

Attachment A

Application



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

Form 50-296
(Revised May 2010)

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 Web site. 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 Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. 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
		8.10.10
First Name	Last Name	
Guy	Birdwell	
Title		
Superintendent		
School District Name		
Buena Vista Independent School District		
Street Address		
Hwy 11 W		
Mailing Address		
P.O. Box 310		
City	State	ZIP
Imperial	Texas	79743
Phone Number	Fax Number	
(432) 536-2336	(432) 536-2436	
Mobile Number (optional)	E-mail Address	
	gbirdwell@bvisd.esc18.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 Kevin Last Name O'Hanlon

Title Special Counsel

Firm Name O'Hanlon, McCollom & Demerath

Street Address 808 West Avenue

Mailing Address 808 West Avenue

City Austin

State TX ZIP 78701

Phone Number (512) 494-9949

Fax Number (512) 494-9919

Mobile Number (Optional)

E-mail Address kohanlon@808west.com; mhanley@808west.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

8-10-10

Has the district determined this application complete? Yes No

If yes, date determined complete. August 20, 2010

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

Table with 3 columns: Checklist, Page X of 16, Check Completed. Contains 6 rows of checklist items.



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name Sam	Last Name Gregson	
Title Manager, Property Tax		
Organization Sherbino II Wind Farm LLC		
Street Address 700 Louisiana, 33rd Floor		
Mailing Address P.O. Box 3092		
City Houston	State TX	ZIP 77253-3092
Phone Number (281) 366-3418	Fax Number (281) 504-8593	
Mobile Number (optional)	Business e-mail Address Kerry.Albright@BP.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 Kerry	Last Name Albright	
Title Property Tax Representative		
Organization Sherbino II Wind Farm LLC		
Street Address 700 Louisiana, 33rd Floor		
Mailing Address P.O. Box 3092		
City Houston	State TX	ZIP 77253-3092
Phone Number (281) 366-3418	Fax Number (281) 504-8593	
Mobile Number (optional)	E-mail Address Kerry.Albright@BP.com	

I authorize the consultant to provide and obtain information related to this application... **N/A** Yes No

Will consultant be primary contact? **N/A** Yes No



APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

N/A Name
N/A
Title

Last Name

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.

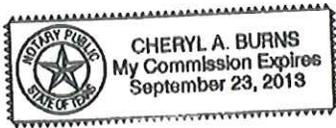
Signature (Authorized Business Representative (Applicant))

Date

Sam G. Green

7/21/10

GIVEN under my hand and seal of office this 21ST day of JULY, 2010



(Notary Seal)

[Signature]
Notary Public, State of TEXAS

My commission expires 9/23/13

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

Sherbino II Wind Farm LLC

Texas Taxpayer I.D. Number of entity subject to Tax Code, Chapter 171 (11 digits)

3203713436

NAICS code

221119

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.

Iraan Sheffield, agreement dated December 8, 2008, first qualifying year 2009

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 liability corporation

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.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

- Are you an entity to which Tax Code, Chapter 171 applies?
The property will be used as an integral part, or as a necessary auxiliary part, in one of the following activities:
(1) manufacturing
(2) research and development.
(3) a clean coal project, as defined by Section 5.001, Water Code
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code
(5) renewable energy electric generation
(6) electric power generation using integrated gasification combined cycle technology.
(7) nuclear electric power generation
(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)
Are you requesting that any of the land be classified as qualified investment?
Will any of the proposed qualified investment be leased under a capitalized lease?
Will any of the proposed qualified investment be leased under an operating lease?
Are you including property that is owned by a person other than the applicant?
Will any property be pooled or proposed to be pooled with property owned by the applicant in determining the amount of your qualified investment?

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

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

See Attachment 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

- New Jobs, Relocation from Out-of-State, Consolidation, Construct New Facility, Expansion, Relocation within Texas, New Business / Start-up, Expand Existing Facility, Purchase Machinery & Equipment

PROJECTED TIMELINE

Begin Construction Q2, 2011, Construction Complete Q4, 2011, Purchase Machinery & Equipment Q1, 2011, Begin Hiring New Employees Q1, 2011, Fully Operational Q4, 2011

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)?
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? Q4, 2011



ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
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.)

312 Agreement with Pecos County and Pecos Middle Ground Water District. See Schedule D for terms of agreement

THE PROPERTY

Identify county or counties in which the proposed project will be located Pecos County

Central Appraisal District (CAD) that will be responsible for appraising the property Pecos CAD

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: Pecos (100%) City: N/A
(Name and percent of project) (Name and percent of project)

Hospital District: N/A Water District: Pecos Middle Ground (100%)
(Name and percent of project) (Name and percent of project)

Other (describe): N/A Other (describe): N/A
(Name and percent of project) (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.

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 Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

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? 215 Million

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? December, 2010

What is the anticipated date of the beginning of the qualifying time period? January 1, 2011

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? 215 million

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 [x] 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 [x] 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? [x] 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)? 0

The last complete calendar quarter before application review start date is the: [] First Quarter [x] Second Quarter [] Third Quarter [] Fourth Quarter of (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? 0

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. N/A

Total number of new jobs that will have been created when fully operational 4

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 [x] 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)? [x] 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? 4

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 http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

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 Web site. 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 818.50

110% of the county average weekly wage for manufacturing jobs in the county is 451.55

110% of the county average weekly wage for manufacturing jobs in the region is 770.44

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? 40,062.88

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? 40,063

- 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? 50%

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.)

See attachment 15

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	N/A
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	N/A
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	N/A
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.



Fax Transmittal Form

FROM: BUENA VISTA ISD

Attn: Kevin O'Hanlon

Organization Name/Dept: O'Hanlon, Mr. Colson & Demerath

PHONE: (432) 536-2225
FAX: (432) 536-2469

Phone number: _____

Fax number: 512-494-9919

Date sent: 8.17 2010

Time sent: 1:30 a.m./p.m.

Number of pages including cover page: 2

RE: BP Application Fee

Message:

see attached

ATTACHMENT 3

N/A

ATTACHMENT 4

Sherbino II Wind Farm LLC ("the Company") is requesting an appraised value limitation from Buena Vista ISD for a proposed renewable energy project using wind turbines (wind farm) in Pecos County. The wind farm will be constructed within a reinvestment zone established by the Pecos County Commissioners Court. A map showing the location of the wind farm is included as Attachment 9. The resolution establishing the reinvestment zone is included as Attachment 22. Because the copy of the certified map from the official County records is unclear, a clean color copy of the map has been provided as Attachment 21.

The wind farm will have a capacity of 150 megawatts. To construct the wind farm, the Company will install an estimated sixty (60) wind turbines in the Buena Vista ISD that will have a rated capacity of 2.5 megawatts each. In addition to the wind turbines, electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines.

Construction of the wind farm is proposed to begin in the first quarter of 2011 and will take approximately twelve (12) months. The wind farm is slated to begin commercial operations in the 4th quarter of 2011, but it may take until the first quarter of 2012 to begin commercial operations. At the peak of construction an estimated one hundred and twenty-five (125) construction workers will be employed at the project site.

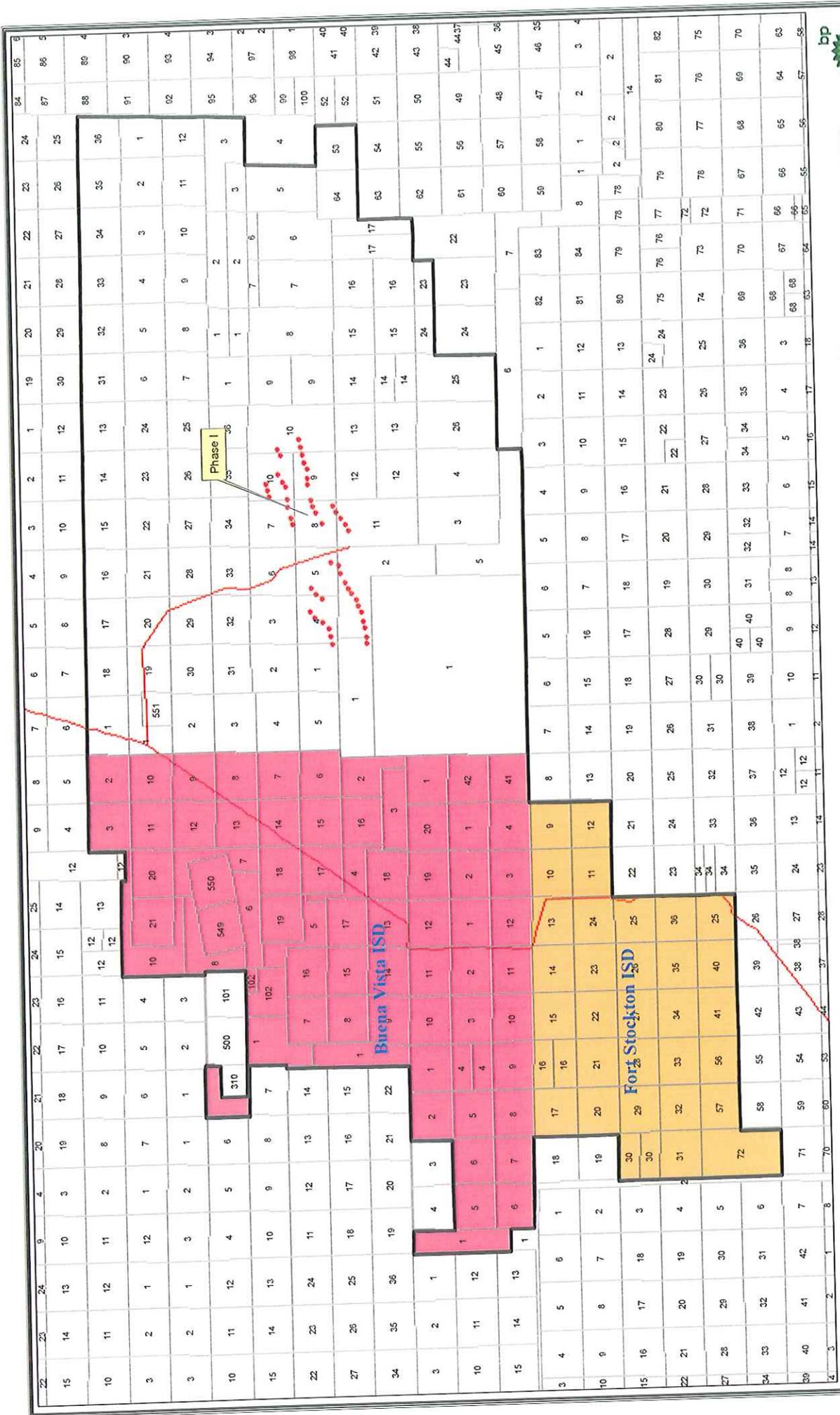
Wind farms are currently being developed, built, and installed in numerous other states, including but not limited to Colorado, Kansas, New Mexico, California, and Minnesota. Within Texas, at least 20 other counties currently have wind farms proposed, under construction, or are currently operating with potential new sites are growing yearly. The Company could invest its resources in any of these locations.

ATTACHMENT 5

N/A

ATTACHMENT 6

The qualified investment will consist of an estimated sixty (60) wind turbines in the Buena Vista ISD that will have a rated capacity of 2.5 megawatts each. In addition to the wind turbines, electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines.



This drawing is prepared in accordance with the standards and specifications of the American Society of Professional Engineers (ASCE) and is intended for use as a guide only. Any reproduction or distribution of this drawing without the written consent of the engineer is prohibited.



Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

BP WIND ENERGY

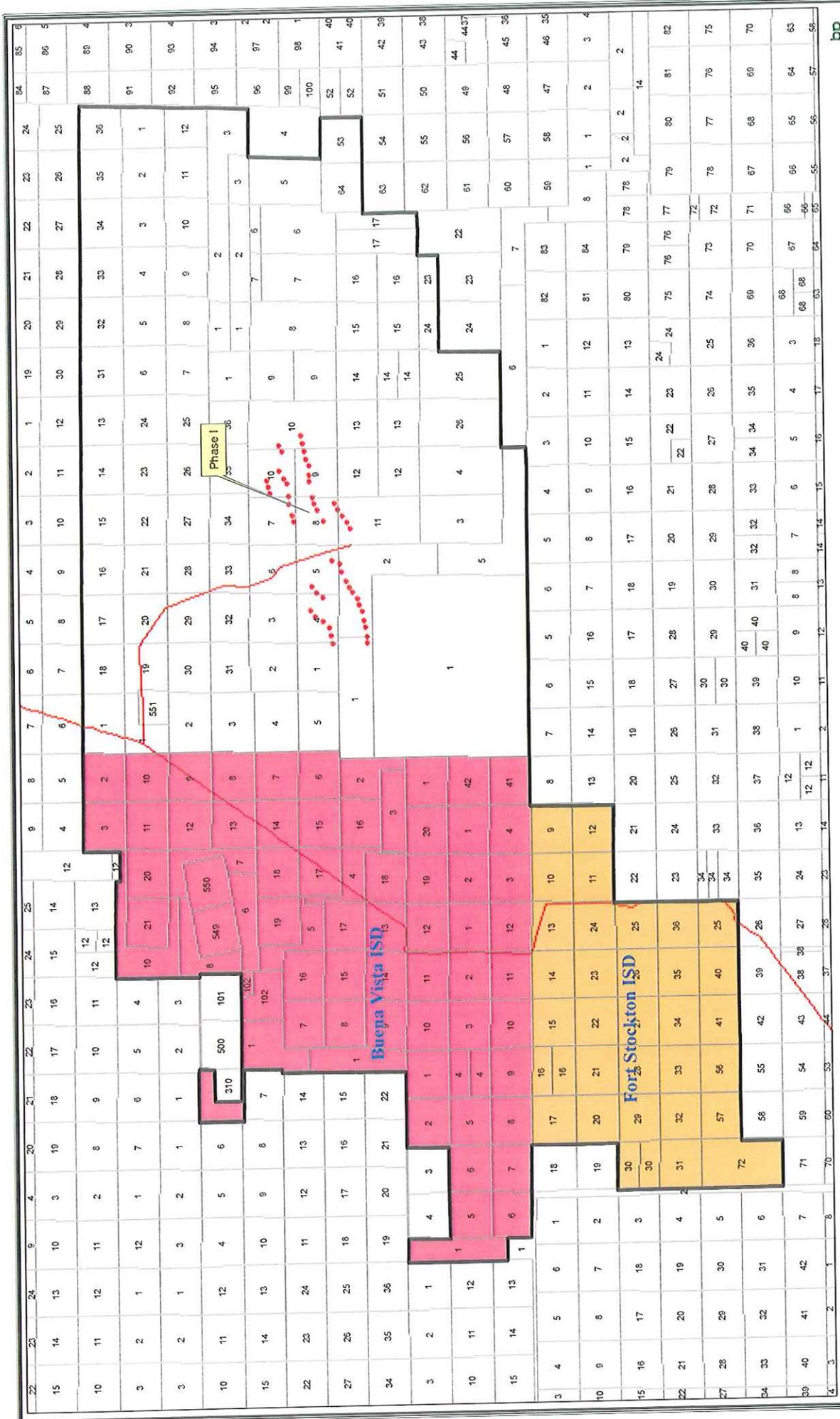
ATTACHMENT 8

The qualified property will consist of an estimated sixty (60) wind turbines in the Buena Vista ISD that will have a rated capacity of 2.5 megawatts each. In addition to the wind turbines, electrical connections will be installed to permit the interconnection and transmission of electricity generated by the wind turbines.

Due to the nature of the project, at this time, we are unable to precisely pinpoint the location of the 60 turbines listed on the Chapter 313 Application for Appraised Value Limitation on Qualified Property.

However, all the property for which Sherbino II Wind Farm LLC is requesting an appraised value limitation as defined by Tax Code Section 313.021(2), which includes approximately 150 MW Clipper turbines, towers, transformers, transmission lines, and associated ancillary equipment necessary to safely operate, maintain and transmit power to the ERCOT grid, and meteorological equipment to measure and test wind speed and direction, and a relatively insubstantial amount of personal property will be placed within the Designated Reinvestment Zone of Pecos County which will be created by the Pecos County Commissioner's Court on May 29, 2007. The project boundaries are wholly contained within the reinvestment zone boundaries.

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The applicant expects to build the proposed project within one year, with 100% of the construction to be in the Buena Vista Independent School District. The applicant will commence construction on January 1, 2011. The applicant intends to complete construction prior to the end of 2011 and expects to meet the minimum qualified investment threshold by the end of 2011 and in any event prior to the expiration of the Qualifying Period. All of the property for which the applicant is seeking a limitation on appraised value will be owned by the applicant.



Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

BP WIND ENERGY



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Attachment 10

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SHERBINO MESA WIND FARM - REINVESTMENT ZONE LEGAL DESCRIPTION
5/22/2007

<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
16	31	UL	
16	32	UL	
16	33	UL	
16	34	UL	
16	35	UL	
16	36	UL	
17	1	UL	
17	2	UL	
17	3	UL	
17	4	UL	
17	5	UL	
17	6	UL	
17	7	UL	
17	8	UL	
17	9	UL	
17	10	UL	
17	11	UL	
17	12	UL	
18	13	UL	
18	14	UL	
18	15	UL	
18	16	UL	
18	17	UL	
18	18	UL	
18	19	UL	
18	20	UL	
18	21	UL	
18	22	UL	
18	23	UL	
18	24	UL	
18	25	UL	
18	26	UL	
18	27	UL	
18	28	UL	
18	29	UL	
18	30	UL	
18	31	UL	
18	32	UL	
18	33	UL	
18	34	UL	
18	35	UL	
18	36	UL	
19	1	UL	
19	2	UL	
19	3	UL	
19	4	UL	
19	5	UL	
19	6	UL	

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<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
19	7	UL	
19	8	UL	
19	9	UL	
19	10	UL	
19	11	UL	
19	12	UL	
19	13	UL	
19	14	UL	
19	15	UL	
19	16	UL	
19	17	UL	
19	18	UL	
19	19	UL	
19	20	UL	
19	21	UL	
20	1	UL	
20	2	UL	
20	3	UL	
100	1	EL&RR RR CO	
100	2	EL&RR RR CO	
100	3	EL&RR RR CO	
100	4	EL&RR RR CO	
100	9	EL&RR RR CO	
100	10	EL&RR RR CO	
100	11	EL&RR RR CO	
100	41	EL&RR RR CO	
100	42	EL&RR RR CO	
101	25	GC&SF RR CO	
101	40	POITEVENT, J	
101	41	POITEVENT, J	
101	66	AB&M	
101	57	AB&M	
101	72	CONN, J	
101	102	POITEVENT, J	
104	1	JASPER CSL	
105	551	ARZA IRRIG & MFG CO	
106	8	T&STL RR CO	
125	1	T&STL RR CO	
125	2	T&STL RR CO	
125	5	T&STL RR CO	
125	6	T&STL RR CO	
125	7	T&STL RR CO	
125	8	T&STL RR CO	
125	9	T&STL RR CO	
125	10	T&STL RR CO	
125	11	T&STL RR CO	
125	12	T&STL RR CO	
125	13	T&STL RR CO	
125	14	T&STL RR CO	
125	15	T&STL RR CO	
125	16	T&STL RR CO	

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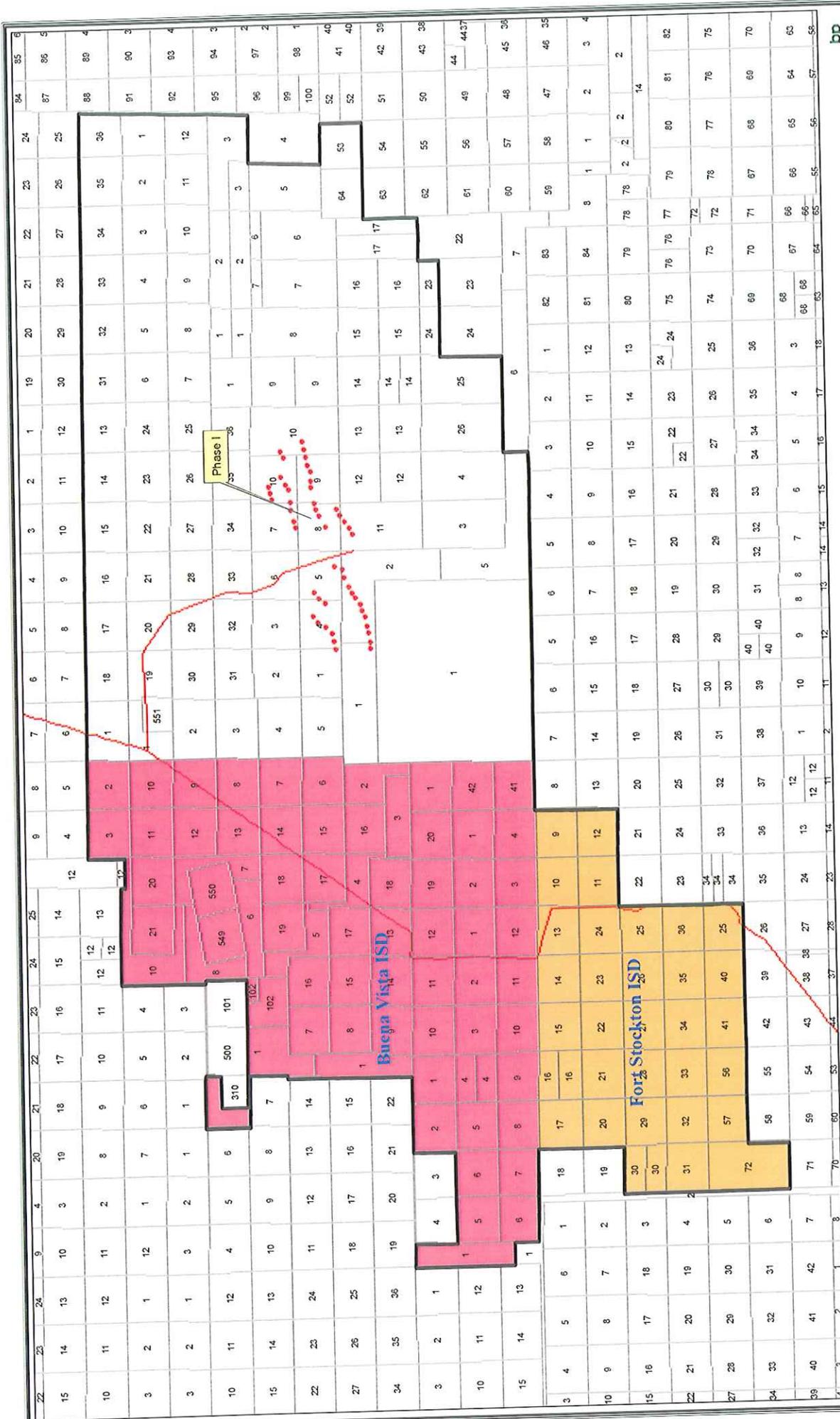
<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
125	17	T&STL RR CO	
125	18	T&STL RR CO	
125	19	T&STL RR CO	
125	20	T&STL RR CO	
126	1	T&STL RR CO	
126	2	T&STL RR CO	
126	3	T&STL RR CO	
126	4	T&STL RR CO	All of section 4
126	5	T&STL RR CO	
126	6	T&STL RR CO	
126	7	T&STL RR CO	
126	9	T&STL RR CO	
126	10	T&STL RR CO	
126	11	T&STL RR CO	
126	12	T&STL RR CO	
126	13	T&STL RR CO	
126	14	T&STL RR CO	
126	15	T&STL RR CO	
126	16	T&STL RR CO	All of section 16
126	17	T&STL RR CO	
126	20	T&STL RR CO	
126	21	T&STL RR CO	
126	22	T&STL RR CO	
126	23	T&STL RR CO	
126	24	T&STL RR CO	
126	25	T&STL RR CO	
126	26	T&STL RR CO	
126	27	T&STL RR CO	
126	28	T&STL RR CO	
126	29	T&STL RR CO	
126	30	T&STL RR CO	All of section 30
126	31	T&STL RR CO	
126	32	T&STL RR CO	
126	33	T&STL RR CO	
126	34	T&STL RR CO	
126	35	T&STL RR CO	
126	36	T&STL RR CO	
180	5	TC RR CO	
180	6	TC RR CO	
180	7	TC RR CO	
180	8	TC RR CO	
180 1/2	1	TC RR CO	
180 1/2	2	TC RR CO	
180 1/2	3	TC RR CO	
180 1/2	4	TC RR CO	
180 1/2	10	A D W	
180 1/2	549	MASSEY, J V	
180 1/2	560	MASSEY, J V	
206	1	SIMMONS, M	
206	2	SIMMONS, M	
206	3	PARKER, MRS A	

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<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
206	4	PARKER, A	
206	5	MARTINS, N	
215	1	HENLEY, W D C	All of section 1
216	1	MC COLLUM, J M	
603	1	GC&SF RR CO	
603	2	GC&SF RR CO	
603	3	GC&SF RR CO	
603	4	GC&SF RR CO	
603	5	GC&SF RR CO	
603	6	GC&SF RR CO	
603	7	GC&SF RR CO	
603	8	GC&SF RR CO	
603	9	GC&SF RR CO	
603	10	GC&SF RR CO	
604	1	WRIGHT, J L	All of section 1
604	2	MOFFETT, S B	All of section 2
604	3	REIERSON, C N	All of section 3
604	5	BOESE, C	
604	6	MOOREMAN, M F	All of section 6
604	7	CLOUD, J T	All of section 7
604	8	CANNON, MRS A L	
604	9	SMITH, B M	
604	10	WILSON, W F	
604	11	GUNTER, I J	
604	12	WALKER, MRS M J	All of section 12
604	13	DUNNAM, MRS A M	All of section 13
604	14	LASATER, J H	All of section 14
604	15	COOPER, MRS T	All of section 15
604	16	SANDERS, P	All of section 16
604	17	WILLIFORD, C J	All of section 17
604	23	BARNES, E	
604	24	SANDELL, MRS R S	
604	25	SNIDER, W H	
604	26	MC CAUGHAN, J D	
C4	53	GC&SF RR CO	
C4	64	GC&SF RR CO	

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This drawing is proprietary information and should not be used for any other project without the written consent of BP Wind Energy. An authorized representative of a distributor is prohibited.



Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

BP WIND ENERGY

ATTACHMENT 12

N/A

ATTACHMENT 13

Job Requirement Waiver

The Sherbino II Wind Energy Project will create four qualifying jobs, as that term is defined in Chapter 313.021 (3). House Bill 1470 altered the jobs requirement by adding Section 313.025 (f-1) 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.

Sherbino II Wind Farm LLC has requested that the Buena Vista Independent School District's Board of Trustees make such a finding and waive the job creation requirement. Based on the industry standard, the size and scope of this project will require less than ten permanent jobs.

Wind projects create a large number of part time jobs during the construction phase, but require a small number of highly skilled technicians to operate a wind project once commercial operations start. 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. Based on its operating procedures, Sherbino II Wind Farm LLC staffs a wind farm in a ratio of one full-time employee for every fifteen turbines, although this number can and does vary depending upon the turbine selected and the support and technical assistance offered by the turbine manufacturer. In addition to the onsite employees described above, there may be asset managers or technicians who supervise, monitor, and support wind project operations from offsite locations.

ATTACHMENT 14

110% of County Average Weekly Wage for all Jobs

2009	2Q	684
2009	3Q	714
2009	4Q	729
2010	1Q	849

$$\begin{aligned} 2976/4 &= \$744 \text{ average weekly salary} \\ &\quad \underline{\times 1.1 (110\%)} \\ &\quad \$818.40 \end{aligned}$$

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

2009	2Q	383
2009	3Q	398
2009	4Q	431
2010	4Q	430

$$\begin{aligned} 1642/4 &= \$410.50 \text{ average weekly salary} \\ &\quad \underline{\times 1.1 (110\%)} \\ &\quad \$451.55 \end{aligned}$$

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

\$17.51 per hour

X 40 hr per week

\$ 700.40 average weekly salary

X 1.10 (110%)

\$770.44

X 52 weeks

40,062.88

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2009	1st Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$773
2009	2nd Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$684
2009	3rd Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$714
2009	4th Qtr	Pecos County	Private	00	0	10	Total, All Industries	\$729

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
2009	1st Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$390
2009	2nd Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$383
2009	3rd Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$398
2009	4th Qtr	Pecos County	Private	31	2	31-33	Manufacturing	\$431

**2008 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
Texas	\$20.61	\$42,872
<u>1. Panhandle Regional Planning Commission</u>	\$18.23	\$37,916
<u>2. South Plains Association of Governments</u>	\$14.81	\$30,799
<u>3. NORTEX Regional Planning Commission</u>	\$17.78	\$36,982
<u>4. North Central Texas Council of Governments</u>	\$22.60	\$47,011
<u>5. Ark-Tex Council of Governments</u>	\$15.50	\$32,239
<u>6. East Texas Council of Governments</u>	\$16.07	\$33,431
<u>7. West Central Texas Council of Governments</u>	\$16.30	\$33,904
<u>8. Rio Grande Council of Governments</u>	\$14.93	\$31,048
<u>9. Permian Basin Regional Planning Commission</u>	\$17.51	\$36,422
<u>10. Concho Valley Council of Governments</u>	\$14.07	\$29,274
<u>11. Heart of Texas Council of Governments</u>	\$17.19	\$35,749
<u>12. Capital Area Council of Governments</u>	\$24.50	\$50,969
<u>13. Brazos Valley Council of Governments</u>	\$14.93	\$31,052
<u>14. Deep East Texas Council of Governments</u>	\$15.42	\$32,066
<u>15. South East Texas Regional Planning Commission</u>	\$24.60	\$51,161
<u>16. Houston-Galveston Area Council</u>	\$21.80	\$45,353
<u>17. Golden Crescent Regional Planning Commission</u>	\$18.72	\$38,932
<u>18. Alamo Area Council of Governments</u>	\$16.50	\$34,330
<u>19. South Texas Development Council</u>	\$13.76	\$28,631
<u>20. Coastal Bend Council of Governments</u>	\$22.61	\$47,037
<u>21. Lower Rio Grande Valley Development Council</u>	\$13.05	\$27,145
<u>22. Texoma Council of Governments</u>	\$17.99	\$37,415
<u>23. Central Texas Council of Governments</u>	\$16.47	\$34,255
<u>24. Middle Rio Grande Development Council</u>	\$13.85	\$28,810

Source: Texas Occupational Employment and Wages

Data published: 9 June 2009

Data published annually, next update will be June 2010.

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.

ATTACHMENT 15

In addition to the annual salary, each qualified position will receive Medical, Dental, Vision, Life, and Short & Long Term Disability Insurance. Additional benefits will include a 401K will 100% match up to 6%, and a retirement fund based upon age and years of service.

ATTACHMENT 16

N/A

Schedule A (Rev. May 2010): Investment

Form 50-296

Applicant Name

ISD Name

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 Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period	2010-2011	2010					
	1	2011-12	2011	\$ 215,000,000.00	\$ 215,000,000.00		\$ 215,000,000.00
	2	2012-13	2012				
	3	2013-14	2013				
	4	2014-15	2014				
	5	2015-16	2015				
	6	2016-17	2016				
	7	2017-18	2017				
	8	2018-19	2018				
	9	2019-20	2019				
	10	2020-21	2020				
	11	2021-22	2021				
	12	2022-23	2022				
	13	2023-24	2023				
	14	2024-25	2024				
15	2025-26	2025					

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.

Column B: Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. 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).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. 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.

Sam A. Stueger
 SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

7/21/10
 DATE

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

Applicant Name
ISD Name

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Reductions from Market Value		Estimated Taxable Value	Final taxable value for M&O--after all reductions
				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			
	pre-year 1	2010-2011	2010							
Complete tax years of qualifying time period	1	2011-12	2011							
	2	2012-13	2012		\$ 215,000,000				\$ 215,000,000	\$ 215,000,000
	3	2013-14	2013		\$ 206,400,000				\$ 206,400,000	\$ 10,000,000
	4	2014-15	2014		\$ 198,144,000				\$ 198,144,000	\$ 10,000,000
	5	2015-16	2015		\$ 190,218,240				\$ 190,218,240	\$ 10,000,000
Value Limitation Period	6	2016-17	2016		\$ 182,609,510				\$ 182,609,510	\$ 10,000,000
	7	2017-18	2017		\$ 175,305,130				\$ 175,305,130	\$ 10,000,000
	8	2018-19	2018		\$ 168,292,925				\$ 168,292,925	\$ 10,000,000
	9	2019-20	2019		\$ 161,561,208				\$ 161,561,208	\$ 10,000,000
	10	2020-21	2020		\$ 155,098,759				\$ 155,098,759	\$ 10,000,000
Continue to Maintain Viable Presence	11	2021-22	2021		\$ 148,894,809				\$ 148,894,809	\$ 148,894,809
	12	2022-23	2022		\$ 142,939,017				\$ 142,939,017	\$ 142,939,017
	13	2023-24	2023		\$ 137,221,456				\$ 137,221,456	\$ 137,221,456
Post-Settle-Up Period	14	2024-25	2024		\$ 131,732,598				\$ 131,732,598	\$ 131,732,598
	15	2025-26	2025		\$ 126,463,294				\$ 126,463,294	\$ 126,463,294

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.

7/21/10

Sam L. [Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

Schedule C- Application: Employment Information

Applicant Name
ISD Name

Form 50-296

	Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction		New Jobs		Qualifying Jobs			
				Column A: Number of Construction FTEs 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	2010-11	2010								
	1	2011-12	2011	125 FTE	52000	4	\$40,063	4	\$40,063		
	2	2012-13	2012			4	\$40,063	4	\$40,063		
	3	2013-14	2013			4	\$40,063	4	\$40,063		
	4	2014-15	2014			4	\$40,063	4	\$40,063		
	5	2015-16	2015			4	\$40,063	4	\$40,063		
	6	2016-17	2016			4	\$40,063	4	\$40,063		
	7	2017-18	2017			4	\$40,063	4	\$40,063		
	8	2018-19	2018			4	\$40,063	4	\$40,063		
	9	2019-20	2019			4	\$40,063	4	\$40,063		
	10	2020-21	2020			4	\$40,063	4	\$40,063		
	11	2021-22	2021			4	\$40,063	4	\$40,063		
	12	2022-23	2022			4	\$40,063	4	\$40,063		
	13	2023-24	2023			4	\$40,063	4	\$40,063		
	14	2024-25	2024			4	\$40,063	4	\$40,063		
	15	2025-26	2025			4	\$40,063	4	\$40,063		
Tax Credit Period (with 50% cap on credit)											
Credit Settle-Up Period											
Post- Settle-Up Period											
Post- Settle-Up Period											

Notes: For job definitions see TAC §§.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

7/21/10
DATE

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MINUTES OF THE COMMISSIONERS' COURT

On this the 29th day of May 2007 and the time posted for a Regular Session of the Commissioners' Court in the Courtroom of the Pecos County Courthouse, Fort Stockton, Texas with the following members present, to-wit:

Hon. Joe Shuster
George Riggs
Juan Rodriguez
J.H. Kent
Santiago Cantu
Jesse Gonzales, Jr
Judy Deerfield

County Judge
Commissioner Pct. #1
Commissioner Pct. #2
Commissioner Pct. #3
Commissioner Pct. #4
County Attorney
County Clerk

Court was called into Session at 10:06 a.m. for a public hearing reference application by BP Wind Energy North America, Inc. to designate certain property located in Pecos County as a reinvestment zone for property tax abatement under Chapter 312 of the Texas Tax Code. The property is located on or near what is commonly known as Sherbino Mesa and intended for use as a wind farm by BP Wind Energy North America, Inc.

Upon motion by Commissioner Kent, seconded by Commissioner Riggs, and carried, it was ordered to approve Minutes of previous meeting as corrected by County Clerk.

Upon motion by Commissioner Kent, seconded by Commissioner Riggs, and carried, it was ordered to establish a re-investment zone for BP Wind Energy North America, Inc. for property that is located on or near what is commonly known as Sherbino Mesa, and is intended for use as a wind farm. SEE ABATEMENT AGREEMENT FOR PROPERTY EXHIBIT BEGINNING ON PAGE 389.

Commissioner Riggs made a motion to call for bids for vending machines in County buildings; Commissioner Cantu seconded the motion. Motion and second were withdrawn.

Upon motion by Commissioner Riggs, seconded by Commissioner Rodriguez, and carried, it was ordered to table any action on vending machines.

Upon motion by Commissioner Riggs, seconded by Commissioner Rodriguez, and carried, it was ordered to table any action on agreement with DirectBytes, LLC to lease tower space on the Precinct #4 tower for public internet usage.

Item #6 awarding 2 bids for contractors for Housing Rehabilitation for Sara Pena and Rosa Rojas for Grant #726045 was passed.

Upon motion by Commissioner Riggs, seconded by Commissioner Rodriguez, and carried, it was ordered to approve out of state travel for Chief Adult and Juvenile Officer, Juan Hernandez.

Upon motion by Commissioner Kent, seconded by Commissioner Riggs, and carried, it was ordered to call for bids for two vehicles for Adult Probation Office to opened on June 25, 2007 at 11:00 a.m..

Upon motion by Commissioner Riggs, seconded by Commissioner Rodriguez, and carried, it was ordered to adopt Proclamation designating May 28, 2007 as Memorial Day in Pecos County as shown on Page 330.

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TAX ABATEMENT AGREEMENT

STATE OF TEXAS §

COUNTY OF PECOS §

This Agreement made this 25th day of June, 2007, by and between Pecos County, Texas, a Political Subdivision of the State of Texas (hereinafter called "County"), and BP Wind Energy North America Inc. (hereinafter called "Company");

WITNESSETH:

WHEREAS, County did receive from Company on the 26th day of April, 2007, an application for tax abatement for the construction of a new facility in Pecos County, which is further described in Exhibit "B" (hereinafter called "Facility"). The new Facility will be a renewable energy project using wind turbines (wind farm).

