Note that any new building or other improvement existing as of the application review start date of Dec. 19, 2013, or any tangible personal property placed in service prior to that date may not become "Qualified Property" as defined by 313.021(2).

The Comptroller's recommendation is based on the application submitted by the school district and reviewed by the Comptroller. The recommendation may not be used by the school district to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1) The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than ten (10) days prior to the meeting scheduled by the school district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
2) The Comptroller must confirm that it received and reviewed the draft agreement and affirm the recommendation made in this letter;
3) The school district must approve and execute a limitation agreement that has been reviewed by the Comptroller within a year from the date of this letter; and
4) The school district must provide a copy of the signed limitation agreement to the Comptroller within seven (7) days after execution, as required by Section 313.025..

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,

Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

Applicant	Salt Fork Wind, LP
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Groom ISD
2012-13 Enrollment in School District	137
County	Donley & Gray
Total Investment in District	$142,750,000
Qualified Investment	$142,750,000
Limitation Amount	$10,000,000
Number of total jobs committed to by applicant	7*
Number of qualifying jobs committed to by applicant	7
Average Weekly Wage of Qualifying Jobs committed to by applicant	$885
Minimum Weekly Wage Required Tax Code, 313.051(b)	$885
Minimum Annual Wage committed to by applicant for qualified jobs	$46,035
Investment per Qualifying Job	$20,392,857
Estimated 15 year M&O levy without any limit or credit:	$16,810,915
Estimated gross 15 year M&O tax benefit	$11,125,389
Estimated 15 year M&O tax benefit (*after* deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	$10,150,638
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	$1,380,600
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	$6,660,277
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	60.4%
Percentage of tax benefit due to the limitation	87.6%
Percentage of tax benefit due to the credit.	12.4%
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

This presents the Comptroller's economic impact evaluation of Salt Fork Wind, LP (the project) applying to Groom Independent School District (the district), as required by Tax Code, 313.026. This evaluation is based on information provided by the applicant and examines the following criteria:

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

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

After construction, the project will create seven new jobs when fully operational. All seven of these jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Panhandle Regional Planning Commission Region, where Donley and Gray Counties are located was $41,850 in 2012. The annual average manufacturing wage for 2012-2013 for Donley County, where the largest portion of this project is located, is $31,044. That same period, the county annual average wage for all industries was $29,783. In addition to an annual average salary of $46,035 each qualifying position will be offered a full package of benefits including medical, dental, life insurance, short- and long-term disability, 401(k) plan, individual retirement account (IRA), paid cell phone, paid leave, and paid holidays. The project's total investment is $142.8 million, resulting in a relative level of investment per qualifying job of $20.4 million.

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

According to Salt Fork Wind, LP's application, "Cielo Wind Power, LP., acting as parent company of Salt Fork Wind, L.P., is a U.S. developer of wind projects, and has operations in several regions within the contiguous United States." The application also states, "Cielo has the ability to locate wind farms anywhere in the U.S. with the right conditions. For these reasons Cielo Wind Power studies and looks at various competing sites throughout the market areas where wind development is attractive. Without a Value Limitation program, Cielo Wind Power would seek to move to alternative sites outside the State of Texas."

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

During the past two years, 32 projects in the Panhandle Regional Planning Commission Region applied for value limitation agreements under Tax Code, Chapter 313.

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

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

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

Table 1 depicts Salt Fork Wind, LP's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Salt Fork Wind, LP

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2014	0	0	0	$0	$0	$0
2015	157	136	293	$5,470,388	$9,529,612	$15,000,000
2016	157	140	297	$5,470,388	$12,529,612	$18,000,000
2017	7	14	21	$322,238	$2,677,762	$3,000,000
2018	7	3	10	$322,238	$1,677,762	$2,000,000
2019	7	1	8	$322,238	$1,677,762	$2,000,000
2020	7	(3)	4	$322,238	$677,762	$1,000,000
2021	7	(1)	6	$322,238	$677,762	$1,000,000
2022	7	1	8	$322,238	$677,762	$1,000,000
2023	7	3	10	$322,238	$677,762	$1,000,000
2024	7	3	10	$322,238	$677,762	$1,000,000
2025	7	7	14	$322,238	$677,762	$1,000,000
2026	7	(1)	6	$322,238	$677,762	$1,000,000
2027	7	5	12	$322,238	$677,762	$1,000,000
2028	7	3	10	$322,238	$677,762	$1,000,000
2029	7	1	8	$322,238	$677,762	$1,000,000

Source: CPA, REMI, Salt Fork Wind, LP

The statewide average ad valorem tax base for school districts in Texas was $1.65 billion in 2012-2013. Groom ISD's ad valorem tax base in 2012-2013 was $65.5 million. The statewide average wealth per WADA was estimated at $343,155 for fiscal 2012-2013. During that same year, Groom ISD's estimated wealth per WADA was $298,306. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Donley County, Gray County and the Panhandle Groundwater Conservation District #3 with all property tax incentives sought being granted using estimated market value from Salt Fork Wind, LP's application. Salt Fork Wind, LP has applied for both a value limitation under Chapter 313, Tax Code and tax abatements with the county. Table 3 illustrates the estimated tax impact of the Salt Fork Wind, LP project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Groom ISD I&S Levy	Groom ISD M&O Levy	Groom ISD M&O and I&S Tax Levies (Before Credit Credited)	Groom ISD M&O and I&S Tax Levies (After Credit Credited)	Donley County Tax Levy	Gray Conty Tax Levy	Panhandle Groundwater Conservation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2160	1.1700			0.5987	0.4973	0.0089	
2015	$0	$0		$0	$0	$0	$0	$0	$0	$0	$0
2016	$142,750,000	$142,750,000		$308,340	$1,484,600	$1,792,940	$1,792,940	$0	$709,947	$12,662	$2,515,549
2017	$135,612,500	$10,000,000		$292,923	$117,000	$409,923	$409,923	$0	$674,450	$12,029	$1,096,402
2018	$128,831,875	$10,000,000		$278,277	$117,000	$395,277	$287,821	$0	$640,727	$11,427	$939,975
2019	$122,390,281	$10,000,000		$264,363	$117,000	$381,363	$275,131	$0	$608,691	$10,856	$894,678
2020	$116,270,767	$10,000,000		$251,145	$117,000	$368,145	$262,555	$0	$578,256	$10,313	$851,125
2021	$110,457,229	$10,000,000		$238,588	$117,000	$355,588	$251,248	$0	$549,344	$9,798	$810,389
2022	$104,934,367	$10,000,000		$226,658	$117,000	$343,658	$240,561	$0	$521,876	$9,308	$771,745
2023	$99,687,649	$10,000,000		$215,325	$117,000	$332,325	$230,960	$0	$495,783	$8,842	$735,584
2024	$94,703,267	$10,000,000		$204,559	$117,000	$321,559	$124,330	$0	$470,993	$8,400	$603,724
2025	$89,968,103	$89,968,103		$194,331	$935,668	$1,129,999	$574,708	$0	$447,444	$7,980	$1,030,132
2026	$85,469,698	$85,469,698		$184,615	$999,995	$1,184,610	$1,184,610	$511,669	$425,072	$7,581	$2,128,932
2027	$81,196,213	$81,196,213		$175,384	$949,996	$1,125,380	$1,125,380	$486,086	$403,818	$7,202	$2,022,486
2028	$77,136,403	$77,136,403		$166,615	$902,496	$1,069,111	$1,069,111	$461,782	$383,627	$6,842	$1,921,361
2029	$73,279,582	$73,279,582		$158,284	$857,371	$1,015,655	$1,015,655	$438,693	$364,446	$6,500	$1,825,293
						Total	$8,844,932	$1,898,230	$7,274,474	$129,740	$18,147,376
Assumes School Value Limitation and Tax Abatement with the County.											

Source: CPA, Salt Fork Wind, LP

[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives											
Year	Estimated Taxable Value for I&S	Estimated Taxable Value for M&O		Groom ISD I&S Levy	Groom ISD M&O Levy		Groom ISD M&O and I&S Tax Levies	Donley County Tax Levy	Gray Conty Tax Levy	Panhandle Groundwater Conservation District #3 Tax Levy	Estimated Total Property Taxes
			Tax Rate[1]	0.2160	1.1700			0.5987	0.4973	0.0089	
2015	$0	$0		$0	$0		$0	$0	$0	$0	$0
2016	$142,750,000	$142,750,000		$308,340	$1,484,600		$1,792,940	$854,581	$709,947	$12,662	$3,370,131
2017	$135,612,500	$135,612,500		$292,923	$1,586,666		$1,879,589	$811,852	$674,450	$12,029	$3,377,920
2018	$128,831,875	$128,831,875		$278,277	$1,507,333		$1,785,610	$771,260	$640,727	$11,427	$3,209,024
2019	$122,390,281	$122,390,281		$264,363	$1,431,966		$1,696,329	$732,697	$608,691	$10,856	$3,048,573
2020	$116,270,767	$116,270,767		$251,145	$1,360,368		$1,611,513	$696,062	$578,256	$10,313	$2,896,144
2021	$110,457,229	$110,457,229		$238,588	$1,292,350		$1,530,937	$661,259	$549,344	$9,798	$2,751,337
2022	$104,934,367	$104,934,367		$226,658	$1,227,732		$1,454,390	$628,196	$521,876	$9,308	$2,613,770
2023	$99,687,649	$99,687,649		$215,325	$1,166,345		$1,381,671	$596,786	$495,783	$8,842	$2,483,082
2024	$94,703,267	$94,703,267		$204,559	$1,108,028		$1,312,587	$566,947	$470,993	$8,400	$2,358,928
2025	$89,968,103	$89,968,103		$194,331	$935,668		$1,129,999	$538,599	$447,444	$7,980	$2,124,023
2026	$85,469,698	$85,469,698		$184,615	$999,995		$1,184,610	$511,669	$425,072	$7,581	$2,128,932
2027	$81,196,213	$81,196,213		$175,384	$949,996		$1,125,380	$486,086	$403,818	$7,202	$2,022,486
2028	$77,136,403	$77,136,403		$166,615	$902,496		$1,069,111	$461,782	$383,627	$6,842	$1,921,361
2029	$73,279,582	$73,279,582		$158,284	$857,371		$1,015,655	$438,693	$364,446	$6,500	$1,825,293
						Total	$19,970,321	$8,756,469	$7,274,474	$129,740	$36,131,004

Source: CPA, Salt Fork Wind, LP

[1]Tax Rate per $100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be $ 15,051,048. The estimated gross 13 year M&O tax benefit, or levy loss, is $ 9,744,789.

Attachment 3 is economic overviews of Donley and Gray Counties.

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.

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Amendment No. 001

Schedule A (Rev. May 2010): Investment

Applicant Name SALT FORK WIND, LP

ISD Name GROOM ISD

Form 50-296

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: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)								
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)								
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)								
	Complete tax years of qualifying time period	1	2015-2016	2015					
		2	2016-2017	2016	$ 141,750,000	$ 755,000	$ 142,750,000		$ 142,750,000
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	3	2017-2018	2017					
		4	2018-2019	2018					
		5	2019-2020	2019					
		6	2020-2021	2020					
		7	2021-2022	2021					
		8	2022-2023	2022					
		9	2023-2024	2023					
		10	2024-2025	2024					
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025					
		12	2026-2027	2026					
		13	2027-2028	2027					
Post- Settle-Up Period		14	2028-2029	2028					
Post- Settle-Up Period		15	2029-2030	2029					

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).
For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings.

Column D: Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value-for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.
Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013

DATE

Amendment No. 001

Schedule B (Rev. May 2010): Estimated Market And Taxable Value

Applicant Name SALT FORK WIND, LP

ISD Name GROOM ISD

Form 50-296

					Qualified Property			Reductions from Market Value	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 building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
		pre- year 1	2014-2015	2014	N/A	$ -	$ -	N/A	$ -	$ -
	Complete tax years of qualifying time period	1	2015-2016	2015	N/A	$ -	$ -	N/A	$ -	$ -
		2	2016-2017	2016	N/A	$ -	$ 142,750,000	N/A	$ 142,750,000	$ 142,750,000
	Value Limitation Period	3	2017-2018	2017	N/A	$ -	$ 135,612,500	N/A	$ 135,612,500	$ 10,000,000
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018	N/A	$ -	$ 128,831,875	N/A	$ 74,759,209	$ 10,000,000
		5	2019-2020	2019	N/A	$ -	$ 122,390,281	N/A	$ 122,390,281	$ 10,000,000
		6	2020-2021	2020	N/A	$ -	$ 116,270,767	N/A	$ 116,270,767	$ 10,000,000
		7	2021-2022	2021	N/A	$ -	$ 110,457,229	N/A	$ 110,457,229	$ 10,000,000
		8	2022-2023	2022	N/A	$ -	$ 104,934,367	N/A	$ 104,934,367	$ 10,000,000
		9	2023-2024	2023	N/A	$ -	$ 99,687,649	N/A	$ 99,687,649	$ 10,000,000
		10	2024-2025	2024	N/A	$ -	$ 94,703,267	N/A	$ 94,703,267	$ 10,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	N/A	$ -	$ 89,968,103	N/A	$ 89,968,103	$ 89,968,103
		12	2026-2027	2026	N/A	$ -	$ 85,469,698	N/A	$ 85,469,698	$ 85,469,698
		13	2027-2028	2027	N/A	$ -	$ 81,196,213	N/A	$ 81,196,213	$ 81,196,213
Post- Settle-Up Period		14	2028-2029	2028	N/A	$ -	$ 77,136,403	N/A	$ 77,136,403	$ 77,136,403
Post- Settle-Up Period		15	2029-2030	2029	N/A	$ -	$ 73,279,582	N/A	$ 73,279,582	$ 73,279,582

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

Jon Robertson

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013

DATE

Amendment No. 001

Schedule C- Application: Employment Information

Applicant Name SALT FORK WIND, LP
ISD Name GROOM ISD

Form 50-296

					Construction		New Jobs		Qualifying Jobs	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Column A: Number of Construction FTE's or man-hours (specify)	Column B: Average annual wage rates for construction workers	Column C: Number of new jobs applicant commits to create (cumulative)	Column D: Average annual wage rate for all new jobs.	Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column F: Average annual wage of qualifying jobs
		pre- year 1								
	Complete tax years of qualifying time period	1	2015-2016	2015	150	34,321	7	$ 46,034	7	$ 46,034
		2	2016-2017	2016	150	34,321	7	$ 46,034	7	$ 46,034
	Value Limitation Period	3	2017-2018	2017	0	34,321	7	$ 46,034	7	$ 46,034
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018	0	34,321	7	$ 46,034	7	$ 46,034
		5	2019-2020	2019	0	34,321	7	$ 46,034	7	$ 46,034
		6	2020-2021	2020	0	34,321	7	$ 46,034	7	$ 46,034
		7	2021-2022	2021	0	34,321	7	$ 46,034	7	$ 46,034
		8	2022-2023	2022	0	34,321	7	$ 46,034	7	$ 46,034
		9	2023-2024	2023	0	34,321	7	$ 46,034	7	$ 46,034
		10	2024-2025	2024	0	34,321	7	$ 46,034	7	$ 46,034
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	0	34,321	7	$ 46,034	7	$ 46,034
		12	2026-2027	2026	0	34,321	7	$ 46,034	7	$ 46,034
		13	2027-2028	2027	0	34,321	7	$ 46,034	7	$ 46,034
Post- Settle-Up Period		14	2028-2029	2028	0	34,321	7	$ 46,034	7	$ 46,034
Post- Settle-Up Period		15	2029-2030	2029	0	34,321	7	$ 46,034	7	$ 46,034