WHEREAS, upon review of the above application, the County determined that said Facility would be located in the Reinvestment Zone designated by the County; and

WHEREAS, the Guidelines and Criteria Governing Tax Abatement for Projects in Designated Reinvestment Zones in the County of Pecos were heretofore adopted by the Commissioner's Court of the County of Pecos, a copy of which is attached as Exhibit "A" and introduced herein as if fully set forth; and

WHEREAS, the County did comply with all the requirements set forth in V.T.C.A. Tax Code, Section 312.2011; and

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WHEREAS, the County did comply with all of the criteria and guidelines for creation of a reinvestment zone as set forth in Chapter 312.201, Texas Property Tax Code, having adopted the Designated Reinvestment Zone by the County of Pecos on May 29th, 2007, which resolution includes the land area described in the Company's application letter for tax abatement dated April 26th, 2007; and

WHEREAS, the application received by County from Company is an application for the construction of a new Facility; and

WHEREAS, V.T.C.A., Tax Code, Sec. 312.002 specifically states that such a purpose is to be included in the guidelines for tax abatement and to be eligible for such treatment; and

WHEREAS, Section IV (b) of the Guidelines and Criteria Governing Tax Abatement for Projects in Designated Reinvestment Zones adopted by the Commissioner's Court (Exhibit "A") does recognize construction of a new Facility as being eligible for commercial tax abatement status; and

WHEREAS, the Commissioner's Court does hereby find that all of the Guidelines and Criteria established for Tax Abatement within the Reinvestment Zones of Pecos County, as adopted, and attached as Exhibit "A" have been met by Company; and

WHEREAS, Company does intend to construct a new Facility; and

WHEREAS, the location of the new Facility and real property, which are to be the subject matter of the Agreement, are attached hereto as Exhibit "B", and made a part of this Agreement for all purposes; and

WHEREAS, the Commissioner's Court finds that entering into this Agreement to abate taxes on the property described in Exhibit "B" will promote high quality commercial development in the County, and enhance economic development within the Designated Reinvestment Zone.

NOW THEREFORE, for and in consideration of the premises, and of the mutual terms, covenants and conditions herein contained, the County and Company do hereby agree as follows:

- (a) All proposed new construction to be located in the Reinvestment Zone established by Pecos County, Texas, which is further described in Exhibit "C".
- (b) All eligible tangible personal property placed in or upon the property set forth in Exhibit "B", which does not include any equipment and personal property currently owned by the Company.
- (c) It is further understood that all items affixed to the improvements placed upon the real property identified in Exhibit "B", including, without limitation, machinery and equipment shall be considered part of the real property improvement, and taxes thereon shall be abated in accordance with the provisions of Section 12 of this Agreement.

SECTION 8. Economic Qualification. Company agrees to expend, or cause to be expended, funds necessary to qualify for tax abatement by constructing a new Facility, as set forth in the Guidelines and Criteria Governing Tax Abatement in Designated Reinvestment Zones in Pecos County (Exhibit A) on the property described in Exhibit B. A description of the kind, number and location of all proposed improvements is attached in Company's application, Exhibit "B" and incorporated herein as fully set forth.

SECTION 9. Local Spend. Company agrees to act in accordance with Exhibit (D) with regards to utilizing local resources for services and supplies in the construction of the wind farm.

SECTION 10. Value of Improvements. It is expected that the Facility, once constructed, will have an investment of approximately \$175,000,000 (one hundred seventy-five million dollars), which Facility will be located within the Reinvestment Zone established by Pecos County, Texas which is further described in Exhibit C.

SECTION 11. County Access to Property. Company agrees that County shall have access to the property, which is the subject matter of this Agreement, during normal business hours, and that County employees shall, subject to being accompanied by Company employees,

completing any required safety training, and complying with Company's safety regulations, be able to inspect the property to insure that the improvements are being made in accordance with the terms and conditions of Company's application for commercial tax abatement, attached as Exhibit "B", and this Agreement.

SECTION 12. Portion of Tax Abated. County agrees, during the term of this Agreement, to abate taxes on eligible property according to the following schedule:

Year 1 (2009)	100%
Year 2	100%
Year 3	100%
Year 4	100%
Year 5	100%
Year 6	100%
Year 7	100%
Year 8	100%
Year 9	100%
Year 10	100%

SECTION 13. Payment in Lieu of Tax. Company agrees to make, or cause to be made, an annual \$400,000 payment in lieu of tax to County in years 8-10 of the abatement period. Payment is to be made within 30 days of receipt of invoice from Pecos County.

SECTION 14. Commencement Date. This Agreement shall commence upon January 1, 2009 and shall expire ten (10) years after such date. Company shall provide certification of completion in writing both to the County and to the Pecos County Central Appraisal District within ten (10) days of completion of the Facility.

SECTION 15. Type of Improvements. The Company proposes to build a new Facility as described in Exhibit "B". The Company further states that construction of the proposed improvements to the property above mentioned are expected to commence approximately third quarter 2007, and be completed within approximately eight (8) months from said date. The Company may request an extension of the above dates from County in the event circumstances beyond the control of Company necessitate additional time for completion of such improvements, and such consent shall not be unreasonably withheld. Upon County granting such extension, the abatements under this Agreement would be extended accordingly.

SECTION 16. Drawings of Improvements. Company shall furnish County with a plat showing the location of wind turbines installed upon completion of the Facility.

SECTION 17. Limitation on Use. Company agrees to limit the use of the Facility set forth in Exhibit "B" to the proposed commercial uses, including, without limitation, the development, construction, start-up, commissioning, operation, maintenance and expansion of a wind farm, and the sale of power therefrom, and to the extent commercially reasonably practicable, to limit the uses of the property to uses consistent with the general purpose of encouraging development of the Designated Reinvestment Zone during the term of this Agreement.

SECTION 18. Recapture. The Company agrees to be bound by and comply with all the terms and provisions for recapture of abated taxes in the event of a material default by Company not cured in accordance with Section 20 pursuant to law and as set forth in Section VIII (8) of the Guidelines and Criteria Governing Tax Abatement for Commercial Projects in Designated Reinvestment Zones (Exhibit A).

SECTION 19. Certification. The Company agrees to certify annually to the governing body of each taxing unit that the Company is in material compliance with the terms of this Agreement.

A. The County may declare a default if Company breaches, in any material respect, any material term or condition of this Agreement. If the County declares a default of this Agreement, this Agreement shall terminate, after notice and opportunity to cure has been provided to Company as provided for below, and the Company has failed to cure the default within the time period specified below, or the County may modify the Agreement upon mutual agreement with Company. If Company believes that such termination was improper, Company may file suit in the proper court challenging such termination.

The County shall not declare a default when the circumstances giving rise to such declaration are the result of "force majeure." "Force majeure" means any contingency or cause beyond the reasonable control of Company including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or de facto governmental action (unless caused by negligent acts or omissions of Company), fires, explosions or floods, tornadoes, and strikes.

B. The County shall notify Company of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default, and Company shall have sixty (60) days from the date of such notice to cure any default, except that where fulfillment of any obligation requires activity over a period of time, performance shall be commenced within sixty (60) days after the receipt of notice, and such performance shall be diligently continued until the default is cured. BP Wind Energy North America, Inc. shall maintain the right to cure any defect, including any defect caused by an assignee of BP Wind Energy North America, Inc.

C. As required by Section 312.205 of the Texas Tax Code, if Company fails to make the improvements as provided by Section 8 of this Agreement or otherwise materially breaches this Agreement, the County shall be entitled to cancel this Agreement and recapture property tax

revenue lost as a result of this Agreement, subject to the above provisions regarding notice and right to cure. In no event shall recapture be triggered by failure of Company to comply with the provisions of [Section IV]; the remedy for such failure is expressly limited to the provisions of [IV(E)]. In the event that the Company allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following written notice of the delinquency without instituting proper legal procedures for their protest and/or contest, this Agreement shall be terminated and all taxes previously abated by virtue of this Agreement will be recaptured and paid within sixty (60) days of the termination.

D. By this Agreement, County and Company have agreed under Chapter 312 of the Texas Tax Code that Company will make the improvements and take other actions specified in this Agreement in exchange for tax abatement from the County on those improvements. Cancellation or modification of the Agreement or recapture of property taxes, as applicable, along with any reasonably incurred costs and expenses, shall be the County's sole remedy, subject to the above provisions regarding notice and right to cure, in the event Company fails to make the specified improvements or take other action required by this Agreement.

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

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NOTICE OF DEFAULT UNDER TAX ABATEMENT AGREEMENT

YOU ARE HEREBY NOTIFIED OF THE FOLLOWING DEFAULT UNDER YOUR TAX ABATEMENT AGREEMENT WITH THE COUNTY. FAILURE TO CURE THIS DEFAULT WITHIN SIXTY DAYS OF NOTICE OR OTHERWISE CURE THE DEFAULT AS PROVIDED BY THE AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND RECAPTURE OF TAXES ABATED PURSUANT TO THAT AGREEMENT.

SECTION 21. Notices. Notices required to be given by this Agreement shall be mailed, certified mail return receipt requested, to the following addresses:

COUNTY OF PECOS, County Judge, 103 W. Callaghan, Fort Stockton, TX 79735

And

BP WIND ENERGY NORTH AMERICA INC., 501 Westlake Park Blvd, E-420B, Houston, TX
77079

Each party may change its address for notices by providing notice to the other party of the new address in accordance with this Section 21.

SECTION 22. Successors and Assigns. This Agreement will be binding on, and inure to the benefit of, the parties hereto and their successors and permitted assigns. Neither party may assign this Agreement without the prior written consent of the other party, except that Company may, without the consent of the County, sell, assign, or transfer all or any part of this Agreement to an affiliate, a third party owning a substantial portion, or all, of the Facility assets, or for financing purposes, and upon such assignment Company will have no further liability under this

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Agreement. Should the third party become delinquent or default, County shall act in accordance with Section 18 of Agreement. Any assignment in violation of this Section 22 will be void.

SECTION 23. Representations. County represents and warrants that (1) the Reinvestment Zone designated by the County in which the Facility will be located has been created in accordance with Chapter 312 of the Texas Tax Code and the Guidelines and Criteria attached as Exhibit A, as both exist on the effective date of this Agreement, (2) the Facility will be located in such Reinvestment Zone, and (3) no member of the Commissioner's Court of the County of Pecos owns or leases any property under or that will compose the Facility.

SECTION 24. Governing Law. This Agreement shall be governed by, and construed and interpreted in accordance with, the laws of the State of Texas.

SECTION 25. Entire Agreement; Modifications. This Agreement represents the entire agreement of the parties hereto with respect to the matters contained in this Agreement. This Agreement may be amended or modified only by an instrument in writing signed by the parties to this Agreement.

SECTION 26. Condition Precedent. Notwithstanding any other provision of this Agreement to the contrary, a condition precedent to the obligations of Company under this Agreement shall be the commencement of the construction of the Facility by Company and the obtaining of financing sufficient to construct the Facility.

SECTION 27. Headings. The section headings contained in this Agreement are for purposes of reference and convenience only and shall not limit or otherwise affect in any way the meaning of this Agreement.

SECTION 28. Counterparts. This Agreement may be executed in two or more counterparts (and by different parties on different counterparts), each of which will be deemed an original, but all of which together will constitute one and the same instrument.

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SECTION 29. Effective Date. Notwithstanding anything contained herein to the contrary, this Agreement shall not be effective until such time as it shall be finally passed and approved by the Commissioner's Court of the County of Pecos.

EXECUTED this 25th day of June, 2007.

BP WIND ENERGY NORTH AMERICA INC.

By: [Signature]
Name: Robert L. Nylak
Title: President

PECOS COUNTY

[Signature]
Honorable Joe Shuster
Pecos County Judge

ATTEST:

[Signature]
Judy Deerfield
Pecos County Clerk

APPROVED AS TO FORM:

[Signature]
Jesse Gonzales, Jr.
Pecos County Attorney

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EXHIBIT A

ABATEMENT GUIDELINES AND CRITERIA

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PECOS COUNTY

GUIDELINES AND CRITERIA FOR TAX ABATEMENT

I. PURPOSE

Pecos County, herein referred to as "the County," is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax abatement to stimulate growth and development. Any such incentive shall be provided in accordance with the procedures and criteria outlined in this document. However, nothing in these guidelines shall imply or suggest, or be construed to imply or suggest, that the County is under any obligation to provide any incentive to any applicant. All such applications for tax abatement shall be considered on an individual basis with regard to both the qualification for abatement and the amount of any abatement.