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

This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013
DATE

Checklist Item #20

Amendment No. 001

Schedule D: (Rev. May 2010): Other Tax Information

Applicant Name: **SALT FORK WIND, LP**

ISD Name: GROOM ISD

Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)											
	Complete tax years of qualifying time period	1	2015-2016	2015	$ 6,000,000	$ 9,000,000	$ 26,829	0	N/A	0	0
		2	2016-2017	2016	$ 16,000,000	$ 24,000,000	$ 89,714	100	N/A	0	0
	Value Limitation Period	3	2017-2018	2017	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
Tax Credit Period (with 50% cap on credit)		4	2018-2019	2018	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		5	2019-2020	2019	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		6	2020-2021	2020	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		7	2021-2022	2021	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		8	2022-2023	2022	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		9	2023-2024	2023	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		10	2024-2025	2024	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2025-2026	2025	$ 325,000	$ 130,000	$ 89,714	100	N/A	0	0
		12	2026-2027	2026	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0
		13	2027-2028	2027	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0
Post- Settle-Up Period		14	2028-2029	2028	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0
Post- Settle-Up Period		15	2029-2030	2029	$ 325,000	$ 130,000	$ 89,714	0	N/A	0	0

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

12-18-2013

DATE

Attachment 2

Summary of the District's Financial Impact of Chapter 313 Agreement with Salt Fork Wind, LP

Prepared by

Randy McDowell, RTSBA

&

Neal Brown

School Finance Consultants

Summary of Groom ISD Financial Impact

of the

Limited Appraised Value Application

from

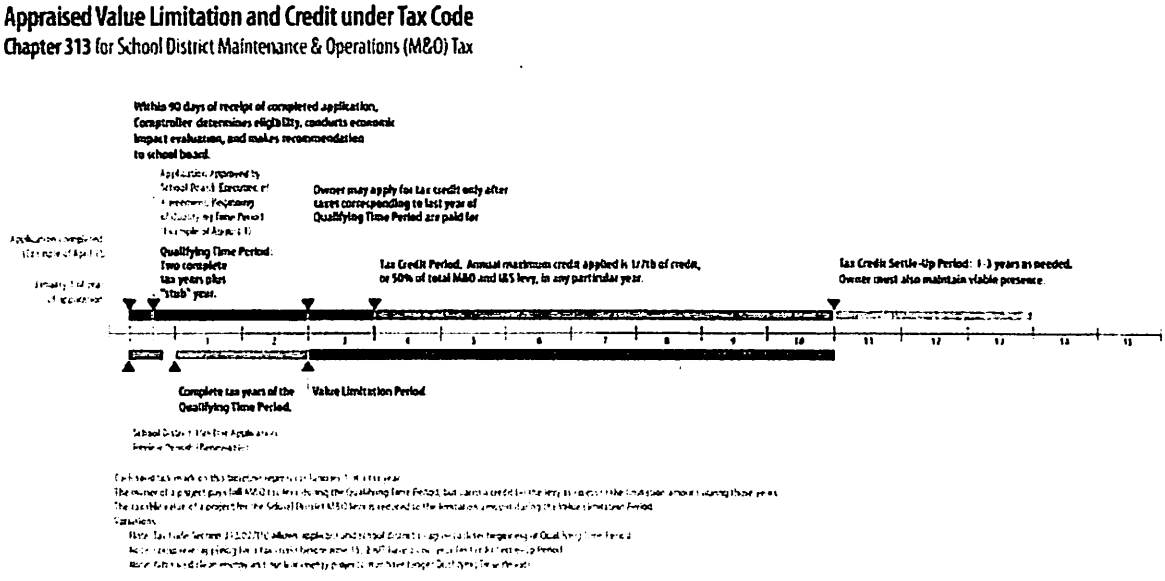
Salt Fork Wind, LP

Introduction

Salt Fork Wind, LP applied for a property value limitation from Groom Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 12, 2013 and subsequently approved for consideration by the Groom ISD Board of Trustees. Salt Fork Wind, LP ("Salt Fork Wind"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

"The Economic Development Act ", Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement ("LAVA" or "Agreement") to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Groom ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least $1 million but less than $90 million, thus Groom ISD

has a minimum qualified investment amount of $10 million. A qualifying entity's taxable value would be reduced to $10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Groom ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The "Additional Value from Salt Fork Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the $10,000,000 minimum qualified investment of Groom ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Salt Fork Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	0	n/a	0	0
Jan. 1, 2016	142,750,000	n/a	0	142,750,000
Jan. 1, 2017	135,612,500	(10,000,000)	125,612,500	10,000,000
Jan. 1, 2018	128,831,875	(10,000,000)	118,831,875	10,000,000
Jan. 1, 2019	122,390,281	(10,000,000)	112,390,281	10,000,000
Jan. 1, 2020	116,270,767	(10,000,000)	106,270,767	10,000,000
Jan. 1, 2021	110,457,229	(10,000,000)	100,457,229	10,000,000
Jan. 1, 2022	104,934,367	(10,000,000)	94,934,367	10,000,000
Jan. 1, 2023	99,687,649	(10,000,000)	89,687,649	10,000,000
Jan. 1, 2024	94,703,267	(10,000,000)	84,703,267	10,000,000
Jan. 1, 2025	89,968,103	n/a	0	89,968,103
Jan. 1, 2026	85,469,698	n/a	0	85,469,698
Jan. 1, 2027	81,196,213	n/a	0	81,196,213

Salt Fork Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Salt Fork Wind is $10.15 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Groom ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has held a tax ratification election and the study projects that it will maintain an M&O tax rate of $1.17 for the life of this agreement. The M&O rate for 2016-2017 and 2025-2026 is projected to decrease to $1.04, due to the rollback tax rate calculation.
- The district currently has outstanding bonded indebtedness that are scheduled to payoff in 2027 and currently has a $.232 I&S rate. The annual debt payment is approximately $155,000. The additional value of the company will further reduce the I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.1700	0.211	0	0	n/a	0	0
2016-2017	1.0400	0.072	1,484,600	0	n/a	0	0
2017-2018	1.1700	0.074	1,586,666	1,469,666	n/a	(926,853)	542,813
2018-2019	1.1700	0.076	1,507,333	1,390,333	107,456	(13,050)	1,484,739
2019-2020	1.1700	0.078	1,431,966	1,314,966	106,232	(10,601)	1,410,597
2020-2021	1.1700	0.081	1,360,368	1,243,368	105,590	(8,427)	1,340,531
2021-2022	1.1700	0.083	1,292,350	1,175,350	104,340	(8,035)	1,271,655
2022-2023	1.1700	0.085	1,227,732	1,110,732	103,097	(4,403)	1,209,426
2023-2024	1.1700	0.086	1,166,345	1,049,345	101,366	(2,528)	1,148,183
2024-2025	1.1700	0.088	1,108,028	991,028	100,169	(854)	1,090,344
2025-2026	1.0400	0.090	935,668	0	652,350	0	652,350
2026-2027	1.1700	0.092	999,995	0	0	0	0
2027-2028	1.1700	0.000	949,996	0	0	0	0
Totals			**15,051,048**	**9,744,789**	**1,380,600**	**(974,751)**	**10,150,638**

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Groom ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
    - Level 2 of Tier II yield - $61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2013 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was decreased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Salt Fork Wind (Table III), the addition of Salt Fork Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Salt Fork Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Salt Fork Wind:

Fiscal Year	Total Taxable Value	M&O Taxes Compressed Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
2015-2016	73,032,403	730,324	453,464	1,980	1,181,808	164,002	1,345,810
2016-2017	73,762,727	737,627	440,241	2,395	1,175,474	164,370	1,339,844
2017-2018	74,500,354	745,004	424,054	3,600	1,165,457	164,749	1,330,206
2018-2019	75,245,358	752,454	411,455	4,812	1,159,097	165,138	1,324,235
2019-2020	75,997,812	759,978	393,642	6,029	1,147,591	165,538	1,313,129
2020-2021	76,757,790	767,578	380,894	7,252	1,141,219	165,947	1,307,167
2021-2022	77,525,368	775,254	368,070	8,481	1,134,842	166,368	1,301,210
2022-2023	78,300,621	783,006	355,172	9,717	1,128,461	166,799	1,295,260
2023-2024	79,083,627	790,836	342,199	10,959	1,122,076	167,240	1,289,316
2024-2025	79,874,464	798,745	329,144	12,208	1,115,681	167,692	1,283,373
2025-2026	80,673,208	806,732	316,010	13,463	1,109,279	168,155	1,277,434
2026-2027	81,479,940	814,799	302,796	14,725	1,102,871	168,629	1,271,500
2027-2028	82,294,740	822,947	289,638	15,993	1,096,592	169,114	1,265,706

TABLE IV- District Revenues *with* Salt Fork Wind *without* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes Compressed Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
2015-2016	73,032,403	730,324	453,464	2,372	1,181,416	163,584	1,345,000
2016-2017	216,512,727	2,165,127	423,259	0	2,588,387	160,947	2,749,334
2017-2018	210,112,854	2,101,129	70,235	1,182,160	989,203	354,928	1,344,131
2018-2019	204,077,233	2,040,772	69,549	1,119,985	990,336	344,770	1,335,106
2019-2020	198,388,093	1,983,881	64,101	1,061,616	986,367	335,195	1,321,561
2020-2021	193,028,557	1,930,286	63,843	1,006,867	987,262	326,175	1,313,436
2021-2022	187,982,597	1,879,826	65,152	955,562	989,416	317,682	1,307,099
2022-2023	183,234,988	1,832,350	63,021	907,535	987,836	309,692	1,297,528
2023-2024	178,771,276	1,787,713	62,453	862,627	987,538	302,180	1,289,718
2024-2025	174,577,731	1,745,777	61,902	820,689	986,991	295,122	1,282,113
2025-2026	170,641,311	1,706,413	61,741	781,576	986,577	288,497	1,275,074
2026-2027	166,949,638	1,669,496	61,217	745,156	985,558	282,284	1,267,842
2027-2028	163,490,953	1,634,910	59,958	711,298	983,570	276,463	1,260,033

TABLE V – District Revenues *with* Salt Fork Wind *with* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
2015-2016	73,032,403	730,324	453,464	2,372	1,181,416	163,584	0	1,345,000
2016-2017	216,512,727	2,165,127	423,259	0	2,588,387	160,947	0	2,749,334
2017-2018	84,500,354	845,004	(95,480)	475,767	273,756	143,522	926,853	1,344,131
2018-2019	85,245,358	852,454	310,455	16,275	1,146,633	175,422	13,050	1,335,106
2019-2020	85,997,812	859,978	292,642	17,487	1,135,133	175,827	10,601	1,321,561
2020-2021	86,757,790	867,578	279,894	18,705	1,128,767	176,243	8,427	1,313,436
2021-2022	87,525,368	875,254	267,070	19,929	1,122,395	176,669	8,035	1,307,099
2022-2023	88,300,621	883,006	254,173	21,160	1,116,020	177,105	4,403	1,297,528
2023-2024	89,083,627	890,836	241,198	22,397	1,109,638	177,552	2,528	1,289,718
2024-2025	89,874,464	898,745	228,145	23,640	1,103,249	178,009	854	1,282,113
2025-2026	170,641,311	1,706,413	207,974	0	1,914,387	98,637	0	2,013,025
2026-2027	166,949,638	1,669,496	61,217	745,156	985,558	282,284	0	1,267,842
2027-2028	163,490,953	1,634,910	59,958	711,298	983,570	276,463	0	1,260,033

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses in year three of the LAVA offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Payments in Lieu of Taxes

Assuming that the District and Salt Fork Wind, LP mutually agree in the LAVA that $100 per student in average daily attendance (ADA) will be paid to Groom ISD by Salt Fork Wind, the projected amount of these payments over the life of the agreement is $160,579 of the $10.15 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Groom ISD Share $100/ADA	Salt Fork Wind's Share
2015-2016	0	12,727	(12,727)
2016-2017	0	12,664	(12,664)
2017-2018	542,813	12,600	530,213
2018-2019	1,484,739	12,537	1,472,202
2019-2020	1,410,597	12,475	1,398,123
2020-2021	1,340,531	12,412	1,328,119
2021-2022	1,271,655	12,350	1,259,304
2022-2023	1,209,426	12,288	1,197,138
2023-2024	1,148,183	12,227	1,135,956
2024-2025	1,090,344	12,166	1,078,178
2025-2026	652,350	12,105	640,245
2026-2027	0	12,044	(12,044)
2027-2028	0	11,984	(11,984)
Totals	**10,150,638**	**160,579**	**9,990,059**

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
K-12	24	432	137	295
Total	**24**	**432**	**137**	**295**

The building capacities are based on 18 students per classroom for all grade levels. Groom ISD is a kindergarten through 12th grade district.

Salt Fork Wind, LP provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that seven full-time employees are expected. It is not known whether these would be new employees to the Groom ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new seven positions equates to 4 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Groom ISD as displayed in Table VII above.

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Salt Fork Wind, LP would be beneficial to both Salt Fork Wind and Groom ISD under the current school finance system.

Salt Fork Wind, LP would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Salt Fork Wind is projected to benefit from a 85% tax savings over the first eleven year period of this agreement. Salt Fork Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Groom ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Salt Fork Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

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TEXAS EDUCATION AGENCY
1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us
Michael Williams
Commissioner

March 12, 2014

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Salt Fork Wind LP project on the number and size of school facilities in Groom Independent School District (GISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the GISD superintendent, Jay Lamb, the TEA has found that the Salt Fork Wind LP project would not have a significant impact on the number or size of school facilities in GISD.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/rk

TEA™
TEXAS EDUCATION AGENCY
1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us
Michael Williams
Commissioner

March 12, 2014

Mr. Robert Wood
Director, Economic Development and Analysis
Texas Comptroller of Public Accounts
Lyndon B. Johnson State Office Building
111 East 17th Street
Austin, Texas 78774

Dear Mr. Wood:

The Texas Education Agency (TEA) has analyzed the revenue gains that would be realized by the proposed Salt Fork Wind LP project for the Groom Independent School District (GISD). Projections prepared by the TEA State Funding Division confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Salt Fork Wind LP project on GISD are correct.

Please feel free to contact me by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information about this issue.

Sincerely,

Al McKenzie, Manager
Foundation School Program Support

AM/rk

Attachment 3

Donley County

Population

- Total county population in 2010 for Donley County: 3,718 , up 0.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Donley County was the state's 212rd largest county in population in 2010 and the 153rd fastest growing county from 2009 to 2010.
- Donley County's population in 2009 was 83.3 percent Anglo (above the state average of 46.7 percent), 5.9 percent African-American (below the state average of 11.3 percent) and 8.8 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Donley County:

Clarendon:	1,896	**Howardwick:**	423
Hedley:	354		

Economy and Income

Employment

- September 2011 total employment in Donley County: 1,845 , up 0.4 percent from September 2010. State total employment increased 0.9 percent during the same period.
  (October 2011 employment data will be available November 18, 2011).
- September 2011 Donley County unemployment rate: 6.2 percent, up from 6.1 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

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

Income

- Donley County's ranking in per capita personal income in 2009: 130th with an average per capita income of $32,200, up 5.5 percent from 2008. Statewide average per capita personal income was $38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Donley County averaged $42.33 million annually from 2007 to 2010. County total agricultural values in 2010 were down 2.6 percent from 2009. Major agriculture related commodities in Donley County during 2010 included:
  - Alfalfa
  - Peanuts
  - Cotton
  - Other Beef
  - Fed Beef
- 2011 oil and gas production in Donley County: barrels of oil and 9,729.0 Mcf of gas. In September 2011, there were 0 producing oil wells and 4 producing gas wells.

Taxes

Sales Tax - Taxable Sales

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

Quarterly (September 2010 through December 2010)

- Taxable sales in Donley County during the fourth quarter 2010: $3.43 million, up 14.0 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Clarendon:	$3.06 million, up 15.7 percent from the same quarter in 2009.
Howardwick:	$167,576.00, down 5.7 percent from the same quarter in 2009.
Hedley:	$56,165.00, up 7.8 percent from the same quarter in 2009.

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

- Taxable sales in Donley County through the fourth quarter of 2010: $14.46 million, up 9.7 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Clarendon:	$11.57 million, up 5.8 percent from the same period in 2009.
Howardwick:	$787,960.00, down 6.0 percent from the same period in 2009.
Hedley:	$189,312.00, up 4.2 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Donley County during 2010: $14.46 million, up 9.7 percent from 2009.
- Donley County sent an estimated $903,855.69 (or 0.01 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Clarendon:	$11.57 million, up 5.8 percent from 2009.
Howardwick:	$787,960.00, down 6.0 percent from 2009.

Hedley: $189,312.00, up 4.2 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of November 2011 is currently scheduled for December 7, 2011.)

Monthly

- Statewide payments based on the sales activity month of September 2011: $580.11 million, up 7.1 percent from September 2010.
- Payments to all cities in Donley County based on the sales activity month of September 2011: $37,503.49, up 2.4 percent from September 2010.
- Payment based on the sales activity month of September 2011 to the city of:

Clarendon: $35,312.88, up 2.4 percent from September 2010.
Howardwick: $1,231.08, up 5.5 percent from September 2010.
Hedley: $959.53, up 1.7 percent from September 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2011 through September 2011: $580.11 million, up 7.1 percent from the same period in 2011.
- Payments to all cities in Donley County based on sales activity months from September 2011 through September 2011: $37,503.49, up 2.4 percent from fiscal 2011.
- Payments based on sales activity months from September 2011 through September 2011 to the city of:

Clarendon: $35,312.88, up 2.4 percent from fiscal 2011.
Howardwick: $1,231.08, up 5.5 percent from fiscal 2011.
Hedley: $959.53, up 1.7 percent from fiscal 2011.

January 2011 through September 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through September 2011: $4.57 billion, up 8.1 percent from the same period in 2010.
- Payments to all cities in Donley County based on sales activity months through September 2011: $258,547.53, up 2.4 percent from the same period in 2010.
- Payments based on sales activity months through September 2011 to the city of:

Clarendon: $242,580.45, up 2.9 percent from the same period in 2010.
Howardwick: $10,209.48, down 6.8 percent from the same period in 2010.
Hedley: $5,757.60, down 0.6 percent from the same period in 2010.

12 months ending in September 2011

- Statewide payments based on sales activity in the 12 months ending in September 2011: $6.11 billion, up 7.9 percent from the previous 12-month period.
- Payments to all cities in Donley County based on sales activity in the 12 months ending in September 2011: $350,487.01, up 5.7 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in September 2011 to the city of:

Clarendon: $330,076.10, up 6.3 percent from the previous 12-month period.
Howardwick: $13,170.10, down 2.9 percent from the previous 12-month period.
Hedley: $7,240.81, down 1.2 percent from the previous 12-month period.

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

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

Clarendon: $307,069.65, up 6.2 percent from the same period in 2010.
Howardwick: $12,518.05, up 0.5 percent from the same period in 2010.
Hedley: $6,978.17, down 0.9 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: $5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Donley County based on sales activity months in 2010: $344,489.34, up 5.4 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Clarendon: $323,302.75, up 5.1 percent from 2009.
Howardwick: $13,910.83, up 10.1 percent from 2009.
Hedley: $7,275.76, up 10.0 percent from 2009.

Property Tax

- As of January 2009, property values in Donley County: $495.20 million, up 6.2 percent from January 2008 values. The property tax base per person in Donley County is $135,153, above the statewide average of $85,809. About 0.2 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Donley County's ranking in state expenditures by county in fiscal year 2010: 201st. State expenditures in the county for FY2010: $18.09 million, unchanged 0.0 percent from FY2009.
- In Donley County, 4 state agencies provide a total of 22 jobs and $202,874.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Department of Transportation
  - Department of Public Safety
  - AgriLife Extension Service
  - Animal Health Commission

Higher Education

- Community colleges in Donley County preliminary fall 2011 enrollment:
  - Clarendon College, a Public Community College, had 1,347 students.
- Donley County is in the service area of the following:
  - Clarendon College with a preliminary fall 2011 enrollment of 1,347 . Counties in the service area include:

    Armstrong County
    Briscoe County
    Childress County
    Collingsworth County
    Donley County
    Gray County
    Hall County
    Wheeler County
- Institutions of higher education in Donley County preliminary fall 2011 enrollment:
  - None.

School Districts

- Donley County had 2 school districts with 4 schools and 669 students in the 2009-10 school year.

  (Statewide, the average teacher salary in school year 2009-10 was $48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
  - Clarendon ISD had 532 students in the 2009-10 school year. The average teacher salary was $40,024. The percentage of students meeting the 2010 TAKS passing standard for all tests was 77 percent.
  - Hedley ISD had 137 students in the 2009-10 school year. The average teacher salary was $40,701. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

Gray County

Population

- Total county population in 2010 for Gray County: 21,744 , down 1.4 percent from 2009. State population increased 1.8 percent in the same time period.
- Gray County was the state's 109th largest county in population in 2010 and the 244th fastest growing county from 2009 to 2010.
- Gray County's population in 2009 was 68.6 percent Anglo (above the state average of 46.7 percent), 6.2 percent African-American (below the state average of 11.3 percent) and 22.0 percent Hispanic (below the state average of 36.9 percent).
- 2009 population of the largest cities and places in Gray County:

Pampa:	17,213	**McLean:**	814
Lefors:	559		

Economy and Income

Employment

- September 2011 total employment in Gray County: 10,309 , up 3.0 percent from September 2010. State total employment increased 0.9 percent during the same period.
  (October 2011 employment data will be available November 18, 2011).
- September 2011 Gray County unemployment rate: 6.6 percent, down from 6.8 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

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

Income

- Gray County's ranking in per capita personal income in 2009: 37th with an average per capita income of $39,357, down 4.0 percent from 2008. Statewide average per capita personal income was $38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Gray County averaged $92.71 million annually from 2007 to 2010. County total agricultural values in 2010 were up 49.7 percent from 2009. Major agriculture related commodities in Gray County during 2010 included:
  - Wheat
  - Corn
  - Other Beef
  - Sorghum
  - Fed Beef
- 2011 oil and gas production in Gray County: 691,697.0 barrels of oil and 6.8 million Mcf of gas. In September 2011, there were 2825 producing oil wells and 1038 producing gas wells.

Taxes

Sales Tax - Taxable Sales

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

Quarterly (September 2010 through December 2010)

- Taxable sales in Gray County during the fourth quarter 2010: $138.49 million, up 33.8 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

Pampa:	$59.26 million, up 34.6 percent from the same quarter in 2009.
McLean:	$508,196.00, up 11.7 percent from the same quarter in 2009.
Lefors:	$145,879.00, down 17.6 percent from the same quarter in 2009.

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

- Taxable sales in Gray County through the fourth quarter of 2010: $485.00 million, up 17.2 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

Pampa:	$204.88 million, up 17.6 percent from the same period in 2009.
McLean:	$1.97 million, down 0.9 percent from the same period in 2009.
Lefors:	$656,560.00, down 8.5 percent from the same period in 2009.

Annual (2010)

- Taxable sales in Gray County during 2010: $485.00 million, up 17.2 percent from 2009.
- Gray County sent an estimated $30.31 million (or 0.18 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

Pampa:	$204.88 million, up 17.6 percent from 2009.
McLean:	$1.97 million, down 0.9 percent from 2009.

Lefors: $656,560.00, down 8.5 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of November 2011 is currently scheduled for December 7, 2011.)

Monthly

- Statewide payments based on the sales activity month of September 2011: $580.11 million, up 7.1 percent from September 2010.
- Payments to all cities in Gray County based on the sales activity month of September 2011: $517,836.91, up 11.2 percent from September 2010.
- Payment based on the sales activity month of September 2011 to the city of:

Pampa: $512,066.78, up 11.3 percent from September 2010.
McLean: $4,701.64, up 6.6 percent from September 2010.
Lefors: $1,068.49, down 3.3 percent from September 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2011 through September 2011: $580.11 million, up 7.1 percent from the same period in 2011.
- Payments to all cities in Gray County based on sales activity months from September 2011 through September 2011: $517,836.91, up 11.2 percent from fiscal 2011.
- Payments based on sales activity months from September 2011 through September 2011 to the city of:

Pampa: $512,066.78, up 11.3 percent from fiscal 2011.
McLean: $4,701.64, up 6.6 percent from fiscal 2011.
Lefors: $1,068.49, down 3.3 percent from fiscal 2011.

January 2011 through September 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through September 2011: $4.57 billion, up 8.1 percent from the same period in 2010.
- Payments to all cities in Gray County based on sales activity months through September 2011: $3.75 million, up 10.9 percent from the same period in 2010.
- Payments based on sales activity months through September 2011 to the city of:

Pampa: $3.70 million, up 10.9 percent from the same period in 2010.
McLean: $37,690.32, up 14.7 percent from the same period in 2010.
Lefors: $8,499.47, up 3.5 percent from the same period in 2010.

12 months ending in September 2011

- Statewide payments based on sales activity in the 12 months ending in September 2011: $6.11 billion, up 7.9 percent from the previous 12-month period.
- Payments to all cities in Gray County based on sales activity in the 12 months ending in September 2011: $4.98 million, up 11.6 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in September 2011 to the city of:

Pampa: $4.91 million, up 11.6 percent from the previous 12-month period.
McLean: $50,539.66, up 13.1 percent from the previous 12-month period.
Lefors: $11,507.23, down 0.6 percent from the previous 12-month period.

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

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

Pampa: $4.57 million, up 11.7 percent from the same period in 2010.
McLean: $46,266.34, up 11.1 percent from the same period in 2010.
Lefors: $10,605.66, up 0.9 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: $5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Gray County based on sales activity months in 2010: $4.61 million, up 6.4 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:

Pampa: $4.55 million, up 6.6 percent from 2009.
McLean: $45,711.22, down 9.8 percent from 2009.
Lefors: $11,219.43, down 7.6 percent from 2009.

Property Tax

- As of January 2009, property values in Gray County: $1.82 billion, up 2.3 percent from January 2008 values. The property tax base per person in Gray County is $82,387, below the statewide average of $85,809. About 33.0 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Gray County's ranking in state expenditures by county in fiscal year 2010: 127th. State expenditures in the county for FY2010: $68.70 million, up 0.2 percent from FY2009.
- In Gray County, 13 state agencies provide a total of 430 jobs and $4.27 million in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
  - Department of Criminal Justice
  - Department of Transportation
  - Department of Family and Protective Services
  - Texas Tech University
  - Railroad Commission of Texas

Higher Education

- Community colleges in Gray County preliminary fall 2011 enrollment:
  - None.
- Gray County is in the service area of the following:
  - Clarendon College with a preliminary fall 2011 enrollment of 1,347 . Counties in the service area include:

    Armstrong County
    Briscoe County
    Childress County
    Collingsworth County
    Donley County
    Gray County
    Hall County
    Wheeler County
- Institutions of higher education in Gray County preliminary fall 2011 enrollment:
  - None.

School Districts

- Gray County had 4 school districts with 10 schools and 3,871 students in the 2009-10 school year.

  (Statewide, the average teacher salary in school year 2009-10 was $48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
  - Grandview-Hopkins ISD had 29 students in the 2009-10 school year. The average teacher salary was $35,357. The percentage of students meeting the 2010 TAKS passing standard for all tests was 92 percent.
  - Lefors ISD had 157 students in the 2009-10 school year. The average teacher salary was $40,336. The percentage of students meeting the 2010 TAKS passing standard for all tests was 61 percent.
  - McLean ISD had 220 students in the 2009-10 school year. The average teacher salary was $40,552. The percentage of students meeting the 2010 TAKS passing standard for all tests was 89 percent.
  - Pampa ISD had 3,465 students in the 2009-10 school year. The average teacher salary was $43,173. The percentage of students meeting the 2010 TAKS passing standard for all tests was 71 percent.