II. DEFINITIONS

The attached Glossary is a list of words with their definitions that are found in this document, and the Glossary is incorporated herein by reference.

III. GUIDELINES AND CRITERIA

Improvements eligible for abatement include the following:

Aquaculture/agriculture facility,
Distribution center facility,
Manufacturing facility,
Office building,
Regional entertainment/ tourism facility,
Renewable power facility and fixtures,
Research facility,
Historic building in a designated area, or
Other basic industry.

Requests for abatement will be evaluated according to factors including, but not limited to, the following:

- (1) Jobs. Projected new jobs created, including the number and type of new jobs, the number and type of jobs retained, the average payroll, and the number of local persons hired.

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- (2) **Fiscal Impact.** The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, any County financed infrastructure improvements that will be required by the facility, any infrastructure improvements proposed to be made by the facility, and the compatibility of the project with the County's master plan for development.
- (3) **Community Impact.** The pollution, if any, as well as other potential negative environmental impact on the health and safety of the community resulting from the proposed project; whether the project will revitalize a depressed area; potential business opportunities for local vendors; alternative development possibilities for the proposed site; the impact on other taxing entities; and/or whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Pecos County to another.

IV. ABATEMENT AUTHORIZED

- (a) **Authorized Date.** A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction; provided, that such facility meets the criteria for granting tax abatement in reinvestment zones created by Pecos County pursuant to these Guidelines and Criteria. Property may be exempted from taxation under these guidelines for a period not to exceed the statutory limitations.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of or increase in value to eligible improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee and lessor, subject to such limitations as the Tax Abatement Statute and these Guidelines and Criteria may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion. If the modernization project includes replacement of a facility existing at the time of application, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements, and office space and related fixed improvements necessary to the operation and administration of the facility.

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- (e) **Ineligible Property.** The following types of property shall be fully taxable and ineligible for abatement:

land,
 animals,
 inventories,
 supplies,
 tools,
 furnishings, and other forms of movable personal property (except as provided below),
 vehicles,
 vessels,
 aircraft,
 housing or residential property,
 hotels/motels,
 fauna,
 flora,
 retail facilities, except when housed in an historic structure, within the designated downtown district,
 any improvements including those involved in the production, storage or distribution of natural gas or fluids that are not integral to the operation of the facility, and

Property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas. This provision shall not be interpreted to disallow abatement for property located in the Pecos County Industrial Park. Nor shall this provision be interpreted to disallow abatement where the eligible property to be abated may be located on or affixed to land owned by the State or a subdivision of the State, but is wholly owned by the party seeking the abatement.

Equipment constituting personal property located in the reinvestment zone shall remain eligible for abatement provided the equipment is awaiting installation to become a permanent part of a fixture located or to be constructed in the reinvestment zone that is or will be eligible for property tax abatement, including any replacement parts.

- (f) **Owned/Leased Facilities.** If leased property is granted abatement, the agreement shall be executed with the lessor and lessee. If the eligible property to be abated is located on or affixed to leased land, but is wholly owned by the party seeking the abatement, the agreement shall be executed only with the owner of the property to be abated.

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- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. The value of new eligible properties shall be abated according to the approved agreement between the applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement.

The abatement may be extended from the date of the initial agreement by modification provided the statutory requirements for modification are met.

- (h) **Construction in Progress.** If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the taxpayer may apply for a one-year extension of the term of abatement. Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.

- (i) **Taxability.** From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Part IV(e) shall be fully taxable.
- (2) The base year value of existing eligible property, meaning the value of the property for the year in which the abatement agreement is executed, shall be fully taxable.
- (3) The additional value of eligible property shall be taxable as provided for by the applicable abatement agreement between the owner and the County.

V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner of taxable property in Pecos County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County.
- (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;
 - (3) a map and property description or a site plan;
 - (4) a time schedule for undertaking and completing the planned improvements;
 - (5) for modernized facilities, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application; and,
 - (6) Financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the County receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the County shall through public hearings as described below afford the applicant and the designated representative of any affected jurisdiction and any member of the public the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the County to be posted at least twenty (20) days prior to the hearing.
- (d) The County shall approve or deny the application for tax abatement within sixty (60) days after receipt of the application. The presiding officer of the County shall notify the applicant of the approval or disapproval promptly thereafter.
- (e) Statutory Requirements: Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners Court evaluates the application against the criteria described in these guidelines and decides by majority vote 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. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the county, which it may do at any regularly scheduled meeting, provided notice requirements

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are met. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, 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.

- (f) Expedited consideration of application. If the County determines that the application should receive expedited consideration, the Commissioners Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners Court, provided the County meets the procedural prerequisites for each step.
- (g) A request for a reinvestment zone for the purpose of abatement shall not be granted if the County finds that the request for the abatement was filed after commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) through (e) of Part IV may be made in written form to the County Commissioners Court. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of the request for variance requires a three-fourths (3/4) vote of the County Commissioners Court.

VI. PUBLIC HEARING

- (a) If, after a public hearing, the County Commissioners Court weighs the relevant factors listed in these guidelines and determines that granting the abatement is not in the best interests of the County, the Court shall deny the abatement.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
 - (1) There would be a substantial and unreasonable adverse affect on the provision of government services or the overall tax base of the County.
 - (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.

- (4) Planned or potential use of the property violates any other governmental codes or any applicable law.

VII. AGREEMENT

- (a) After approval of the tax abatement application, the County shall formally pass a resolution and execute an agreement with the owner of the facility and the lessee involved, if any, which shall include:
 - (1) Estimated value to be abated and the base year value.
 - (2) Percent of value to be abated each year.
 - (3) The commencement date and the termination date of abatement.
 - (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description, and improvements list.
 - (5) Contractual obligations in the event of default, including a provision for cancellation and recapture of delinquent taxes, provisions for administration and assignment as provided herein, and any other provision that may be required for uniformity or by state law.
 - (6) Performance criteria for continuation of the abatement.
 - (7) Amount of investment and average number of jobs involved for the period of abatement.
 - (8) A provision that the contract shall meet all of the requirements of Texas Tax Code Sec. 312, et. seq.
- (b) Such agreement shall be executed within sixty (60) days after approval of the agreement.
- (c) The County shall make its own determination of abatement which shall not bind any other affected taxing entity.

VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues production of product or service for any reason other than fire, explosion, or other casualty or accident or natural disaster for a period of more than one (1) year during the abatement period, then the agreement shall terminate and so shall the abatement of

taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

- (b) Should the County determine that the owner is in default of the agreement, the County shall notify the owner of the defect in writing at the address stated in the agreement, and if such defect is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Where cure of the proposed defect requires action undertaken over a period of time, the contract will not be considered to be in default if the performing party has undertaken efforts to cure the defect and is diligently pursuing those efforts.
- (c) In the event that the company or individual:
 - (1) allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following notice of the delinquency without instituting proper legal procedures for their protest and/or contest; or
 - (2) violates in a way any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. A failure to abide by estimated timelines for construction will not be considered to be a material breach of this agreement, provided the owner makes a reasonable effort to meet the estimated timeline.

IX. ADMINISTRATION

- (a) The Chief Appraiser of the Pecos County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving the abatement shall furnish the designee of the County with such information as may be necessary to determine continued eligibility for abatement. Once the value has been established, the Chief Appraiser shall notify the County of the amount of assessment. Additionally, the County designee shall notify the County of the number of new or retained employees associated with the facility or generated by the abatement agreement. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions of the amount of the assessment.

and the Tax Abatement Statute have been achieved. Based on that review, these guidelines may be modified, renewed or eliminated. Such actions shall not affect existing contracts.

- (b) Prior to the date for review, as defined above, these Guidelines may be modified by a two-thirds (2/3) vote of the County Commissioners Court, as provided for by the laws of the State of Texas.

XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph, or any part of these guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the guidelines.
- (b) Property that is in a reinvestment zone and that is owned or leased by a member of the County Commissioners Court is excluded from property tax abatement.
- (c) If this Guideline Statement has omitted any mandatory requirement of the applicable tax abatement laws of the State of Texas, then such requirement is hereby incorporated as a part of these guidelines.

XIII. These Guidelines and Criteria do not affect the County's right to enter into abatement agreements for property located within the City of Fort Stockton pursuant to the existing agreement between the County and the City, regardless of whether such abatement agreements meet the criteria announced by these Guidelines.

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GLOSSARY

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real property in a reinvestment zone designated by the County or a City for economic development purposes.
- (b) "Aquaculture/Agriculture Facility" means buildings, structures and major earth structure improvements, including fixed machinery and equipment, the primary purpose of which is of food and/or fiber products in commercially marketable quantities.
- (c) "Affected jurisdiction" means Pecos County and any municipality, or school district, the majority of which is located in Pecos County that levies ad valorem taxes upon and/or provides services to property located within the proposed or existing reinvestment zone designated by Pecos County or any municipality.
- (d) "Agreement" means a contractual agreement between a property owner and/or a lessee and the affected jurisdiction for the purpose of tax abatement.
- (e) "Base year value" means the assessed value of eligible property on January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1, but before the filing of an application for tax abatement.
- (f) "Deferred maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Distribution Center Facility" means building and structures, including machinery and equipment, used or to be primarily used to receive, store, service or distribute goods or materials owned by the facility, from which a majority of revenues generated by activity at the facility are derived from out of Pecos County.
- (h) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (i) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole or group.
- (j) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

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- (k) "Modernization" means the upgrading and or replacement of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.
- (l) "New Facility" means improvements to real estate previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (m) "New Job(s)" means newly created employment position on a full-time permanent basis. Two or more part-time permanent employees totaling an average of not less than 40 hours per week may be considered as one full-time permanent employee.
- (n) "Office Building" means a new office building.
- (o) "Other Basic Industry" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the County and results in the creation of new permanent jobs and new wealth in the County.
- (p) "Productive Life" means the number of years a property improvement is expected to be in service in a facility.
- (q) "Regional Entertainment/Tourism Facility" means buildings and structures, including fixed machinery and equipment, use or to be used to provide entertainment and/or tourism related services, from which a majority of revenues generated by activity at the facility are derived from outside Pecos County.
- (r) "Research Facility" means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (s) "Regional Service Facility" means buildings and structures, including fixed machinery and equipment, used or to be used to provide a service from which a majority of revenues generated by activity at the facility are derived from outside Pecos County.
- (t) "Renewable Power Facility" means buildings and structures, including fixed machinery and equipment affixed to the land used or to be used to produce, transmit, or distribute power from a renewable or non-depletable power source.

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APPLICATION FOR TAX ABATEMENT AND DESIGNATION OF REINVESTMENT ZONE

PECOS COUNTY, TEXAS

Persons who wish to apply for tax abatement must complete this application and return a copy with supporting documents to each member of the Pecos County Commissioners' Court. At any time before the expiration of 60 days from the date of receipt, Pecos County will determine under the procedures described in Pecos County's Guidelines and Criteria for Granting Tax Abatements whether it will approve or deny the application and what additional action if any, is warranted.

Applicant name: BP Wind Energy North America, Inc.

Applicant address & phone:
700 Louisiana St. Houston, TX 77002
(281) 366-3417

Applicant organization: BP Alternative Energy North America, Inc.

Type of business association:
 Corporation/Partnership Proprietorship Other

Organization address & phone:
700 Louisiana St. Houston, TX 77002
(281) 366-3417

Organization contact person's name:
Mr. Sam Gregson
Manager, Property Tax

Contact person's address & phone:
501 Westlake Park Blvd. E-417 Houston, TX 77079
(281) 366-3417

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Proposed project or facility address:

1. Brief description of project or facility for which tax abatement is sought:
The Sherblno Mesa Wind Energy Project is a proposed wind energy generation facility located in Pecos County, TX. It would consist of modern wind turbine generators and related equipment and infrastructure capable of producing up to 150 MW of energy.

2. Does this property fall under the definition of "eligible property" provided in Section 1 (b) of the Pecos County Guidelines and Criteria?

Yes (confirm with Sam)

3. This application is for (choose one):
 New plant Expansion Modernization

4. Please list all of the taxing jurisdictions in which the proposed project or facility is located:

Pecos County, Iraan-Sheffield ISD, Iraan Hospital District

5. What is the total estimated taxable value or total range of taxable values of the project or facility for which abatement is sought?

One hundred and seventy-five million dollars (\$175,000,000)

6. What will be the total estimated taxable value or total range of taxable values of the project or facility in the first year after the expiration of the abatement?

One hundred and sixteen million dollars (\$116,000,000)

7. Please attach information describing how the proposed project or facility meets the minimum requirement for tax abatement outlined in the Guidelines & Criteria, which is:

The project subject to this abatement and reinvestment zone application is a new wind farm power generation facility for which abatements are authorized under Section III of the Pecos County Guidelines and Criteria for Tax Abatement. Per Article III(3) to the extent that bids are economically competitive and vendors possess requisite skills, local vendors will be utilized in construction and operation of the facility. Per Section IV of these Guidelines, the construction is not anticipated to begin until after all abatement agreements are in place with an anticipated construction date in late 2007 or early 2008. The project is anticipated to add 10 jobs to the local economy.

8. Please attach information on the following aspects of the proposed project or facility:

(1) Current value of land and existing improvements, if any;
\$60,000. (installed met towers)

- (2) Type and value of proposed improvements;
The construction of a wind energy generation facility utilizing modern-technology wind turbine generators and associated electrical equipment to generate and deliver electrical energy to the ERCOT transmission system. Estimated value: \$175,000,000
- (3) Productive life of proposed improvements;
twenty (20) years or more
- (4) Impact of proposed improvements on existing jobs;
Short-term increase in temporary construction jobs and the creation of approximately 10 permanent jobs related to project operations.
- (5) Number and type of new jobs, if any, to be created by proposed improvements;
Estimated temporary construction jobs: 100
Estimated permanent facility operational and maintenance jobs: 10
- (6) Cost to be incurred by Pecos County, if any, to provide facilities or services directly resulting from the new improvements;
Minimal
- (7) Types and values of public improvements, if any, to be made by applicant seeking abatement;
Road maintenance work is expected to upgrade, maintain, and restore any public roads affected by project construction.
- (8) Estimation of the amount of ad valorem property taxes to be paid to Pecos County after expiration of the abatement agreement;

Ten million thirty nine thousand dollars (\$10,039,000) over the remaining life of the project
- (9) The impact on the business opportunities of existing businesses and the attraction of new businesses to the area, if any; and
Project construction and related temporary employment will provide positive impact on local businesses. Local businesses providing products and services related to construction activity will also be positively impacted.
- (10) The overall compatibility with the zoning ordinances and comprehensive plan, if any, for the area; and
The proposed project is highly compatible due to the existence of other wind generation facilities in the immediate area.
- (11) Whether the applicant's proposed facility or improvement or modernization is an industry which is new to Pecos County.
Although the proposed facility is not a new industry to Pecos County, it would represent the first new wind generation facility within the County in several years.

9. Please attach the following information to this application:

- (1) A map and description of the property for which abatement is sought.
See attached.
- (2) A time schedule for completing the planned improvements;

- See attached. VOL. 38 PAGE 382
- (3) Basic financial information about yourself and your organization sufficient to enable evaluation of the applicant's financial capacity.
- BP Wind Energy North America, Inc is a wholly owned subsidiary of BP Alternative Energy North America, Inc. which is wholly owned by BP America Production Company which is wholly owned by BP Company North America, Inc which is wholly owned by BP Corporation North America, Inc which is wholly owned by BP America Inc, which is wholly owned by the parent firm BP p.l.c.
- Copies of the group income statement and balance sheet for BP p.l.c. as presented in the 2006 Annual Report are attached. Further financial information can be obtained by reviewing the BP p.l.c.'s 2006 Form 20-F filing with the United States Securities and Exchange Commission.

Group income statement

For the year ended 31
December

	Notes	2006	2005
Sales and other operating revenues	7	206,906	239.78
Earnings from jointly controlled entities—after interest and tax	8	3,553	3.08
Earnings from associates—after interest and tax	8	442	46
Interest and other revenues	8	701	61
Total revenues		270,602	243.94
Gains on sale of businesses and fixed assets	10	3,714	1.53
Total revenues and other income		274,316	245.47
Purchases		187,183	193.02
Production and manufacturing expenses		23,783	21.09
Production and similar taxes	11	3,621	3.01
Depreciation, depletion and amortization	12	9,128	8.77
Impairment and losses on sale of businesses and fixed assets	13	548	46
Exploration expense	19	1,046	68
Distribution and administration expenses	15	14,467	13.70
Fair value (gain) loss on embedded derivatives	36	(608)	2.04
Profit before interest and taxation from continuing operations		35,168	32.68
Finance costs	21	718	6.11
Other finance (income) expense	22	(202)	14
Profit before taxation from continuing operations		34,642	31.82
Taxation	23	12,381	9.47
Profit from continuing operations		22,261	22.44
Profit (loss) from Innovane operations	6	(25)	16

Profit for the year		22,286	22,63
<hr/>			
Attributable to			
BP shareholders		22,000	22,34
Minority interest		286	29
		22,286	22,63
<hr/>			
Earnings per share - cents			
Profit for the year attributable to BP shareholders			
Basic	25	109.84	105.7
Diluted	25	109.00	104.5
<hr/>			
Profit from continuing operations attributable to BP shareholders			
Basic		109.97	104.0
Diluted		109.12	103.6

55

Group
balance
sheet

At 31 December

	Note	2006
Non-current assets		
Property, plant and equipment	26	80,989
Goodwill	27	10,780
Intangible assets	28	5,248
Investments in jointly controlled entities	29	15,074
Investments in associates	30	8,978
Other investments	31	1,697

VOL. 38 PAGE 384		
Fixed assets		129,771
Loans		817
Other receivables	33	862
Derivative financial instruments	35	3,028
Prepayments and accrued income		1,034
Defined benefit pension plan surplus	41	6,763
		142,262
<hr/>		
Current assets		
Loans		141
Inventories	32	18,916
Trade and other receivables	33	38,692
Derivative financial instruments	38	10,373
Prepayments and accrued income		3,006
Current tax receivable		544
Cash and cash equivalents	34	2,690
		74,261
Assets classified as held for sale	5	1,076
		75,338
<hr/>		
Total assets		217,601
<hr/>		
Current liabilities		
Trade and other payables	35	42,236
Derivative financial instruments	36	9,424
Accruals and deferred income		6,147
Finance debt	38	12,924
Current tax payable		2,635
Provisions	40	1,832
		76,298
Liabilities directly associated with the assets classified as held for sale	5	54
		76,352
<hr/>		
Non-current liabilities		
Other payables	35	1,430
Derivative financial instruments	38	4,203
Accruals and deferred income		964
Finance debt	36	11,086
Deferred tax liabilities	23	16,116
Provisions	40	11,712
Defined benefit pension plan and other postretirement benefit plan deficits	41	9,276
		56,784
VOL. 38 PAGE 384		

Total liabilities		132,145
VOL. 38 PAGE 385		
Net assets		88,665
<hr/>		
Equity		
Share capital	42	5,986
Reserves		78,239
<hr/>		
BP shareholders' equity	43	84,624
Minority interest	43	841
<hr/>		
Total equity	43	88,665
<hr/>		

Peter Suthwand Chairman
The Lord Browne of Madingley Group Chief Executive

BP Annual Rep

I attest that the information provided in this application is true and correct to the best of my knowledge.

BP Wind Energy North America, Inc.

Applicant

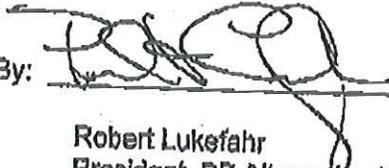
BP Alternative Energy North America, Inc.

Name of Applicant Organization

4-26-2007

Date of Application Submission

By:


Robert Lukefahr
President, BP Alternative Energy North America, Inc. 

Total liabilities		132,136
Net assets		85,465
Equity		
Share capital	42	5,386
Reserves		70,239
BP shareholders' equity	43	84,624
Minority interest	43	841
Total equity	43	85,465

Robert Lukefahr
 The Lord Browne of Madingley Group Chief Executive

BP Annual Report

I attest that the information provided in this application is true and correct to the best of my knowledge.

BP Wind Energy North America, Inc.

Applicant

BP Alternative Energy North America, Inc.

Name of Applicant Organization

4-26-2007

Date of Application Submission

By: 

Robert Lukefahr
 President, BP Alternative Energy North America, Inc. 

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Proposed project timetable

- Complete all local tax abatement agreements – July 2007
- Commence construction¹ – Q4 2007 or Q1 2008
- Commercial operation – Q2 / Q3 2008

Note:

¹ Construction of the proposed project has not yet been approved by BP management.

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Proposed Reinvestment Zone - Map

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alternativeenergy

SHERBINO MESA WIND FARM : PECOS COUNTY TX




 1:25000
 USGS 1:100000 Quadrangle Base
 Fort Stockton TX
 Sheet 1 of 1
 4/25/2007

LEGEND	
	Proposed Boundary
	Transmission Lines
	Section
	Block

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Proposed Reinvestment Zone - legal description

VOL. 38 PAGE 390

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BP Wind Energy North America, Inc.

Pecos County, TX - Proposed Reinvestment Zone

legal description

April 2007

<u>Block</u>	<u>Section</u>
18	13
18	14
18	15
18	16
18	17
18	18
18	19
18	20
18	21
18	22
18	23
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18	36
19	1
19	2
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19	11

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BP Wind Energy North America, Inc.

Pecos County, TX - Proposed Reinvestment Zone

legal description

April 2007

<u>Block</u>	<u>Section</u>
19	12
19	13
19	14
19	15
19	16
19	17
19	18
19	19
19	20
19	21
20	1
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20	3
100	1
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100	9
100	10
100	11
100	12
100	41
100	42
104	1
105	551
125	12
125	18
125	19
125	20
126	1
126	12
180	7
180 1/2	1
180 1/2	2
180 1/2	3
180 1/2	4
206	1

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BP Wind Energy North America, Inc.

Pecos County, TX - Proposed Reinvestment Zone

legal description

April 2007

206	2
206	3
206	5
603	1
<u>Block</u>	<u>Section</u>
603	2
603	3
603	4
603	5
603	6
603	7
603	8
603	9
603	10
604	10
604	11
604	12
604	12
604	13

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EXHIBIT C

REINVESTMENT ZONE LAND DESCRIPTIONS AND MAP

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SHERBINO MESA WIND FARM - REINVESTMENT ZONE LEGAL DESCRIPTION
5/22/2007

<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
16	31	UL	
16	32	UL	
16	33	UL	
16	34	UL	
16	35	UL	
16	36	UL	
17	1	UL	
17	2	UL	
17	3	UL	
17	4	UL	
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17	6	UL	
17	7	UL	
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18	36	UL	
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19	5	UL	
19	6	UL	

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<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
19	7	UL	
19	8	UL	
19	9	UL	
19	10	UL	
19	11	UL	
19	12	UL	
19	13	UL	
19	14	UL	
19	15	UL	
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19	17	UL	
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19	20	UL	
19	21	UL	
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20	3	UL	
100	1	EL&RR RR CO	
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100	4	EL&RR RR CO	
100	9	EL&RR RR CO	
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100	11	EL&RR RR CO	
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101	25	GC&SF RR CO	
101	40	POITEVENT, J	
101	41	POITEVENT, J	
101	56	AB&M	
101	57	AB&M	
101	72	CONN, J	
101	102	POITEVENT, J	
104	1	JASPER CSL	
105	551	ARZA IRRIG & MFG CO	
106	8	T&STL RR CO	
125	1	T&STL RR CO	
125	2	T&STL RR CO	
125	5	T&STL RR CO	
125	6	T&STL RR CO	
125	7	T&STL RR CO	
125	8	T&STL RR CO	
125	9	T&STL RR CO	
125	10	T&STL RR CO	
125	11	T&STL RR CO	
125	12	T&STL RR CO	
125	13	T&STL RR CO	
125	14	T&STL RR CO	
125	15	T&STL RR CO	
125	16	T&STL RR CO	

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<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
125	17	T&STL RR CO	
125	18	T&STL RR CO	
125	19	T&STL RR CO	
125	20	T&STL RR CO	
126	1	T&STL RR CO	
126	2	T&STL RR CO	
126	3	T&STL RR CO	
126	4	T&STL RR CO	All of section 4
126	5	T&STL RR CO	
126	6	T&STL RR CO	
126	7	T&STL RR CO	
126	9	T&STL RR CO	
126	10	T&STL RR CO	
126	11	T&STL RR CO	
126	12	T&STL RR CO	
126	13	T&STL RR CO	
126	14	T&STL RR CO	
126	15	T&STL RR CO	
126	16	T&STL RR CO	All of section 16
126	17	T&STL RR CO	
126	20	T&STL RR CO	
126	21	T&STL RR CO	
126	22	T&STL RR CO	
126	23	T&STL RR CO	
126	24	T&STL RR CO	
126	25	T&STL RR CO	
126	28	T&STL RR CO	
126	27	T&STL RR CO	
126	28	T&STL RR CO	
126	29	T&STL RR CO	
126	30	T&STL RR CO	All of section 30
126	31	T&STL RR CO	
126	32	T&STL RR CO	
126	33	T&STL RR CO	
126	34	T&STL RR CO	
126	35	T&STL RR CO	
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180	8	TC RR CO	
180 1/2	1	TC RR CO	
180 1/2	2	TC RR CO	
180 1/2	3	TC RR CO	
180 1/2	4	TC RR CO	
180 1/2	10	ADW	
180 1/2	549	MASSEY, J V	
180 1/2	560	MASSEY, J V	
206	1	SIMMONS, M	
206	2	SIMMONS, M	
206	3	PARKER, MRS A	