Summary of the District's Financial Impact of Chapter 313 Agreement with Salt Fork Wind, LP

Prepared by

Randy McDowell, RTSBA

&

Neal Brown

School Finance Consultants

Summary of Groom ISD Financial Impact

of the

Limited Appraised Value Application

from

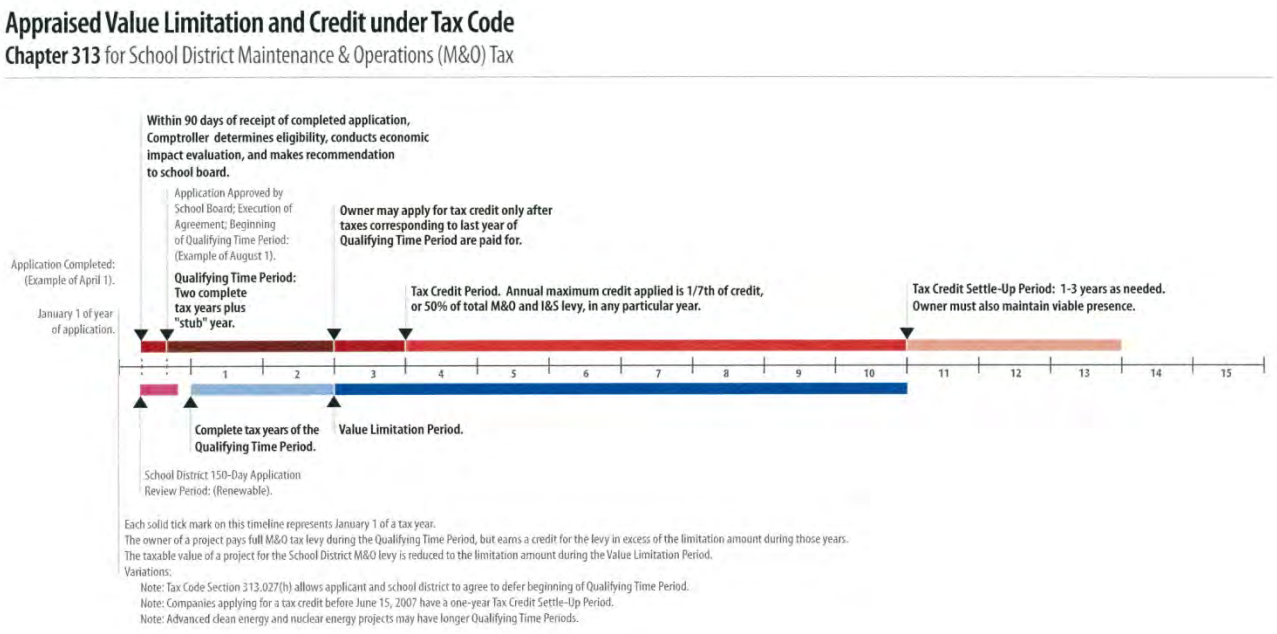
Salt Fork Wind, LP

Introduction

Salt Fork Wind, LP applied for a property value limitation from Groom Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 12, 2013 and subsequently approved for consideration by the Groom ISD Board of Trustees. Salt Fork Wind, LP ("Salt Fork Wind"), is requesting the property value limitation as a "renewable energy electric generation" project as listed in Sec. 313.024.(b) of the Tax Code.

"The Economic Development Act ", Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.



The company must file an application with the school district to qualify for consideration of a Limited Appraised Value Agreement ("LAVA" or "Agreement") to begin the following tax year or a later year if agreed upon by the District and the Company. The first two years of the agreement are considered the qualifying time period and the company's school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity's taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller's Office. Groom ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least $1 million but less than $90 million, thus Groom ISD

has a minimum qualified investment amount of $10 million. A qualifying entity's taxable value would be reduced to $10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Groom ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Taxable Value Impact from LAVA

The "Additional Value from Salt Fork Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the $10,000,000 minimum qualified investment of Groom ISD.

TABLE I- Calculation of Taxable Value:

Tax Year	Additional Value From Salt Fork Wind	Minimum Qualified Investment	Abated Value	Taxable Value
Jan. 1, 2015	0	n/a	0	0
Jan. 1, 2016	142,750,000	n/a	0	142,750,000
Jan. 1, 2017	135,612,500	(10,000,000)	125,612,500	10,000,000
Jan. 1, 2018	128,831,875	(10,000,000)	118,831,875	10,000,000
Jan. 1, 2019	122,390,281	(10,000,000)	112,390,281	10,000,000
Jan. 1, 2020	116,270,767	(10,000,000)	106,270,767	10,000,000
Jan. 1, 2021	110,457,229	(10,000,000)	100,457,229	10,000,000
Jan. 1, 2022	104,934,367	(10,000,000)	94,934,367	10,000,000
Jan. 1, 2023	99,687,649	(10,000,000)	89,687,649	10,000,000
Jan. 1, 2024	94,703,267	(10,000,000)	84,703,267	10,000,000
Jan. 1, 2025	89,968,103	n/a	0	89,968,103
Jan. 1, 2026	85,469,698	n/a	0	85,469,698
Jan. 1, 2027	81,196,213	n/a	0	81,196,213

Salt Fork Wind's Tax Benefit from Agreement

The projected amount of the net tax savings for Salt Fork Wind is $10.15 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement. Tax credits during years four through ten are limited to the lesser of 1/7 of the total tax credit or 50% of the total taxes paid for that tax year. Any tax credits not refunded to the company during those years will be refunded up to 100% of the taxes paid in years eleven through thirteen.

Groom ISD's projected tax rates for maintenance & operations (M&O) and interest & sinking (I&S) are based on the following assumptions:

- The District has held a tax ratification election and the study projects that it will maintain an M&O tax rate of $1.17 for the life of this agreement. The M&O rate for 2016-2017 and 2025-2026 is projected to decrease to $1.04, due to the rollback tax rate calculation.
- The district currently has outstanding bonded indebtedness that are scheduled to payoff in 2027 and currently has a $.232 I&S rate. The annual debt payment is approximately $155,000. The additional value of the company will further reduce the I&S tax rate. The district could pursue a bond election and issue additional bonded debt during the life of this agreement.

TABLE II- Computation of Net Tax Savings:

Fiscal Year	Projected M&O Tax Rate	Projected I&S Tax Rate	Taxes w/o Agreement	Tax Savings with Agreement	Tax Credits	Payment of District's Revenue Losses	Net Tax Savings
2015-2016	1.1700	0.211	0	0	n/a	0	0
2016-2017	1.0400	0.072	1,484,600	0	n/a	0	0
2017-2018	1.1700	0.074	1,586,666	1,469,666	n/a	(926,853)	542,813
2018-2019	1.1700	0.076	1,507,333	1,390,333	107,456	(13,050)	1,484,739
2019-2020	1.1700	0.078	1,431,966	1,314,966	106,232	(10,601)	1,410,597
2020-2021	1.1700	0.081	1,360,368	1,243,368	105,590	(8,427)	1,340,531
2021-2022	1.1700	0.083	1,292,350	1,175,350	104,340	(8,035)	1,271,655
2022-2023	1.1700	0.085	1,227,732	1,110,732	103,097	(4,403)	1,209,426
2023-2024	1.1700	0.086	1,166,345	1,049,345	101,366	(2,528)	1,148,183
2024-2025	1.1700	0.088	1,108,028	991,028	100,169	(854)	1,090,344
2025-2026	1.0400	0.090	935,668	0	652,350	0	652,350
2026-2027	1.1700	0.092	999,995	0	0	0	0
2027-2028	1.1700	0.000	949,996	0	0	0	0
Totals			**15,051,048**	**9,744,789**	**1,380,600**	**(974,751)**	**10,150,638**

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Groom ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in the "Calculation of LAVA Impact on District's Finances" section. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2013-2014 fiscal year) were used for state aid and recapture calculation purposes
    - Level 2 of Tier II yield - $61.86 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2013.
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- An annual taxable value increase of 1.0% was used to project the district's taxable value, except as it related to the requested LAVA. The district's 2013 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2013-2014 was decreased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Calculation of LAVA Impact on District's Finances

The tables displayed below (Table III, IV, V) show the different impacts on the school district's finances. These scenarios were computed to compare the District's revenue without the additional taxable value of Salt Fork Wind (Table III), the addition of Salt Fork Wind's taxable values without a Chapter 313 Agreement (Table IV), and the addition of Salt Fork Wind's taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues *without* Salt Fork Wind:

Fiscal Year	Total Taxable Value	M&O Taxes Compressed Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
2015-2016	73,032,403	730,324	453,464	1,980	1,181,808	164,002	1,345,810
2016-2017	73,762,727	737,627	440,241	2,395	1,175,474	164,370	1,339,844
2017-2018	74,500,354	745,004	424,054	3,600	1,165,457	164,749	1,330,206
2018-2019	75,245,358	752,454	411,455	4,812	1,159,097	165,138	1,324,235
2019-2020	75,997,812	759,978	393,642	6,029	1,147,591	165,538	1,313,129
2020-2021	76,757,790	767,578	380,894	7,252	1,141,219	165,947	1,307,167
2021-2022	77,525,368	775,254	368,070	8,481	1,134,842	166,368	1,301,210
2022-2023	78,300,621	783,006	355,172	9,717	1,128,461	166,799	1,295,260
2023-2024	79,083,627	790,836	342,199	10,959	1,122,076	167,240	1,289,316
2024-2025	79,874,464	798,745	329,144	12,208	1,115,681	167,692	1,283,373
2025-2026	80,673,208	806,732	316,010	13,463	1,109,279	168,155	1,277,434
2026-2027	81,479,940	814,799	302,796	14,725	1,102,871	168,629	1,271,500
2027-2028	82,294,740	822,947	289,638	15,993	1,096,592	169,114	1,265,706

TABLE IV- District Revenues *with* Salt Fork Wind *without* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes Compressed Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Total District Revenue
2015-2016	73,032,403	730,324	453,464	2,372	1,181,416	163,584	1,345,000
2016-2017	216,512,727	2,165,127	423,259	0	2,588,387	160,947	2,749,334
2017-2018	210,112,854	2,101,129	70,235	1,182,160	989,203	354,928	1,344,131
2018-2019	204,077,233	2,040,772	69,549	1,119,985	990,336	344,770	1,335,106
2019-2020	198,388,093	1,983,881	64,101	1,061,616	986,367	335,195	1,321,561
2020-2021	193,028,557	1,930,286	63,843	1,006,867	987,262	326,175	1,313,436
2021-2022	187,982,597	1,879,826	65,152	955,562	989,416	317,682	1,307,099
2022-2023	183,234,988	1,832,350	63,021	907,535	987,836	309,692	1,297,528
2023-2024	178,771,276	1,787,713	62,453	862,627	987,538	302,180	1,289,718
2024-2025	174,577,731	1,745,777	61,902	820,689	986,991	295,122	1,282,113
2025-2026	170,641,311	1,706,413	61,741	781,576	986,577	288,497	1,275,074
2026-2027	166,949,638	1,669,496	61,217	745,156	985,558	282,284	1,267,842
2027-2028	163,490,953	1,634,910	59,958	711,298	983,570	276,463	1,260,033

TABLE V – District Revenues *with* Salt Fork Wind *with* Chapter 313 Agreement:

Fiscal Year	Total Taxable Value	M&O Taxes Comp Rate	State Revenue	Recapture Amount	Hold Harmless Revenue	M&O Taxes > Comp Rate	Payment for District Losses	Total District Revenue
2015-2016	73,032,403	730,324	453,464	2,372	1,181,416	163,584	0	1,345,000
2016-2017	216,512,727	2,165,127	423,259	0	2,588,387	160,947	0	2,749,334
2017-2018	84,500,354	845,004	(95,480)	475,767	273,756	143,522	926,853	1,344,131
2018-2019	85,245,358	852,454	310,455	16,275	1,146,633	175,422	13,050	1,335,106
2019-2020	85,997,812	859,978	292,642	17,487	1,135,133	175,827	10,601	1,321,561
2020-2021	86,757,790	867,578	279,894	18,705	1,128,767	176,243	8,427	1,313,436
2021-2022	87,525,368	875,254	267,070	19,929	1,122,395	176,669	8,035	1,307,099
2022-2023	88,300,621	883,006	254,173	21,160	1,116,020	177,105	4,403	1,297,528
2023-2024	89,083,627	890,836	241,198	22,397	1,109,638	177,552	2,528	1,289,718
2024-2025	89,874,464	898,745	228,145	23,640	1,103,249	178,009	854	1,282,113
2025-2026	170,641,311	1,706,413	207,974	0	1,914,387	98,637	0	2,013,025
2026-2027	166,949,638	1,669,496	61,217	745,156	985,558	282,284	0	1,267,842
2027-2028	163,490,953	1,634,910	59,958	711,298	983,570	276,463	0	1,260,033

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. Those formula changes had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the funding formulas, some districts had the majority of the district's revenue losses in year three of the LAVA offset with additional state funding. The funding that was available to offset those revenue losses was called Additional State Aid for Tax Reduction (ASATR) and those funds were phased out as a result of legislation in the 82nd Legislative Session in 2011. This legislation eliminated the ASATR funding for fiscal year 2017-2018 and thereafter and can have a significant financial impact for LAVA agreements that have a year three in 2017-2018 or later. The loss of ASATR funding can again cause a district to experience a significant loss of funds in year three of the agreement and consequently cause the company to have revenue protection payments during that year that are similar to those experienced prior to 2006-2007.

Payments in Lieu of Taxes

Assuming that the District and Salt Fork Wind, LP mutually agree in the LAVA that $100 per student in average daily attendance (ADA) will be paid to Groom ISD by Salt Fork Wind, the projected amount of these payments over the life of the agreement is $160,579 of the $10.15 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

Fiscal Year	Net Tax Savings	Groom ISD Share $100/ADA	Salt Fork Wind's Share
2015-2016	0	12,727	(12,727)
2016-2017	0	12,664	(12,664)
2017-2018	542,813	12,600	530,213
2018-2019	1,484,739	12,537	1,472,202
2019-2020	1,410,597	12,475	1,398,123
2020-2021	1,340,531	12,412	1,328,119
2021-2022	1,271,655	12,350	1,259,304
2022-2023	1,209,426	12,288	1,197,138
2023-2024	1,148,183	12,227	1,135,956
2024-2025	1,090,344	12,166	1,078,178
2025-2026	652,350	12,105	640,245
2026-2027	0	12,044	(12,044)
2027-2028	0	11,984	(11,984)
Totals	**10,150,638**	**160,579**	**9,990,059**

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

Grade Level	# of Regular Classrooms	Building Capacity	Current Enrollment	Enrollment Growth Available
K-12	24	432	137	295
Total	**24**	**432**	**137**	**295**

The building capacities are based on 18 students per classroom for all grade levels. Groom ISD is a kindergarten through 12th grade district.

Salt Fork Wind, LP provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that seven full-time employees are expected. It is not known whether these would be new employees to the Groom ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus, the new seven positions equates to 4 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Groom ISD as displayed in Table VII above.

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Salt Fork Wind, LP would be beneficial to both Salt Fork Wind and Groom ISD under the current school finance system.