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<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
206	4	PARKER, A	
206	5	MARTINS, N	
215	1	HENLEY, W D C	All of section 1
216	1	MC COLLUM, J M	
603	1	GC&SF RR CO	
603	2	GC&SF RR CO	
603	3	GC&SF RR CO	
603	4	GC&SF RR CO	
603	5	GC&SF RR CO	
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603	7	GC&SF RR CO	
603	8	GC&SF RR CO	
603	9	GC&SF RR CO	
603	10	GC&SF RR CO	
604	1	WRIGHT, J L	All of section 1
604	2	MOFFETT, S B	All of section 2
604	3	REIERSON, C N	All of section 3
604	5	BOESE, C	
604	6	MOOREMAN, M F	All of section 6
604	7	CLOUD, J T	All of section 7
604	8	CANNON, MRS A L	
604	9	SMITH, B M	
604	10	WILSON, W F	
604	11	GUNTER, I J	
604	12	WALKER, MRS M J	All of section 12
604	13	DUNNAM, MRS A M	All of section 13
604	14	LASATER, J H	All of section 14
604	15	COOPER, MRS T	All of section 15
604	16	SANDERS, P	All of section 16
604	17	WILLIFORD, C J	All of section 17
604	23	BARNES, E	
604	24	SANDELL, MRS R S	
604	25	SNIDER, W H	
604	26	MC CAUGHAN, J D	
C4	53	GC&SF RR CO	
C4	64	GC&SF RR CO	

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EXHIBIT D

COMPANY LOCAL SPENDING PLAN

In accordance with this Exhibit D, Company and its authorized vendors intend to make reasonable effort to purchase services and supplies from Pecos County individuals and businesses during the construction of the Facility in Pecos County, provided that such materials and supplies are of the same quality as those available from non-Pecos County individuals or businesses and are available at competitive terms. Company will take reasonable steps to employ or have employed up to 10 residents of Pecos County, provided that such residents have the required skills and experience and are available at a competitive wage or salary, as applicable. In furtherance of that goal, the following provisions, or a reasonable derivation thereof, will be followed by Company:

LOCAL SPENDING PLAN

Company shall make reasonable attempts to employ or have employed up to 10 qualified residents of Pecos County to fill employment vacancies. Similarly, during construction, the primary contractor shall make reasonable efforts to use services and supplies provided by Pecos County businesses, provided these services and supplies meet contractor's needs, are of the same quality as those available from non-Pecos County individuals or businesses and are on competitive terms.

Local Posting Requirement: Company agrees that one-week prior to filling any full time employment position (excepting internal promotions and transfers) for the Facility, meaning any position requiring thirty-five hours of labor or more per week for a period in excess of one week, Company shall post a notice in the Fort Stockton and Iraan newspapers describing the position sought to be filled and the procedure for application.

Similarly, during construction, one-week prior to entering any contract for the purchase of services or supplies in excess of \$50,000 for the Facility, Contractor shall post a notice in the Fort Stockton and Iraan newspapers describing the nature of the services or supplies sought and the procedure for bid.

The above posting provisions do not apply if Company or Contractor hires a resident of Pecos County to fill the employment position or awards a contract or subcontract to a Pecos County business.

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23. Legal Description of RZ

SHERBINO MESA WIND FARM - REINVESTMENT ZONE LEGAL DESCRIPTION
5/22/2007

<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
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<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
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20	3	UL	
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100	2	EL&RR RR CO	
100	3	EL&RR RR CO	
100	4	EL&RR RR CO	
100	9	EL&RR RR CO	
100	10	EL&RR RR CO	
100	11	EL&RR RR CO	
100	41	EL&RR RR CO	
100	42	EL&RR RR CO	
101	25	GC&SF RR CO	
101	40	POITEVENT, J	
101	41	POITEVENT, J	
101	56	AB&M	
101	57	AB&M	
101	72	CONN, J	
101	102	POITEVENT, J	
104	1	JASPER CSL	
105	551	ARZA IRRIG & MFG CO	
106	8	T&STL RR CO	
125	1	T&STL RR CO	
125	2	T&STL RR CO	
125	5	T&STL RR CO	
125	6	T&STL RR CO	
125	7	T&STL RR CO	
125	8	T&STL RR CO	
125	9	T&STL RR CO	
125	10	T&STL RR CO	
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125	13	T&STL RR CO	
125	14	T&STL RR CO	
125	15	T&STL RR CO	
125	16	T&STL RR CO	

<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
125	17	T&STL RR CO	
125	18	T&STL RR CO	
125	19	T&STL RR CO	
125	20	T&STL RR CO	
126	1	T&STL RR CO	
126	2	T&STL RR CO	
126	3	T&STL RR CO	
126	4	T&STL RR CO	All of section 4
126	5	T&STL RR CO	
126	6	T&STL RR CO	
126	7	T&STL RR CO	
126	9	T&STL RR CO	
126	10	T&STL RR CO	
126	11	T&STL RR CO	
126	12	T&STL RR CO	
126	13	T&STL RR CO	
126	14	T&STL RR CO	
126	15	T&STL RR CO	
126	16	T&STL RR CO	All of section 16
126	17	T&STL RR CO	
126	20	T&STL RR CO	
126	21	T&STL RR CO	
126	22	T&STL RR CO	
126	23	T&STL RR CO	
126	24	T&STL RR CO	
126	25	T&STL RR CO	
126	26	T&STL RR CO	
126	27	T&STL RR CO	
126	28	T&STL RR CO	
126	29	T&STL RR CO	
126	30	T&STL RR CO	All of section 30
126	31	T&STL RR CO	
126	32	T&STL RR CO	
126	33	T&STL RR CO	
126	34	T&STL RR CO	
126	35	T&STL RR CO	
126	36	T&STL RR CO	
180	5	TC RR CO	
180	6	TC RR CO	
180	7	TC RR CO	
180	8	TC RR CO	
180 1/2	1	TC RR CO	
180 1/2	2	TC RR CO	
180 1/2	3	TC RR CO	
180 1/2	4	TC RR CO	
180 1/2	10	A D W	
180 1/2	549	MASSEY, J V	
180 1/2	550	MASSEY, J V	
206	1	SIMMONS, M	
206	2	SIMMONS, M	
206	3	PARKER, MRS A	

<u>BLOCK</u>	<u>SECTION</u>	<u>SURVEY</u>	<u>COMMENT</u>
206	4	PARKER, A	
206	5	MARTINS, N	
215	1	HENLEY, W D C	All of section 1
216	1	MC COLLUM, J M	
603	1	GC&SF RR CO	
603	2	GC&SF RR CO	
603	3	GC&SF RR CO	
603	4	GC&SF RR CO	
603	5	GC&SF RR CO	
603	6	GC&SF RR CO	
603	7	GC&SF RR CO	
603	8	GC&SF RR CO	
603	9	GC&SF RR CO	
603	10	GC&SF RR CO	
604	1	WRIGHT, J L	All of section 1
604	2	MOFFETT, S B	All of section 2
604	3	REIERSON, C N	All of section 3
604	5	BOESE, C	
604	6	MOOREMAN, M F	All of section 6
604	7	CLOUD, J T	All of section 7
604	8	CANNON, MRS A L	
604	9	SMITH, B M	
604	10	WILSON, W F	
604	11	GUNTER, I J	
604	12	WALKER, MRS M J	All of section 12
604	13	DUNNAM, MRS A M	All of section 13
604	14	LASATER, J H	All of section 14
604	15	COOPER, MRS T	All of section 15
604	16	SANDERS, P	All of section 16
604	17	WILLIFORD, C J	All of section 17
604	23	BARNES, E	
604	24	SANDELL, MRS R S	
604	25	SNIDER, W H	
604	26	MC CAUGHAN, J D	
C4	53	GC&SF RR CO	
C4	64	GC&SF RR CO	

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EXHIBIT A

ABATEMENT GUIDELINES AND CRITERIA

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PECOS COUNTY

GUIDELINES AND CRITERIA FOR TAX ABATEMENT

I. PURPOSE

Pecos County, herein referred to as "the County," is committed to the promotion of quality development in all parts of the County and to improving the quality of life for its citizens. In order to help meet these goals, the County will consider recommending tax abatement to stimulate growth and development. Any such incentive shall be provided in accordance with the procedures and criteria outlined in this document. However, nothing in these guidelines shall imply or suggest, or be construed to imply or suggest, that the County is under any obligation to provide any incentive to any applicant. All such applications for tax abatement shall be considered on an individual basis with regard to both the qualification for abatement and the amount of any abatement.

II. DEFINITIONS

The attached Glossary is a list of words with their definitions that are found in this document, and the Glossary is incorporated herein by reference.

III. GUIDELINES AND CRITERIA

Improvements eligible for abatement include the following:

- Aquaculture/agriculture facility,
- Distribution center facility,
- Manufacturing facility,
- Office building,
- Regional entertainment/ tourism facility,
- Renewable power facility and fixtures,
- Research facility,
- Historic building in a designated area, or
- Other basic industry.

Requests for abatement will be evaluated according to factors including, but not limited to, the following:

- (1) Jobs. Projected new jobs created, including the number and type of new jobs, the number and type of jobs retained, the average payroll, and the number of local persons hired.

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- (2) **Fiscal Impact.** The amount of real and personal property value that will be added to the tax roll for both eligible and ineligible property, any County financed infrastructure improvements that will be required by the facility, any infrastructure improvements proposed to be made by the facility, and the compatibility of the project with the County's master plan for development.
- (3) **Community Impact.** The pollution, if any, as well as other potential negative environmental impact on the health and safety of the community resulting from the proposed project; whether the project will revitalize a depressed area; potential business opportunities for local vendors; alternative development possibilities for the proposed site; the impact on other taxing entities; and/or whether the improvement is expected to solely or primarily have the effect of transferring employment from one part of Pecos County to another.

IV. ABATEMENT AUTHORIZED

- (a) **Authorized Date.** A facility shall be eligible for tax abatement if it has applied for such abatement prior to the commencement of construction; provided, that such facility meets the criteria for granting tax abatement in reinvestment zones created by Pecos County pursuant to these Guidelines and Criteria. Property may be exempted from taxation under these guidelines for a period not to exceed the statutory limitations.
- (b) **Creation of New Value.** Abatement may only be granted for the additional value of or increase in value to eligible improvements made subsequent to the filing of an application for tax abatement and specified in the abatement agreement between the County and the property owner or lessee and lessor, subject to such limitations as the Tax Abatement Statute and these Guidelines and Criteria may require.
- (c) **New and Existing Facilities.** Abatement may be granted for new facilities and improvements to existing facilities for purposes of modernization or expansion. If the modernization project includes replacement of a facility existing at the time of application, the abated value shall be the value of the new unit(s) less the value of the old unit(s).
- (d) **Eligible Property.** Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, 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,
- animals,
- inventories,
- supplies,
- tools,
- furnishings, and other forms of movable personal property (except as provided below),
- vehicles,
- vessels,
- aircraft,
- housing or residential property,
- hotels/motels,
- fauna,
- flora,
- retail facilities, except when housed in an historic structure, within the designated downtown district,
- any improvements including those involved in the production, storage or distribution of natural gas or fluids that are not integral to the operation of the facility, and

Property owned or used by the State of Texas or its political subdivisions or by any organization owned, operated or directed by a political subdivision of the State of Texas. This provision shall not be interpreted to disallow abatement for property located in the Pecos County Industrial Park. Nor shall this provision be interpreted to disallow abatement where the eligible property to be abated may be located on or affixed to land owned by the State or a subdivision of the State, but is wholly owned by the party seeking the abatement.

Equipment constituting personal property located in the reinvestment zone shall remain eligible for abatement provided the equipment is awaiting installation to become a permanent part of a fixture located or to be constructed in the reinvestment zone that is or will be eligible for property tax abatement, including any replacement parts.

(f) **Owned/Leased Facilities.** If leased property is granted abatement, the agreement shall be executed with the lessor and lessee. If the eligible property to be abated is located on or affixed to leased land, but is wholly owned by the party seeking the abatement, the agreement shall be executed only with the owner of the property to be abated.