Salt Fork Wind, LP would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Salt Fork Wind is projected to benefit from a 85% tax savings over the first eleven year period of this agreement. Salt Fork Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Groom ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Salt Fork Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

Window on State Government
Susan Combs Texas Comptroller of Public Accounts

2013 ISD Summary Worksheet

006/Armstrong

033-901/Groom ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	74,860	N/A	74,860	74,860
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	1,038,120	N/A	1,038,120	1,038,120
D2. Real Prop Farm & Ranch	323,140	N/A	323,140	323,140
E. Real Prop NonQual Acres	12,620	N/A	12,620	12,620
F1. Commercial Real	0	N/A	0	0
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	99,870	N/A	99,870	99,870
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	1,548,610		1,548,610	1,548,610
Less Total Deductions	15,000		15,000	15,000
Total Taxable Value	1,533,610		1,533,610	1,533,610 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
1,543,610	1,533,610	1,543,610	1,533,610	1,533,610	1,533,610

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

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
1,543,610	1,533,610	1,543,610	1,533,610	1,533,610	1,533,610

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

033/Carson

033-901/Groom ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	14,054,790	N/A	14,054,790	14,054,790
B. Multi-Family Residences	24,480	N/A	24,480	24,480
C1. Vacant Lots	87,890	N/A	87,890	87,890
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	12,243,280	N/A	12,243,280	12,243,280
D2. Real Prop Farm & Ranch	1,139,290	N/A	1,139,290	1,139,290

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
E. Real Prop NonQual Acres	5,988,190	N/A	5,988,190	5,988,190
F1. Commercial Real	1,552,040	N/A	1,552,040	1,552,040
F2. Industrial Real	1,649,780	N/A	1,649,780	1,649,780
G. Oil, Gas, Minerals	15,221,410	N/A	15,221,410	15,221,410
J. Utilities	7,415,580	N/A	7,415,580	7,415,580
L1. Commercial Personal	1,928,080	N/A	1,928,080	1,928,080
L2. Industrial Personal	243,410	N/A	243,410	243,410
M. Other Personal	245,840	N/A	245,840	245,840
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	1,267,990	N/A	1,267,990	1,267,990
Subtotal	63,062,050		63,062,050	63,062,050
Less Total Deductions	5,755,024		5,755,024	5,755,024
Total Taxable Value	57,307,026		57,307,026	57,307,026 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
59,479,316	57,307,026	59,479,316	57,307,026	57,307,026	57,307,026

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
2,172,290	0

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
59,479,316	57,307,026	59,479,316	57,307,026	57,307,026	57,307,026

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

065/Donley

033-901/Groom ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	0	N/A	0	0
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	0	N/A	0	0
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	2,753,113	N/A	2,753,113	2,753,113
D2. Real Prop Farm & Ranch	57,021	N/A	57,021	57,021
E. Real Prop NonQual Acres	301,178	N/A	301,178	301,178
F1. Commercial Real	0	N/A	0	0
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	0	N/A	0	0
J. Utilities	76,790	N/A	76,790	76,790
L1. Commercial Personal	0	N/A	0	0
L2. Industrial Personal	0	N/A	0	0
M. Other Personal	0	N/A	0	0
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	3,188,102		3,188,102	3,188,102
Less Total Deductions	74,763		74,763	74,763
Total Taxable Value	3,113,339		3,113,339	3,113,339 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
3,143,339	3,113,339	3,143,339	3,113,339	3,113,339	3,113,339

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
30,000	0

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
3,143,339	3,113,339	3,143,339	3,113,339	3,113,339	3,113,339

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

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

ceiling reduction

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

090/Gray

033-901/Groom ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	95,510	N/A	95,510	95,510
B. Multi-Family Residences	0	N/A	0	0
C1. Vacant Lots	13,020	N/A	13,020	13,020
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	2,836,040	N/A	2,836,040	2,836,040
D2. Real Prop Farm & Ranch	6,500	N/A	6,500	6,500
E. Real Prop NonQual Acres	2,518,150	N/A	2,518,150	2,518,150
F1. Commercial Real	72,630	N/A	72,630	72,630
F2. Industrial Real	0	N/A	0	0
G. Oil, Gas, Minerals	3,925,640	N/A	3,925,640	3,925,640
J. Utilities	2,544,670	N/A	2,544,670	2,544,670
L1. Commercial Personal	28,370	N/A	28,370	28,370
L2. Industrial Personal	9,150	N/A	9,150	9,150
M. Other Personal	0	N/A	0	0

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	0	N/A	0	0
Subtotal	12,049,680		12,049,680	12,049,680
Less Total Deductions	248,146		248,146	248,146
Total Taxable Value	11,801,534		11,801,534	11,801,534 T2

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

See the ISD DEDUCTION Report for a breakdown of deduction values

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

Value Taxable For M&O Purposes

T1	T2	T3	T4	T5	T6
11,891,534	11,801,534	11,891,534	11,801,534	11,801,534	11,801,534

Loss To the Additional $10,000 Homestead Exemption	50% of the loss to the Local Optional Percentage Homestead Exemption
90,000	0

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

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

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

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

T5 = T2 before the loss to the tax ceiling reduction

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

Value Taxable For I&S Purposes

T7	T8	T9	T10	T11	T12
11,891,534	11,801,534	11,891,534	11,801,534	11,801,534	11,801,534

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

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

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

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

T11 = T8 before the loss to the tax ceiling reduction

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

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

033-901/Groom ISD

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
A. Single-Family Residences	14,225,160	N/A	14,225,160	14,225,160
B. Multi-Family Residences	24,480	N/A	24,480	24,480
C1. Vacant Lots	100,910	N/A	100,910	100,910
C2. Colonia Lots	0	N/A	0	0
D1. Rural Real(Taxable)	18,870,553	N/A	18,870,553	18,870,553

Category	Local Tax Roll Value	2013 WTD Mean Ratio	2013 PTAD Value Estimate	2013 Value Assigned
D2. Real Prop Farm & Ranch	1,525,951	N/A	1,525,951	1,525,951
E. Real Prop NonQual Acres	8,820,138	N/A	8,820,138	8,820,138
F1. Commercial Real	1,624,670	N/A	1,624,670	1,624,670
F2. Industrial Real	1,649,780	N/A	1,649,780	1,649,780
G. Oil, Gas, Minerals	19,147,050	N/A	19,147,050	19,147,050
J. Utilities	10,136,910	N/A	10,136,910	10,136,910
L1. Commercial Personal	1,956,450	N/A	1,956,450	1,956,450
L2. Industrial Personal	252,560	N/A	252,560	252,560
M. Other Personal	245,840	N/A	245,840	245,840
N. Intangible Pers/Uncert	0	N/A	0	0
O. Residential Inventory	0	N/A	0	0
S. Special Inventory	1,267,990	N/A	1,267,990	1,267,990
Subtotal	79,848,442		79,848,442	79,848,442
Less Total Deductions	6,092,933		6,092,933	6,092,933
Total Taxable Value	73,755,509		73,755,509	73,755,509 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

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

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by and between

GROOM INDEPENDENT SCHOOL DISTRICT

and

SALT FORK WIND, LLC

(*Texas Taxpayer ID # 32035855454)*

TEXAS COMPTROLLER'S APPLICATION NO. 387

Dated

July 1, 2014

Draft

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

STATE OF TEXAS §

COUNTY OF CARSON §

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, ("Agreement") is executed and delivered by and between **GROOM INDEPENDENT SCHOOL DISTRICT** (the "District"), with its central administrative office located in Carson County, Texas, a lawfully created independent school district of the State of Texas operating under and subject to the TEXAS EDUCATION CODE ("TEC"), and **SALT FORK WIND, LLC**, a Delaware limited liability company, formerly SALT FORK WIND, LP, a Texas limited liability partnership Texas Taxpayer Identification Number 32035855454 ("Applicant"), and relates to a limitation of the Appraised Value of property for the District's maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the "Code"). The District and Applicant are collectively referred to herein as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District's Board of Trustees ("Board of Trustees"), timely received from Applicant an Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053 ("Application"), on or about November 12, 2013; and,

WHEREAS, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL), and agreed to consider the Application on or about November 22, 2013, the date it was determined to be complete by the District (the "Completed Application Date"); and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts ("Comptroller") on or about November 22, 2013, for its review pursuant to §313.025(a-1) and (b) of the Code. The District, on behalf of the Applicant, submitted Amendment No. 001 on or about December 19, 2013, and the Comptroller deemed the Application complete and thereafter began its analysis of the Application on December 19, 2013 (the "Application Review Start Date"); and,

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE §9.1054, the Application was delivered for review to both the Donley County and Gray County Appraisal Districts (the "Appraisal Districts"), pursuant to Section 6.01 of the TEXAS TAX CODE; and,

WHEREAS, the Comptroller conducted an economic impact evaluation of the Application pursuant to Section 313.025(b) of the TEXAS TAX CODE; and,

WHEREAS, pursuant to Section 313.025(d) of the TEXAS TAX CODE, the Board of

Trustees timely received the March 17, 2014 recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code Sections 313.001, *et seq.*, and that the Application be approved (the "Recommendation"); and,

WHEREAS, District's Board of Trustees, by resolution dated April 15, 2014, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until July 18, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d); and,

WHEREAS, on May 30, 2014, 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 June 19, 2014, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on June 19, 2014, the Board of Trustees began its consideration of the criteria set out on Section 313.026 of the TEXAS TAX CODE, including the Revenue Protection provision and other provisions of this proposed Agreement on Qualified Property;

WHEREAS, on June 19, 2014, the Board of Trustees tabled its deliberation of Salt Fork Wind's Application to consider the potential effects of Salt Fork Wind's Application and this proposed Agreement on the District, and to allow time for further legal research regarding such potential effects; and,

WHEREAS, on July 1, 2014, the Board of Trustees resumed its deliberations on the Application and this proposed Agreement; and,

WHEREAS, on July 1, 2014, 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) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (iv) this Agreement is in the best interest of District and the State of Texas; and,

WHEREAS, on July 1, 2014, pursuant to the provisions of Section 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 based on a factual finding that if the number of jobs required by law was applied in this project, given its size and scope as described in the Application and **EXHIBIT 4**, the number of jobs will exceed the industry standard of the number of employees reasonably necessary for the operation of the project; and,

WHEREAS, on July 1, 2014, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and

Operations Taxes, and authorized the Trustees whose signatures appear below to execute and deliver such Agreement to the Applicant; and,

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

ARTICLE I
DEFINITIONS

Section 1.1 DEFINITIONS. Wherever used herein, 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 §9.1051 and not defined in this Agreement shall have the meanings provided by 34 TEXAS ADMIN. CODE §9.1051.

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended, and as applicable to Applicant's Application, which was filed before January 1, 2014.

"*Agreement*" means this Agreement, as the same may be modified, amended, restated, or supplemented as approved pursuant to Section 11.2 of this Agreement.

"*Applicable School Finance Law*" means Chapters 41 and 42 of the TEXAS EDUCATION CODE, the Texas Economic Development Act (Chapter 313 of the TEXAS TAX CODE), Chapter 403, Subchapter M, of the TEXAS GOVERNMENT CODE applicable to District, and the Constitution and general laws of the State applicable to the school districts of the State, including specifically, the applicable rules and regulations of the agencies of the State having jurisdiction over any matters relating to the public school systems and school districts of the State, and judicial decisions construing or interpreting any of the above. The term also includes any amendments or successor statutes that may be adopted in the future that could impact or alter the calculation of Applicant's ad valorem tax obligation to District, either with or without the limitation of property values made pursuant to this Agreement, or that could impact or alter any calculation of payment from Applicant to the District under Articles IV, V or VI of this Agreement.

"*Applicant*" means Salt Fork Wind, LLC *(Texas Taxpayer ID #32035855454)*, the company listed in the Preamble of this Agreement and which was formerly Salt Fork Wind, LP, the name of the Applicant on the Application, as of the Application Approval Date. The term "Applicant" shall also include Applicant's permitted subsequent assigns and successors-in-interest as approved according to Section 11.2 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 Section 3.3 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 District by Applicant on November 12, 2013. The term includes all forms required by Comptroller, the

schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

"*Application Approval Date*" means the date that the Application is approved by the Board of Trustees of 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 District issues its written notice that Applicant has submitted a completed application or the date on which Comptroller issues its written notice that 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 either the Donley County Appraisal District or the Gray County Appraisal District, as appropriate.

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

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

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

"*County*" means either Donley County, Texas or Gray County, Texas, as appropriate.

"*District*" *or* "*School District*" means the Groom 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. 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 Applicant's Qualified Property or the Applicant's Qualified Investment.

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

"*Land*" means the real property described on **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes.

"*Maintain Viable Presence*" means the operation over the life of this Agreement of the

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facility, facilities, or property for which the tax limitation agreement is granted and the retention over the applicable term of this Agreement, as defined in Section 2.3 below, of not fewer than the number of Qualifying Jobs required by the Code, or as found by the District's Board of Trustees if the number of such jobs required by the Texas Tax Code exceeds the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence following an event of force majeure that halts facility operations so long as Applicant commences repairs and/or reconstruction of the damage within one hundred eighty (180) days after the event of force majeure. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

"*M&O Amount*" shall have the meaning assigned to such term in Section 4.2 of the Agreement.

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

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

"*Net Tax Savings*" means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; minus, (ii) an amount equal to 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 years during the term of this Agreement, plus (B) any and all payments due to the District under Article IV of this Agreement. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 6.2 shall mean an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement for such year; minus, (ii) an amount equal to 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 such year, plus (B) any and all payments due to the District under Article IV of this Agreement for such year.

"*New Jobs*" means the jobs defined by 34 TEX. ADMIN. CODE §9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under the applicable provisions of TEXAS TAX CODE, Chapter 313, effective as of the Application Review Start Date, Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"*New Qualifying Jobs*" means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of a Qualifying Job as defined in the applicable provisions of Chapter 313 of the TEXAS TAX CODE, and as interpreted by the Comptroller's rules effective as of the Application Review Start Date.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller's Rules, applicable as of the Application Review Start Date.

"*Qualified Property*" has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed as of the Application Review Start Date.

"*Qualifying Time Period*" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Full Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the Qualified Property is to be located in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

"*Reinvestment Zone*" means the District's Reinvestment Zone created pursuant to Section 312.0025 of the TEXAS TAX CODE by action of the Board of Trustees or by either Donley County or Gray County and as further described by the description and/or depiction of said Reinvestment Zones attached hereto as **EXHIBIT 2**, which is incorporated herein by reference for all purposes.

"*Revenue Protection Amount*" means the amount calculated pursuant to Section 4.2 of this Agreement.

"*State*" means the State of Texas.

"*Substantive Document*" means a document or other information or data in electronic media determined by the District or the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Chapter 313 of the TEXAS TAX CODE. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, and any school district written finding or report filed with the comptroller as required under Chapter 313 of the TEXAS TAX CODE.

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"*Supplemental Payment*" has the meaning as set forth in Article VI of this Agreement.

"*Tax Credit*" means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 TEX. ADMIN. CODE §9.1056 applicable as of the Application Review Start Date, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under §313.103 of the TEXAS TAX CODE and 34 TEX. ADMIN. CODE §9.1054.

"*Tax Limitation Amount*" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE, applicable as of the Application Review Start Date.

"*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), and as set out in **EXHIBIT 1** attached hereto.

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

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

Section 2.2. PURPOSE. In consideration of the execution of and subsequent performance of the terms and obligations by Applicant pursuant to this Agreement, identified in Section 2.5 and 2.6 and as more fully specified throughout this Agreement, the value of Applicant's Qualified Property listed and assessed by the appropriate County Appraiser(s) for District's operation and maintenance 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 December 19, 2013, which will determine Applicant's Qualified Property, the applicable wage standard and the applicable provisions of the Texas Tax Code.

B. The Application Approval Date for this Agreement is July 1, 2014, which will

determine the start of Applicant's Qualifying Time Period.

C. The Qualifying Time Period for this Agreement:
1. Starts on July 1, 2014, the Application Approval Date; and,
2. Ends on December 31, 2016.

D. The Tax Limitation Period for this Agreement:
1. Starts on January 1, 2017; and,
2. Ends on December 31, 2024, the tenth full calendar year of this Agreement, as set out in **Exhibit 1** attached hereto.

E. The Final Termination Date for this Agreement is December 31, 2027.

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

Section 2.4. TAX LIMITATION. So long as Applicant makes the Qualified Investment as defined by Section 2.5 below, 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. Ten Million Dollars ($10,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District, set out in Chapter 313 of the TEXAS TAX CODE, as of the Application Review Start Date.

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

A. Have completed the Qualified Investment in the amount of $10,000,000 by the end of the Qualifying Time Period;

B. Have created and maintained the number of Qualifying Jobs specified in, and in the time period specified on Schedule C of the Application; and

C. Be paying the applicable weekly wage for such Qualifying Jobs, as required by Chapter 313 of the TEXAS TAX CODE effective as of the Application Review Start Date.

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

A. Provide payments to District sufficient to protect the future District M&O Revenues through payment of revenue offsets and other mechanisms as set out in Article IV;

B. Provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V;

C. Provide such supplemental payments as set out in Article VI; and

D. Create and Maintain Viable Presence and perform additional obligations as set out in Article VII of this Agreement.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated at the time of this Agreement 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 of such zone is attached to this Agreement as **EXHIBIT 2** 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 on **EXHIBIT 3,** 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 3** unless amended pursuant to the provisions of Section 11.2 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 appropriate 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 and the Comptroller's rules (applicable as of the Application Review Start Date), and Section 11.2 of this Agreement.

Section 3.4. **CURRENT INVENTORY OF QUALIFIED PROPERTY.** If at any time after the Application Approval Date there is a material change in the Qualified Property described in

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EXHIBIT 4 and located on the Land described in **EXHIBIT 3,** or, upon a reasonable request of District, Comptroller, either Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the appropriate Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) 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. Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of 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 as a result of, or on account of, entering into this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), **IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT.** Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the hold harmless payment to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 7.1 and 7.2, 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 during the term of his Agreement (the "M&O Amount"), shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

i. "Original M&O Revenue" means the Maintenance and Operations Revenue that District would have received for the school year under the Applicable School

Finance Law had this Agreement not been entered into by the Parties and the Qualified Property had been subject to the full ad valorem maintenance and operations tax without any limitation on value.

ii. "New M&O Revenue" means the Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount 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.

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 for the M&O Amount, the negative number will be considered to be zero.

iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.

v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE. 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 reimbursement payment of funds to the State or another school district, pursuant to Chapter 41 of the TEXAS EDUCATION CODE, 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 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 District.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled pursuant to Chapter 313 of the TEXAS TAX CODE for which the District does not receive reimbursement from the State, whether pursuant to Section 42.2515 of the TEXAS EDUCATION CODE or otherwise; (b) any loss incurred by the District resulting from successful judicial

challenge to this Agreement; (c) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly, including any costs paid to either Appraisal District caused by increased appraised values arising solely from the Qualified Property, subject to the limitation provided in Section 2.4 herein.

Section 4.5. THIRD PARTY CALCULATIONS. All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees up to Six Thousand Five Hundred Dollars, ($6,500.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

Section 4.6. DATA FOR CALCULATIONS. The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal Districts in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the TEXAS TAX CODE in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by either Appraisal District to the District's tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Appraisal Districts to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

Section 4.7. DELIVERY OF CALCULATIONS.

A. All calculations required under Articles IV, V, or VI shall be made by the Consultant on or before November 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

B. In the event the District receives the Consultant's invoice for services rendered, the District shall forward to Applicant such invoice, which Applicant shall pay within thirty (30) days of receipt.

Section 4.8. PAYMENT BY APPLICANT. On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District (subject to final settle up), all amounts billed by the Consultant pursuant to Section 4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. Provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise under the Texas Public Information Act (GOVERNMENT CODE Section 552.001 *et seq*).

Section 4.9. CHALLENGING CALCULATION RESULTS. The Applicant may appeal the Consultant's results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 days of its receipt, pursuant to District Policy GK (LOCAL).

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT. In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article IV of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

Section 4.11. EFFECT STATUTORY OR OTHER LEGAL CHANGES. If the District will receive less M&O Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas, or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limit on the Revenue Protection Amount set forth in Article VII below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of M&O Revenue not less than that which the District would have received had the District not entered into this Agreement.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for the following:

A. 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;

B. Any other loss of District revenues or funds which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary; and,

C. Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS. In addition to payment of the amounts set forth under Articles IV and V of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for supplemental payments, as set forth in this Article VI. Any and all obligations for any supplemental payments shall be separate and independent of Applicant's obligations under Articles IV and V of this Agreement.

Section 6.2. CALCULATION OF SUPPLEMENTAL PAYMENTS.

A. Notwithstanding, the foregoing, the total annual supplemental payment made to the District pursuant to this Article shall:

(i) be in an amount equal to the greater of One Hundred Dollars ($100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or such other higher amount as permitted by applicable provisions of Texas Tax Code Sec. 313.027(i); and

(ii) only be made during the period starting with the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

B. This limitation 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.

C. In the event Chapter 313 is modified or amended to allow the District to receive supplemental payments in excess of the foregoing limitation, Applicant agrees to cooperate with District to amend this Agreement to allow District to receive the maximum amount of supplemental payments as allowed by law; provided however, the total supplemental payments for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or the amount calculated as set

out in Section 6.2.A.i above, as determined for that school year. This Section shall only apply if Chapter 313 of the TEXAS TAX CODE is amended so that the District is permitted to receive payments in lieu of taxation greater than as described in Section 6.2.A.i. above; otherwise, Section 6.2.A.i shall apply.

D. Payment of amounts due under this Article shall be made as set forth in Section 4.8 of this Agreement and is subject to the limitations contained in Section 7.1.

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 years four (4) through ten (10) of this Agreement, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to 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 Applicant would have paid to District for such Tax Year (determined by using District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 6.2 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 Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from Applicant to District during years four through ten under Articles IV, V, and VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 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 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, records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII
TAX CREDITS

Section 8.1. TAX CREDIT DESCRIPTION AND ELIGIBILITY.

A. Upon the Applicant's compliance with all requirements of Chapter 313 of the TEXAS TAX CODE and the Comptroller's rules applicable as of the Application Review Start Date, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Section 2.4 above, the Applicant shall be entitled to pursue a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period, subject to any limitation or reduction required by law.

B. The application for a Tax Credit as described in this Article VIII shall be made in accordance with Section 313.103 of the TEXAS TAX CODE effective as of the Application Review Start Date, and is solely the Applicant's responsibility.

Section 8.2. DISTRICT OBLIGATIONS REGARDING TAX CREDITS.

A. The District shall timely comply with and, to the extent possible, cause the timely compliance by the Appraisal Districts of all District obligations regarding Tax Credits under the Code and Comptroller Rules.

B. The Board of Trustees shall grant Applicant's application for the tax credit as provided in Section 313.104 of the TEXAS TAX CODE effective as of the Application Review Start Date, as well as Comptroller and/or TEA rules.

Section 8.3. TAX CREDIT PROTECTION REVENUE LOSS. If the District does not receive aid pursuant to §42.2515 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article VIII, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice, pay to the District the amount of such aid the District did not receive. Conversely, the District shall refund to the Applicant the amount of state aid the District received that was solely attributable to any portion of such state aid paid by Applicant to the District.

ARTICLE IX
ADDITIONAL OBLIGATIONS OF APPLICANT

Section 9.1. 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, Applicant shall Maintain Viable Presence in 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, 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 Applicant makes commercially reasonable efforts to preserve and maintain a viable presence at the conclusion of such force majeure.

Section 9.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4, and in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website http://www.texasahead.org/tax_programs/chapter313/forms.php.

Section 9.3. COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 9.4. DATA REQUESTS. During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party 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.

Section 9.5. SITE VISITS AND RECORD REVIEW. Applicant shall allow authorized employees of District, the Comptroller, either Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, 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 Applicant's Qualified Property.

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

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

Section 9.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS. This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

A. District and 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. Applicant and 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 later of:

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

B. District and Applicant shall make available at reasonable times and upon reasonable notice, and for reasonable periods, all information related to the Applicant's Qualified Property, Qualified Investment, Qualifying Jobs, and wages paid for 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 Comptroller, State Auditor's Office, State of Texas or their authorized representatives. Applicant and District shall cooperate with auditors and other authorized Comptroller and State of Texas representatives and shall provide them with prompt access to all such information as requested by Comptroller or the State of Texas. By example and not as an exclusion to other breaches or failures, Applicant's failure to comply with this Section shall constitute a material breach of this Agreement.

Section 9.7. 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 (which are incorporated by reference in this Agreement, the same as if fully set forth herein), without which Comptroller would not have approved this Agreement and District would not have executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs

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this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 TEX. ADMIN. CODE § 9.1053(f)(2)(L), provided that changes to Applicant's development plans made subsequent to filing the Application to which the District has been informed and agreed to in writing shall not be governed by this provision.

Section 9.8. ECONOMIC DEVELOPMENT COVENANT. The District and the Applicant agree that it is in their mutual interest of the District for the Parties to encourage the accommodation of economic development in the District by multiple project developers of renewable power generation capacity, which is interconnected to area Transmission Service Providers (as defined below). In order to carry out the purposes of this Section, the Applicant and the District agree as follows:

A. As of the date of approval of this Agreement by the Board of Trustees, Applicant hereby agrees, as a part of its negotiated consideration to District, that Applicant and its assignees and affiliates shall reasonably accommodate Transmission Facilities (as defined below) across any its leases, easements, or fee simple surface real estate interests within Armstrong, Carson, Donley, or Gray Counties. For the purposes of this Section 9.8, transmission facilities shall include but not be limited to (i) any above ground electric transmission line facilities with a nominal voltage of 69KV or more that interconnect with ERCOT or Southwest Power Pool transmission service provider facilities, including those of Sharyland, Cross Texas, and Southwestern Public Service Company (collectively the "Transmission Service Providers"); (ii) electric transmission facilities, including overhead transmission, distribution and collector lines, wires and cables, together with all related conduit, footings, foundations, cross-arms, guy lines, anchors, circuit breakers, and transformers, and (iii) overhead and underground control, communications and radio relay systems and telecommunications equipment, including fiber, wires, cables, conduit, and poles, to be placed in one-hundred and fifty (150) foot corridors in generally straight routes without unreasonable turns (collectively the "Transmission Facilities").

B. This Section 9.8 shall apply to the Applicant and its affiliates or assigns and to any subsequently acquired surface real estate interests acquired during the term of this Agreement or any additional Qualified Property added to this Agreement by Applicant within the District during the term of this Agreement.

Section 9.9 COMPETITIVENESS PROTECTION. The Parties recognize the need to maintain a fair competitive environment. Further, the District agrees that for any future Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, which the District negotiates for projects of similar type and scope within the District, it will attempt to provide for substantially similar terms, as those contained in Section 9.8, above, so long as, and to the extent that the District retains the power to negotiate the terms of such agreements, as determined by the District to be in the District's best interest. In the

event that the District, in any future Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes for projects of similar type and scope within the District, fails to include a provision substantially similar to Section 9.8 above, the Parties agree that Applicant will be prospectively released from its obligations hereunder.

ARTICLE X
MATERIAL BREACH OR EARLY TERMINATION

Section 10.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

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. Applicant failed to complete its Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of its Application;

D. Applicant failed to make payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as set out in Article IV of this Agreement;

E. Applicant failed to make payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V of this Agreement;

F. Applicant failed to make such supplemental payments as set out in Article VI of this Agreement;

G. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as set out in Article VIII of this Agreement;

H. Applicant failed to submit the reports required to be submitted by Section 9.2 to the satisfaction of Comptroller on the dates indicated on the form;

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

J. Applicant failed to allow authorized employees of District, Comptroller, either Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/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 Applicant's Qualified Property;

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

L. 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. Voluntary donations made by Applicant to the District after the date of the execution of this Agreement, and not required by this Agreement, are not barred by this provision;

M. Applicant fails to comply in any material respect with any other term of this Agreement, or,

N. Applicant fails to meet its obligations under the applicable Comptroller's Rules or Chapter 313 of the Code.

Section 10.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to comply in any material way with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 10.3, then District, as payment of damages for breach, shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section10.2.C on such recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI of this Agreement.

B. Notwithstanding Section 10.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of 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 Applicant to District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 10.2.C. For purposes of this liquidated damages calculation, Applicant shall be entitled

to a credit for all payments made to District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 10.2.A owed for each Tax Year during the Tax Limitation Period. 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 10.2.A 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 10.3. LIMITED STATUTORY CURE OF MATERIAL BREACH. In accordance with the provisions of Section 313.0275 of the TEXAS TAX CODE, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement defined in Sections 10.1.C. or 10.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 10.1.C. or 10.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the TEXAS TAX CODE, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

Section 10.4. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 9.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committing a material breach of this Agreement, District shall provide Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by District. After receipt of the notice, Applicant shall be given thirty (30) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or determines that such breach has not been cured, then the Board of Trustees shall, after reasonable notice to 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, Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees in accordance with District Policy GF (LOCAL). At the hearing, the Board of Trustees shall make

findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 10.2.A and B (net of all credits under Section 10.2.A and B), and the amount of any penalty and/or interest under Section 10.2.C that are owed to District.

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

Section 10.5. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 10.4, Applicant shall have thirty (30) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to 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 sixty (60) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 10.4, 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 residing in the county where the District's central administrative office is located. 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) District shall bear one-half of such mediator's fees and expenses and 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 mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, District shall have the remedies for the collection of the amounts determined under Section 10.2 and 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 District successfully prosecutes legal proceedings under this Section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to the attorneys representing District pursuant to Section 6.30 of the TEXAS TAX CODE.

C. In any event where a dispute between District and Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required in this Section above, either District or Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement, or undertaking made by a

Party pursuant to this Agreement.

Section 10.6. 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, District's damages for such a default or breach shall under no circumstances exceed the greater of either any amounts calculated under Sections 10.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, 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 10.6 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 10.7. BINDING ON SUCCESSORS. In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE XI.
MISCELLANEOUS PROVISIONS

Section 11.1. 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 overnight courier (*e.g.*, by Federal Express) or by registered or certified United States Mail to the Party to be notified, with receipt obtained, or (ii) sent by facsimile transmission, with "answer back" or other "advice of receipt" obtained, in each case to the appropriate address or number as set forth below. Each notice shall be deemed effective on receipt by the addressee as aforesaid; provided that, notice received by facsimile transmission after 5:00 p.m. at the location of the addressee of such notice shall be deemed received on the first business day of the Party addressed following the date of such electronic receipt.