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- (g) **Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of execution of the agreement. The value of new eligible properties shall be abated according to the approved agreement between the applicant and the governing body. The governing body, in its sole discretion, shall determine the amount of any abatement.

The abatement may be extended from the date of the initial agreement by modification provided the statutory requirements for modification are met.

- (h) **Construction in Progress.** If a qualifying facility has not been placed in service as of January 1 following execution of the abatement agreement, the taxpayer may apply for a one-year extension of the term of abatement. Said extension must be applied for prior to the end of the calendar year in which the abatement agreement is executed.

- (i) **Taxability.** From the execution of the abatement contract to the end of the agreement period, taxes shall be payable as follows:

- (1) The value of ineligible property as provided in Part IV(e) shall be fully taxable.
- (2) The base year value of existing eligible property, meaning the value of the property for the year in which the abatement agreement is executed, shall be fully taxable.
- (3) The additional value of eligible property shall be taxable as provided for by the applicable abatement agreement between the owner and the County.

V. APPLICATION FOR TAX ABATEMENT

- (a) Any present or potential owner of taxable property in Pecos County may request the creation of a reinvestment zone and tax abatement by filing a written request with the County.
- (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;
 - (3) a map and property description or a site plan;
 - (4) a time schedule for undertaking and completing the planned improvements;
 - (5) for modernized facilities, a statement of the assessed value of the facility, separately stated for real and personal property, for the tax year immediately preceding the application; and,
 - (6) Financial and other information as deemed appropriate for evaluating the financial capacity and other factors of the applicant.
- (c) Upon receipt of a completed application, the County receiving such application shall notify in writing the presiding officer of the legislative body of each affected jurisdiction. Before acting upon the application, the County shall through public hearings as described below afford the applicant and the designated representative of any affected jurisdiction and any member of the public the opportunity to show cause why the abatement should or should not be granted. Notice of the public hearing shall be clearly identified on an agenda of the legislative body of the County to be posted at least twenty (20) days prior to the hearing.
- (d) The County shall approve or deny the application for tax abatement within sixty (60) days after receipt of the application. The presiding officer of the County shall notify the applicant of the approval or disapproval promptly thereafter.
- (e) Statutory Requirements: Not later than the seventh (7th) day before the date of the hearing, notice of the hearing must be: (1) delivered in writing to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, and (2) published in a newspaper of general circulation in the County. At the hearing, the Commissioners Court evaluates the application against the criteria described in these guidelines and decides by majority vote 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. An order designating an area as a reinvestment zone is valid for five years from the date of designation. Once the area is designated as a reinvestment zone, the Commissioners Court may then arrange to consider for approval of the tax abatement agreement between the applicant and the county, which it may do at any regularly scheduled meeting, provided notice requirements

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are met. At least seven days prior to entering into a tax abatement agreement, the County must give written notice of its intent to do so to the presiding officer of each taxing unit that includes in its boundaries real property that is to be included in the proposed reinvestment zone, 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.

- (f) Expedited consideration of application. If the County determines that the application should receive expedited consideration, the Commissioners Court may combine the steps described in the preceding paragraph into a single, regularly scheduled meeting of the Commissioners Court, provided the County meets the procedural prerequisites for each step.
- (g) A request for a reinvestment zone for the purpose of abatement shall not be granted if the County finds that the request for the abatement was filed after commencement of construction, alteration, or installation of improvements related to a proposed modernization, expansion, or new facility.
- (h) Variance. Requests for variance from the provisions of Subsections (a) through (e) of Part IV may be made in written form to the County Commissioners Court. Such request shall include a complete description of the circumstances explaining why the applicant should be granted a variance. Approval of the request for variance requires a three-fourths (3/4) vote of the County Commissioners Court.

VI. PUBLIC HEARING

- (a) If, after a public hearing, the County Commissioners Court weighs the relevant factors listed in these guidelines and determines that granting the abatement is not in the best interests of the County, the Court shall deny the abatement.
- (b) Neither a reinvestment zone nor an abatement agreement shall be authorized if it is determined that:
 - (1) There would be a substantial and unreasonable adverse affect on the provision of government services or the overall tax base of the County.
 - (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.

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- (4) Planned or potential use of the property violates any other governmental codes or any applicable law.

VII. AGREEMENT

- (a) After approval of the tax abatement application, the County shall formally pass a resolution and execute an agreement with the owner of the facility and the lessee involved, if any, which shall include:
 - (1) Estimated value to be abated and the base year value.
 - (2) Percent of value to be abated each year.
 - (3) The commencement date and the termination date of abatement.
 - (4) The proposed use of the facility, nature of construction, time schedule for undertaking and completing the planned improvements, map, property description, and improvements list.
 - (5) Contractual obligations in the event of default, including a provision for cancellation and recapture of delinquent taxes, provisions for administration and assignment as provided herein, and any other provision that may be required for uniformity or by state law.
 - (6) Performance criteria for continuation of the abatement.
 - (7) Amount of investment and average number of jobs involved for the period of abatement.
 - (8) A provision that the contract shall meet all of the requirements of Texas Tax Code Sec. 312, et. seq.
- (b) Such agreement shall be executed within sixty (60) days after approval of the agreement.
- (c) The County shall make its own determination of abatement which shall not bind any other affected taxing entity.

VIII. RECAPTURE

- (a) In the event that the facility is completed and begins producing product or service, but subsequently discontinues production of product or service for any reason other than fire, explosion, or other casualty or accident or natural disaster for a period of more than one (1) year during the abatement period, then the agreement shall terminate and so shall the abatement of

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taxes for the calendar year during which the agreement is terminated. The taxes otherwise abated for that calendar year shall be paid to the County within sixty (60) days from the date of termination.

- (b) Should the County determine that the owner is in default of the agreement, the County shall notify the owner of the defect in writing at the address stated in the agreement, and if such defect is not cured within sixty (60) days from the date of such notice ("Cure Period"), then the agreement shall be terminated. Where cure of the proposed defect requires action undertaken over a period of time, the contract will not be considered to be in default if the performing party has undertaken efforts to cure the defect and is diligently pursuing those efforts.
- (c) In the event that the company or individual:
 - (1) allows its ad valorem taxes owed the County to become delinquent, and to remain delinquent for a period of thirty (30) days following notice of the delinquency without instituting proper legal procedures for their protest and/or contest; or
 - (2) violates in a way any of the terms and conditions of the abatement agreement and fails to cure same during the Cure Period;

the agreement shall be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within sixty (60) days of the termination. A failure to abide by estimated timelines for construction will not be considered to be a material breach of this agreement, provided the owner makes a reasonable effort to meet the estimated timeline.

IX. ADMINISTRATION

- (a) The Chief Appraiser of the Pecos County Appraisal District shall annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year the company or individual receiving the abatement shall furnish the designee of the County with such information as may be necessary to determine continued eligibility for abatement. Once the value has been established, the Chief Appraiser shall notify the County of the amount of assessment. Additionally, the County designee shall notify the County of the number of new or retained employees associated with the facility or generated by the abatement agreement. Once value has been established, the Chief Appraiser shall notify the affected taxing jurisdictions of the amount of the assessment.

- (b) The agreement shall stipulate that employees and/or designated representatives of the County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such manner as to prevent unreasonable interference with the construction and/or operation of the facility. All inspections will be made with one or more representatives of the owner in accordance with its safety standards.
- (c) Upon completion of construction the County shall annually evaluate each facility and report possible violations of the contract and/or agreement to the County.
- (d) All proprietary information acquired by the County for purposes of monitoring compliance with the terms and conditions of an abatement agreement shall be considered confidential.

X. ASSIGNMENT

- (a) Abatement may be transferred and assigned by the owner to a new owner of the same property upon approval by resolution of the County Commissioners Court, subject to the financial capacity of the assignee and provided that the agreement is modified to substitute the assignee as a party to the agreement.
- (b) Any such modification shall not exceed the termination date of the abatement agreement with the original owner.
- (c) No assignment or transfer shall be approved if either the parties to the existing agreement or the proposed assignee is liable to the County for outstanding taxes or other obligations.
- (d) Approval shall not be unreasonably withheld. Upon a finding that the proposed assignee is capable of performing the obligations under the agreement, financially and otherwise, approval of the assignment will not be withheld.

XI. SUNSET PROVISION

- (a) These guidelines are effective upon the date of their adoption and will remain in force for two (2) years, at which time all reinvestment zones and tax abatement contracts created pursuant to its agreements will be reviewed by the County to determine whether the goals of these guidelines

and the Tax Abatement Statute have been achieved. Based on that review, these guidelines may be modified, renewed or eliminated. Such actions shall not affect existing contracts.

- (b) Prior to the date for review, as defined above, these Guidelines may be modified by a two-thirds (2/3) vote of the County Commissioners Court, as provided for by the laws of the State of Texas.

XII. SEVERABILITY AND LIMITATIONS

- (a) In the event that any section, clause, sentence, paragraph, or any part of these guidelines is, for any reason, adjudged by any court of competent jurisdiction to be invalid, such invalidity shall not affect, impair, or invalidate the remainder of the guidelines.
- (b) Property that is in a reinvestment zone and that is owned or leased by a member of the County Commissioners Court is excluded from property tax abatement.
- (c) If this Guideline Statement has omitted any mandatory requirement of the applicable tax abatement laws of the State of Texas, then such requirement is hereby incorporated as a part of these guidelines.

XIII. These Guidelines and Criteria do not affect the County's right to enter into abatement agreements for property located within the City of Fort Stockton pursuant to the existing agreement between the County and the City, regardless of whether such abatement agreements meet the criteria announced by these Guidelines.

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GLOSSARY

- (a) "Abatement" means the full or partial exemption from ad valorem taxes of certain real property in a reinvestment zone designated by the County or a City for economic development purposes.
- (b) "Aquaculture/Agriculture Facility" means buildings, structures and major earth structure improvements, including fixed machinery and equipment, the primary purpose of which is of food and/or fiber products in commercially marketable quantities.
- (c) "Affected jurisdiction" means Pecos County and any municipality, or school district, the majority of which is located in Pecos County that levies ad valorem taxes upon and/or provides services to property located within the proposed or existing reinvestment zone designated by Pecos County or any municipality.
- (d) "Agreement" means a contractual agreement between a property owner and/or a lessee and the affected jurisdiction for the purpose of tax abatement.
- (e) "Base year value" means the assessed value of eligible property on January 1 preceding the execution of the agreement plus the agreed upon value of eligible property improvements made after January 1, but before the filing of an application for tax abatement.
- (f) "Deferred maintenance" means improvements necessary for continued operations which do not improve productivity or alter the process technology.
- (g) "Distribution Center Facility" means building and structures, including machinery and equipment, used or to be primarily used to receive, store, service or distribute goods or materials owned by the facility, from which a majority of revenues generated by activity at the facility are derived from out of Pecos County.
- (h) "Expansion" means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.
- (i) "Facility" means property improvements completed or in the process of construction which together comprise an integral whole or group.
- (j) "Manufacturing Facility" means buildings and structures, including machinery and equipment, the primary purpose of which is or will be the manufacture of tangible goods or materials or the processing of such goods or materials by physical or chemical change.

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- (k) "Modernization" means the upgrading and or replacement of existing facilities which increases the productive input or output, updates the technology or substantially lowers the unit cost of the operation. Modernization may result from the construction, alteration or installation of buildings, structures, fixed machinery or equipment. It shall not be for the purpose of reconditioning, refurbishing or repairing.
- (l) "New Facility" means improvements to real estate previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.
- (m) "New Job(s)" means newly created employment position on a full-time permanent basis. Two or more part-time permanent employees totaling an average of not less than 40 hours per week may be considered as one full-time permanent employee.
- (n) "Office Building" means a new office building.
- (o) "Other Basic Industry" means buildings and structures, including fixed machinery and equipment not elsewhere described, used or to be used for the production of products or services which serve a market primarily outside the County and results in the creation of new permanent jobs and new wealth in the County.
- (p) "Productive Life" means the number of years a property improvement is expected to be in service in a facility.
- (q) "Regional Entertainment/Tourism Facility" means buildings and structures, including fixed machinery and equipment, use or to be used to provide entertainment and/or tourism related services, from which a majority of revenues generated by activity at the facility are derived from outside Pecos County.
- (r) "Research Facility" means buildings and structures, including fixed machinery and equipment, used or to be used primarily for research or experimentation to improve or develop new tangible goods or materials or to improve or develop the production processes thereto.
- (s) "Regional Service Facility" means buildings and structures, including fixed machinery and equipment, used or to be used to provide a service from which a majority of revenues generated by activity at the facility are derived from outside Pecos County.
- (t) "Renewable Power Facility" means buildings and structures, including fixed machinery and equipment affixed to the land used or to be used to produce, transmit, or distribute power from a renewable or non-depletable power source.