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

To the District:

Groom Independent School District
Attn: Jay Lamb, Superintendent
(or the successor Superintendent)
304 W. 3rd
Groom, TX 79039
Phone #: (806) 248-7557
Fax #: (806) 248-7474
Email: jay.lamb@region16.net

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
P.O. Box 9158
Amarillo, TX 79105-9158
Phone #: (806) 379-1306
Fax #: (806) 379-0316
Email: fred.stormer@uwlaw.com

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

To Applicant:

Salt Fork Wind, LLC
c/o Walter Hornaday, President
823 Congress, Fifth Floor
Austin, TX 78701
Phone #: (512) 440-0305
Fax #: (512) 440-0277
Email: info@cielowind.com

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

Section 11.2. AMENDMENTS TO 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 subsection B hereof. 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, this Agreement may only be amended according to the following:

i. Applicant shall submit to District, with notice to the Comptroller:
   a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;
   b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller; and,
   c. and any additional information requested by District necessary for it to evaluate the Amendment or modification.

C. Any Amendment of the Agreement to add or replace Qualified Property pursuant to this Section 11.2 of this Agreement shall:

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

D. This Agreement may not be amended to extend the value limitation time period beyond its statutory term.

Draft

Section 11.3. ASSIGNMENT. Any assignment of the interests of Applicant in this Agreement is considered an Amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 11.2 regarding Amendments to the Agreement.

Section 11.4. 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 11.5. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS. When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the appropriate Appraisal District where such Qualified Property is located shall determine the Market Value thereof and include both such Market Value and the appropriate limitation valuation under this Agreement in its appraisal records.

Section 11.6. 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 state district court in the judicial district where the District's central administrative office is located.

Section 11.7. 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 11.8. 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 to effectuate the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 11.8, 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 11.9. 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 11.10. INTERPRETATION. When a reference is made in this Agreement to a Section, Article, or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular, or plural, and any other gender, masculine, feminine, or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of each Party and shall not be construed for or against any Party.

Section 11.11. 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 11.12. PUBLICATION OF DOCUMENTS. The Parties acknowledge that District is required to publish the Application and its required schedules, or any Amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any Amendment thereto, as follows:

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

B. District shall provide on its website a link to the location of those documents posted on 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 11.13. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

Draft

Section 11.14. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Agreement.

[*the remainder of this page is intentionally left blank*]

Draft

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 1st day of July, 2014.

SALT FORK WIND, LLC,
A DELAWARE LIMITED LIABILITY COMPANY,
By: Cielo Salt Fork GP, LLC,
a Texas limited liability company
Manager of Salt Fork wind, LLC

BY: _____

NAME: Walter Hornaday

TITLE: President

GROOM INDEPENDENT SCHOOL DISTRICT

BY:_____

Printed Name:_____

Title:_____

ATTEST:

BY:_____

NAME:_____

TITLE:_____

Draft

EXHIBIT 1

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description
0	January 1, 2014	2014-15	2014	No appraisal limitation.
1	January 1, 2015	2015-16	2015	No appraisal limitation.
2	January 1, 2016	2016-17	2016	No appraisal limitation.
3	January 1, 2017	2017-18	2017	$10 million appraisal limitation.
4	January 1, 2018	2018-19	2018	$10 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2019	2019-20	2019	$10 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2020	2020-21	2020	$10 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2021	2021-22	2021	$10 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2022	2022-23	2022	$10 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2023	2023-24	2023	$10 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2024	2024-25	2024	$10 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2025	2025-26	2025	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2026	2026-27	2026	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2027	2027-28	2027	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

Draft

EXHIBIT 2

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

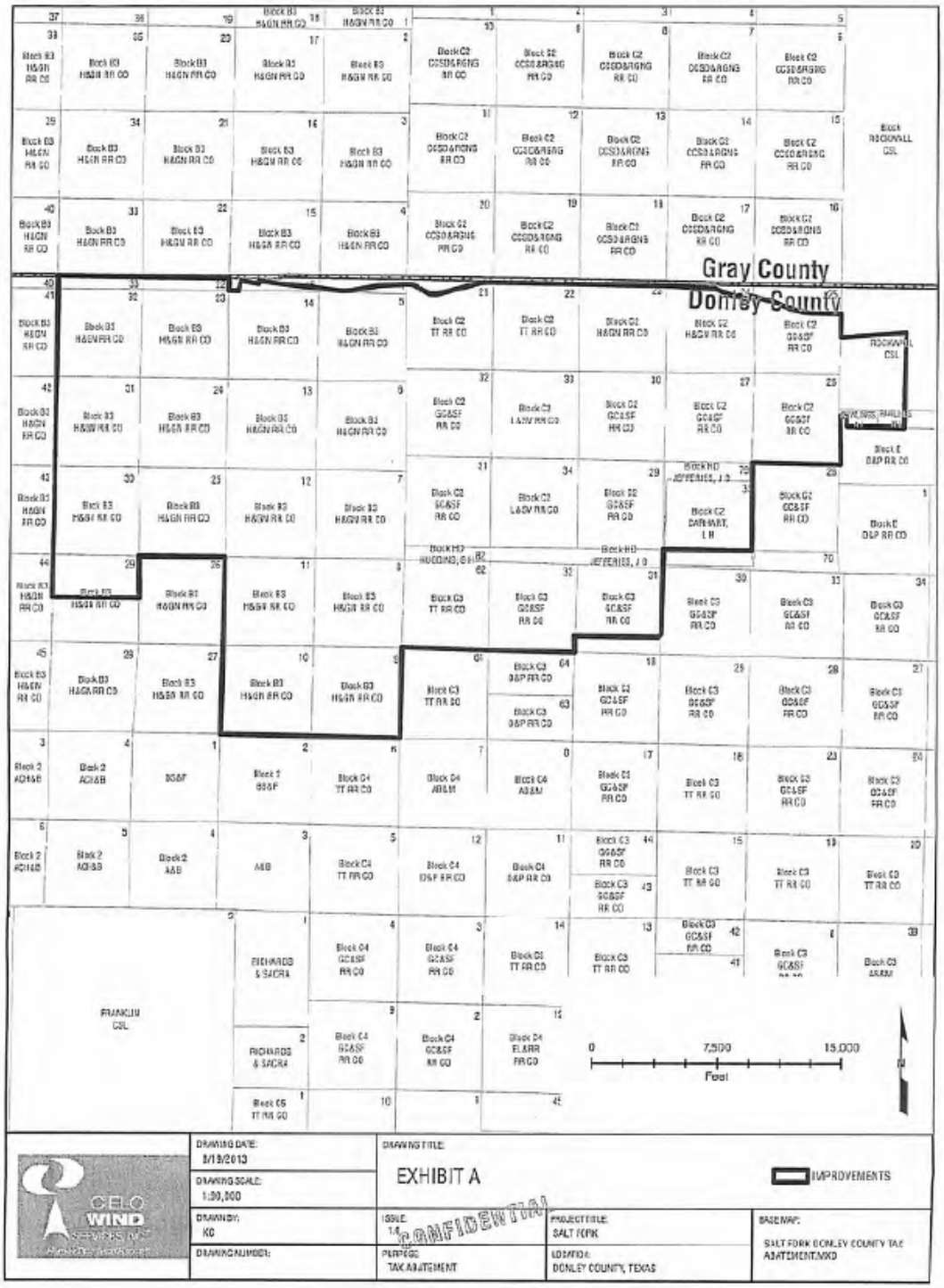
DONLEY COUNTY:

The Donley County Commissioners Court created Donley County Reinvestment Zone #1 on September 9, 2013, which is comprised of the following parcels:

Section	Block	Survey
10	B3	H&GN RR CO
11	B3	H&GN RR CO
12	B3	H&GN RR CO
13	B3	H&GN RR CO
14	B3	H&GN RR CO
15	B3	H&GN RR CO
22	B3	H&GN RR CO
23	B3	H&GN RR CO
24	B3	H&GN RR CO
25	B3	H&GN RR CO
29	B3	H&GN RR CO
30	B3	H&GN RR CO
31	B3	H&GN RR CO
32	B3	H&GN RR CO
33	B3	H&GN RR CO
4	B3	H&GN RR CO
5	B3	H&GN RR CO
6	B3	H&GN RR CO
7	B3	H&GN RR CO
8	B3	H&GN RR CO
9	B3	H&GN RR CO
35	C2	CARHART, L H
25	C2	GC&SF RR CO
26	C2	GC&SF RR CO
27	C2	GC&SF RR CO
29	C2	GC&SF RR CO
30	C2	GC&SF RR CO
31	C2	GC&SF RR CO
32	C2	GC&SF RR CO
23	C2	H&GN RR CO
24	C2	H&GN RR CO
33	C2	L&SV RR CO
34	C2	L&SV RR CO
21	C2	TT RR CO
22	C2	TT RR CO
31	C3	GC&SF RR CO
32	C3	GC&SF RR CO
62	C3	TT RR CO
82	HD	HUGGINS, S H
79	HD	JEFFERIES, J D
		RAWLINGS, A J
		RAWLINGS, W L

Draft

Map of Donley County Reinvestment Zone #1



GRAY COUNTY:

The Gray County Commissioners Court created Gray County Reinvestment Zone #1 on November 1, 2013, which is comprised of the following parcels:

Section	Block	Survey
100	82	H&GN RR CO
101	82	H&GN RR CO
102	82	H&GN RR CO
103	82	H&GN RR CO
26	82	H&GN RR CO
35	82	H&GN RR CO
4	82	H&GN RR CO
5	82	H&GN RR CO
55	82	H&GN RR CO
56	82	H&GN RR CO
66	82	H&GN RR CO
67	82	H&GN RR CO
76	82	H&GN RR CO
77	82	H&GN RR CO
78	82	H&GN RR CO
84	82	H&GN RR CO
97	82	H&GN RR CO
98	82	H&GN RR CO
99	82	H&GN RR CO
12	C2	CCSD & RGNG RR CO
19	C2	CCSD & RGNG RR CO
20	C2	CCSD & RGNG RR CO
13	C2	CCSD & RGNG RR CO
3	C2	CCSD & RGNG RR CO
4	C2	CCSD & RGNG RR CO
8	C2	CCSD & RGNG RR CO
22	S	HILL, D B

Draft

Map of Gray County Reinvestment Zone #1

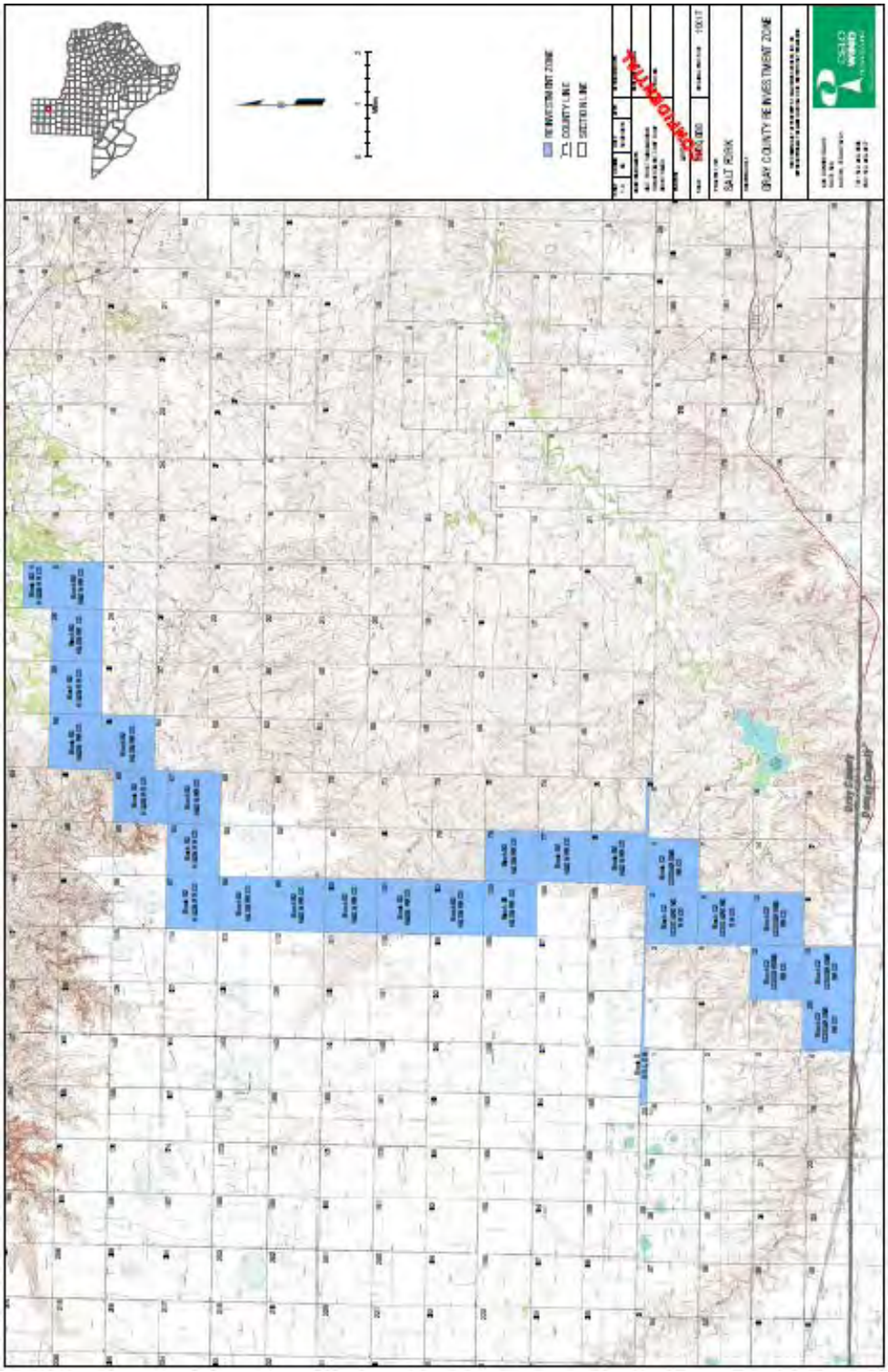


EXHIBIT 3

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

A portion of the Qualified Property owned by the Applicant (55 of the 96 WTG's the Applicant intends to build) is located in those portions of Donley County Reinvestment Zone #1 and Gray County Reinvestment Zone #1 that are within the boundaries of Groom Independent School District. Donley County Reinvestment Zone #1 is legally described as:

Donley County:

Section	Block	Survey
10	B3	H&GN RR CO
11	B3	H&GN RR CO
12	B3	H&GN RR CO
13	B3	H&GN RR CO
14	B3	H&GN RR CO
15	B3	H&GN RR CO
22	B3	H&GN RR CO
23	B3	H&GN RR CO
24	B3	H&GN RR CO
25	B3	H&GN RR CO
29	B3	H&GN RR CO
30	B3	H&GN RR CO
31	B3	H&GN RR CO
32	B3	H&GN RR CO
33	B3	H&GN RR CO
4	B3	H&GN RR CO
5	B3	H&GN RR CO
6	B3	H&GN RR CO
7	B3	H&GN RR CO
8	B3	H&GN RR CO
9	B3	H&GN RR CO
35	C2	CARHART, L H
25	C2	GC&SF RR CO
26	C2	GC&SF RR CO
27	C2	GC&SF RR CO
29	C2	GC&SF RR CO
30	C2	GC&SF RR CO
31	C2	GC&SF RR CO
32	C2	GC&SF RR CO
23	C2	H&GN RR CO
24	C2	H&GN RR CO
33	C2	L&SV RR CO
34	C2	L&SV RR CO
21	C2	TT RR CO
22	C2	TT RR CO
31	C3	GC&SF RR CO
32	C3	GC&SF RR CO
62	C3	TT RR CO
82	HD	HUGGINS, S H
79	HD	JEFFERIES, J D
		RAWLINGS, A J
		RAWLINGS, W L

Draft

Gray County Reinvestment Zone #1 is legally described as:

Gray County:

Section	Block	Survey
100	82	H&GN RR CO
101	82	H&GN RR CO
102	82	H&GN RR CO
103	82	H&GN RR CO
26	82	H&GN RR CO
35	82	H&GN RR CO
4	82	H&GN RR CO
5	82	H&GN RR CO
55	82	H&GN RR CO
56	82	H&GN RR CO
66	82	H&GN RR CO
67	82	H&GN RR CO
76	82	H&GN RR CO
77	82	H&GN RR CO
78	82	H&GN RR CO
84	82	H&GN RR CO
97	82	H&GN RR CO
98	82	H&GN RR CO
99	82	H&GN RR CO
12	C2	CCSD & RGNG RR CO
19	C2	CCSD & RGNG RR CO
20	C2	CCSD & RGNG RR CO
13	C2	CCSD & RGNG RR CO
3	C2	CCSD & RGNG RR CO
4	C2	CCSD & RGNG RR CO
8	C2	CCSD & RGNG RR CO
22	S	HILL, D B

Draft

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon the real property described and shown in Map Exhibit within Groom ISD, which is located in Donley & Gray County, Texas. The property for which the Applicant is requesting an appraised value limitation shall include, but is NOT limited to, the following: up to 55 wind turbines, ranging from 1.8 to 2.3 megawatts with a generating capacity of approximately 110 MW; up to 55 steel reinforced concrete foundations supporting the weight of each turbine tower; up to 55 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation; and a new project electrical substation interconnected to the Gray Texas Electric Substation, a 345kV transmission line located in central Donley County and intersecting on or near I-40 and proceeding north into Gray County connecting at the Gray Electric Substation.

Additionally, the map provided does not present the location of the improvements; however all of the improvements that make up the amount of qualified investment will be made within the Project Investment Area. The Applicant will provide a map with the location of the improvements in the near future.

During 2013, the Applicant obtained Reinvestment Zone designation and approval from Donley and Gray County for the proposed project area and areas of consideration for future expansion.

The Applicant intends to construct a building(s) to house maintenance and operations, supplies, replacement parts and other miscellaneous related equipment. The Applicant will also be constructing an electrical sub-station facility for integration and transmission of power into the electrical grid.

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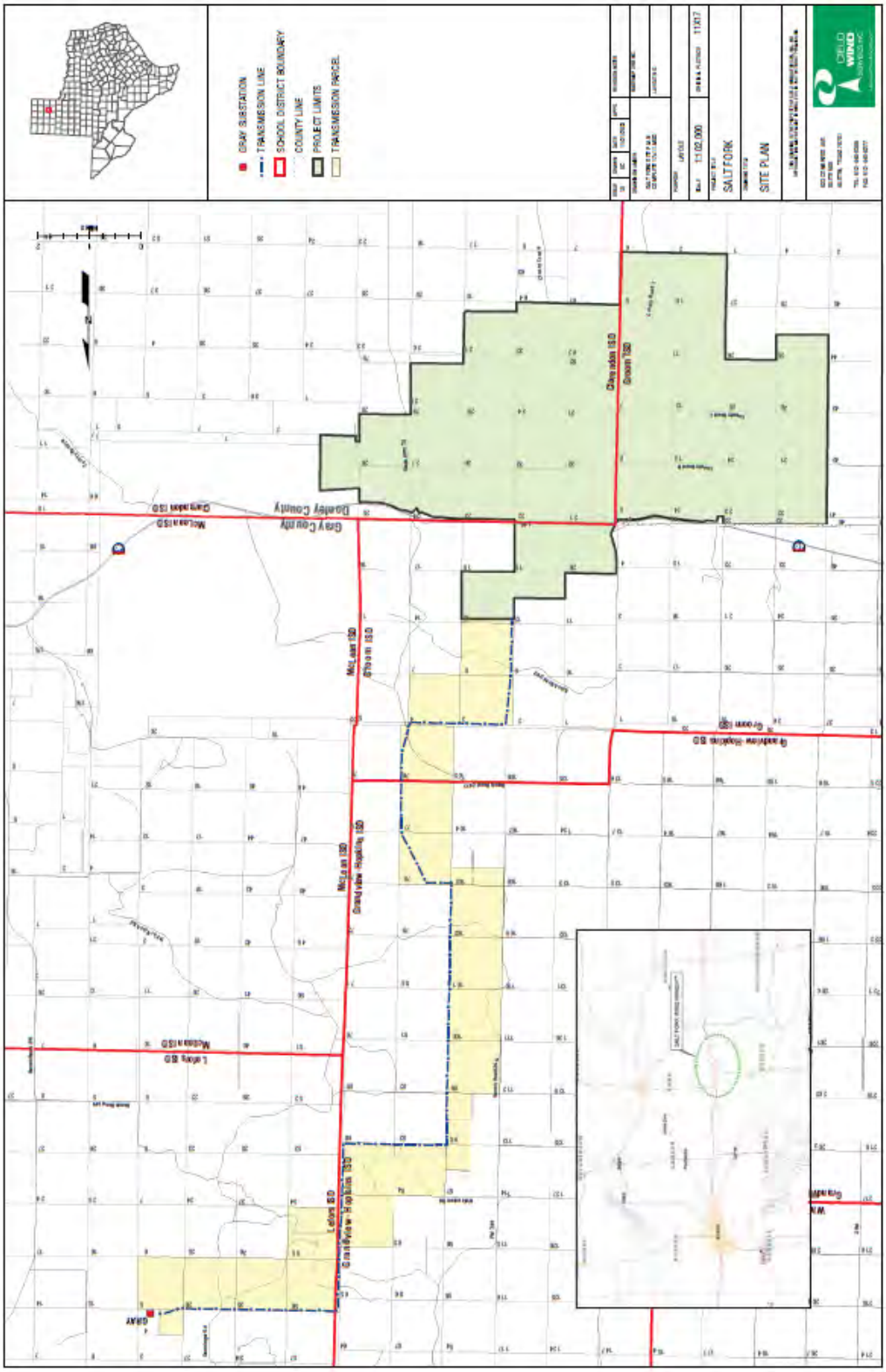
GRAY SUBSTATION
TRANSMISSION LINE
SCHOOL DISTRICT BOUNDARY
COUNTY LINE
PROJECT LIMITS
TRANSMISSION PARCEL
SALT FORK
SITE PLAN
Gray County
Donley County
Clarendon ISD
Groom ISD
McLean ISD
Grandview-Hopkins ISD
Lefors ISD
Gamaden ISD
GRAY

EXHIBIT 4

SUSAN COMBS

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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

May 30, 2014

Jay Lamb
Superintendent
Groom Independent School District
304 W. 3rd St.
Groom, Texas 79039

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Groom Independent School District and Salt Fork Wind, LP

Dear Superintendent Lamb:

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 Groom Independent School District and Salt Fork Wind, LP (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

If you need additional information or have questions, please contact me at (512) 463-3973.

Sincerely,

Robert B. Wood
Director
Economic Development & Analysis

cc: Fred Stormer, Underwood Law Firm, PC
Jon Robertson, Cielo Wind Services, Inc.

November 5, 2013
Mr. Jay Lamb, Superintendent
Groom Consolidated Independent School District
304 W. 3rd St.
Groom, TX 79039

RE: Ch-313 Application for Appraised Value Limitation – Job Waiver Request

Dear Mr. Lamb,

This letter is to advise you that Cielo Wind Services under project company Salt Fork Wind, LP is submitting its Chapter 313 Application for Appraised Value Limitation on Qualified Property with a request for a waiver of the jobs creation requirement. House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-I) to permit a school district's board of trustees to make a finding that the job requirement could be waived if the job requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility of the property owner that is described in the application.

Salt Fork Wind, LP, requests that Groom ISD's Board of Trustees make such a finding and waive the job creation requirement for the permanent jobs. Based on the industry standard, the size and scope of this project will require approximately five (5) permanent jobs.

As background information on the creation of full-time jobs by wind energy projects, these type of projects create a large number of full-time, temporary jobs during the construction phase, but require a small number of highly skilled technicians to operate a wind project once construction operations cease and commercial operations begin.

The permanent employees of a wind project maintain and service wind turbines, underground electrical connections, substations and other infrastructure associated with the safe and reliable operation of the project. The industry standard for permanent employment is one full-time employee for every fifteen to twenty (15-20) turbines, although this number varies depending on the turbines selected as well as the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described, there may be asset managers or technicians who supervise, monitor, and support the wind project operations from offsite locations.

Sincerely,

Jon Robertson
Development Manager

Cielo Wind Power
823 Congress Avenue, 5th Floor
Austin, TX 78701
www.cielowind.com

RESOLUTION OF THE BOARD OF TRUSTEES
OF
GROOM INDEPENDENT SCHOOL DISTRICT

The Board of Trustees of Groom Independent School District ("the District") does hereby make the following resolution regarding a pending application by Salt Fork Wind, LLC, formerly Salt Fork Wind, LP ("Salt Fork"), for a limitation on appraised value agreement under Texas Tax Code, Chapter 313:

WHEREAS, on or about November 12, 2013, Salt Fork submitted to the District an application under Texas Code, Chapter 313 (the "Application") for a limitation on appraised value agreement ("Agreement"), which was deemed complete by the District on November 22, 2013; and

WHEREAS, on or about November 22, 2013, the Application was submitted to the Texas Comptroller; and,

WHEREAS, on or about December 19, 2013, the Texas Comptroller issued a letter deeming the Application complete, advising that it would move forward with its economic impact evaluation, and triggering the effective filing date of the Application; and

WHEREAS, Texas Tax Code § 313.025(b) requires the Board approve or disapprove an application before the 151st day after the date the application is deemed complete by the Comptroller (the "Deadline"), unless the Comptroller's economic impact evaluation has not been received or an extension is agreed to by the Board and the applicant; and,

WHEREAS, due to ongoing negotiations with Salt Fork, it is likely the Agreement will not be approved by the Comptroller in time for the Board to issue its Findings of Fact, and approve and execute such an Agreement before the Deadline; and,

WHEREAS, on April 8, 2014, Salt Fork submitted a request to the District to extend the Deadline, a copy of which is attached here to as Exhibit "A."

NOW BE IT THEREFORE RESOLVED, that the statements contained in the preamble of this Resolution are true and correct and adopted as findings of fact and operative provisions hereof, and that it is in the District's best interest to extend the Deadline as requested, and

BE IT FURTHER RESOLVED, that Board of Trustees finds that it is in the best interest of the District to grant Salt Fork's request, and extend the Deadline for an additional sixty (60) days in order to complete negotiations and allow the Comptroller sufficient time to review and approve the Agreement of the parties; and,

BE IT FURTHER RESOLVED, the superintendent is directed to provide notice to Salt Fork of the Board's decision to grant its request.

Passed and approved by the Groom Independent School District Board of Trustees on this 15th day of April, 2014.

Groom Independent School District

Ron Kuehler

By: Ron Kuehler, President
Groom Board of Trustees

Jeannie Ruthardt

By: Jeannie Ruthardt, Secretary
Groom Board of Trustees

EXHIBIT A

EDF Renewable Energy
15445 Innovation Drive
San Diego, CA 92128
T : 858.521.3300

April 8, 2014

Jay Lamb, Superintendent
Groom ISD
PO Box 598
Groom, TX 79039

via email: jay.lamb@region16.net

Re: Request for Extension to consider 313 Application

Dear Mr. Lamb,

Due to ongoing negotiations regarding the terms of the Limitation on Appraised Value Agreement (the "LAVA"), we do not believe that the LAVA with Salt Fork Wind, LP will be approved by the Comptroller in time for the parties to execute the LAVA within the 151 day deadline imposed by Texas Tax Code Chapter 313, Section 313.025(b). Accordingly, we ask that Groom ISD extend that deadline by no less than 30 days.

We also want to apprise you that the name of the project company has changed. The new name of the project company is Salt Fork Wind, LLC, a Delaware limited liability company. We are providing the conversion documents reflecting that Salt Fork Wind, LLC, a Delaware limited liability company, is the successor-in-interest to the company formerly known as Cielo Salt Fork, LP, a Texas limited partnership. The conversion was effective as of March 12, 2014.

Thank you for your consideration.

Sincerely,

Salt Fork Wind, LLC,
a Delaware limited liability company

By: EDF-RE US Development, LLC
Its: Manager

By: EDF Renewable Development, Inc.
Its: Manager

By: _____
Name: Jeff Ghilardi
Title: Vice President
Technical Services & Implementation

Groom Independent School District
P.O. Box 598
Groom, Texas 79039
Excellence Now: A Commitment to the Future
Superintendent: Jay Lamb (806) 248-7557 Principal: Matt Johnson

April 16, 2014

Salt Fork Wind, LLC
c/o Jeff Ghilardi, Vice President
EDF-RE USD Development, LLC
15445 Innovation Dr.
San Diego, CA 92128

Re: Request for Extension on Application of
Salt Fork Wind, LLC, formerly Salt Fork Wind LP
For a Limited Assessed Valuation Agreement

Dear Mr. Ghilardi:

Please be advised that at a properly called meeting of the Groom Independent School District Board of Trustees on April 15, 2014, the Board took action on the request for an extension to consider the application of Salt Fork Wind, LLC, formerly Salt Fork Wind LP, for a Limited Assessed Valuation Agreement with Groom ISD. The District approved the request, and has granted the extension on the application up to an additional 60 day period (*i.e.,* Friday, July 18, 2014). *See* enclosed copy of the Resolution granting the extension. The Board's action will be reflected in the Minutes of this meeting.

If you have any further questions concerning your extension, please do not hesitate to contact me or Fred Stormer at the Underwood Law Firm. Thank you for your cooperation in this matter.

Sincerely,

Jay Lamb, Superintendent

cc: Lacey Watson, Corporate Counsel, Cielo Wind Services, Inc. ***via email***
Robert Pena, Project Manager, Cielo Wind Services, Inc. ***via email***