

**FINDINGS**  
**of the**  
**SAN PERLITA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES**  
**under the**  
**TEXAS ECONOMIC DEVELOPMENT ACT**

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*STATE OF TEXAS*

*COUNTY OF WILLACY*

On the 12<sup>th</sup> day of December, 2011, a public meeting of the Board of Trustees ("Board") of the San Perlita Independent School District ("District") was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the Application ("Application") of Magic Valley Wind Farm I, LLC ("Applicant") for a limitation on appraised value on qualified property, pursuant to Chapter 313 of the Texas Tax Code. The Board heard presentations from the District's administrative staff and from consultants retained by the District to advise the Board in this matter.

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

1. On August 30, 2011, the District received an application for appraised value limitation on qualified property ("Application") on the form prescribed by the Comptroller from Applicant pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached hereto as Attachment A.
2. The Board of Trustees acknowledged receipt of the Application, along with the requisite application fee, as established pursuant to Texas Tax Code Section 313.025(a)(1).
3. The Board of Trustees elected to consider the Application.
4. The Application was delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code Section 313.025(b).
5. The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code Sections 313.025 and 313.026. After review, the Comptroller's Office, by letter dated

November 29, 2011, recommended that this Board approve the Application. A copy of the Comptroller's letter is attached to these findings as Attachment B.

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

7. After receipt of the Application, the District entered into negotiations with Applicant over the specific language to be included in a Texas Economic Development Act Participation Agreement ("Agreement"), pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District (the Agreement is also referred to as an "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes"). The proposed Agreement is attached to these findings as Attachment D.

8. Findings as to each of the criterion listed in Texas Tax Code Section 313.026:

a. The recommendations of the Comptroller. Texas Tax Code Section 313.026(a)(1).

The Board finds that the Comptroller recommends approval of the Application.

b. The relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of this State as described in the strategic plan for economic development submitted by the Texas Strategic Economic Development Planning Commission under Section 481.033, Texas Government Code, as that section existed before February 1, 1999. Texas Tax Code Section 313.026(a)(5).

The Board finds that there is a strong and positive relationship between the Applicant's industry and the types of qualifying jobs to be created by the Applicant and the long-term economic growth plans of the State.

c. The relative level of the Applicant's investment per qualifying job to be created by the Applicant. Texas Tax Code Section 313.026(a)(6).

The Board finds that the Application indicates: (i) the Applicant will provide a total of one (1) qualifying job for the entire wind farm project, as defined in Texas Tax Code Section 313.021(3), (ii) the anticipated total amount of investment is \$38,115,000, and (iii) the investment per qualifying job is \$38,115,000, and, it is acknowledged that the investment figure may increase or decrease depending on the number of wind turbines Applicant locates in the District and the appraised values set by the County Appraisal District.

d. The number of qualifying jobs to be created by the Applicant.

The Board finds that the Application indicates the Applicant will provide a total of one (1) qualifying job for the entire wind farm project.

e. The wages, salaries, and benefits to be offered by the Applicant to the qualifying job holders. Texas Tax Code Section 313.026(a)(8).

The Board finds that the Application indicates: (i) the qualified job provided by the Applicant will pay an average wage of \$774 weekly (\$40,268 annually) and (ii) the qualifying jobholder will be offered benefits comparable with similar positions in the wind energy industry including health care insurance, retirement savings, paid vacation and job-related training and professional development programs. The Board further finds that the average wage of \$40,268 annually exceeds the regional manufacturing wage for the Lower Rio Grande Valley Development Council area of \$29,846 in 2010.

f. The ability of the Applicant to locate or relocate in another state or another region of this state. Texas Tax Code Section 313.026(a)(9).

The Board finds that the Applicant is actively involved in the development of wind energy facilities throughout the United States and has the ability to easily relocate this project to an alternate location either inside or outside the State of Texas.

g. The impact the Project will have on this state and individual local units of governmental, including: (A) tax and other revenue gains, direct or indirect, that would be realized during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the Comptroller; and (B) economic effects of the Project, including the impact on jobs and income during the qualifying time period, the limitation period, and a period of time after the limitation period considered appropriate by the Comptroller. Texas Tax Code Section 313.026(a)(10).

The Board finds that the Project will result in revenue gains by the school district. The Board further finds that the economic effects on the local and regional tax base are that the tax base will increase as a result of the Project and additional employment.

h. The economic condition of the region of the state at the time the person's application is being considered. Texas Tax Code Section 313.026(a)(11).

The Board finds that the Applicant's renewable energy generation facility ("Project") will improve the economic condition of the County and the region.

i. The number of new facilities built or expanded in the region during the two years preceding the date of the Application that were eligible to apply for a limitation on appraised value under this subchapter B, chapter 313, Texas Tax Code. Texas Tax Code Section 313.026(a)(12).

The Board finds that six (6) new facilities applied for value limitation agreements in the Lower Rio Grande Valley State Planning Region during the two years preceding the date of the Application that may have been eligible to apply for a limitation on appraised value under subchapter B, chapter 313, Texas Tax Code.

j. The effect of the Applicant's proposal, if approved, on the number or size of the school district's instructional facilities, as defined by Section 46.001, Texas Education Code. Texas Tax Code Section 313.026(a)(13).

The Board finds that there exists a small but undetermined possibility that the Project could have an impact on enrollment from families that might temporarily relocate during the construction phase, but that any impact during the operation phase can be absorbed by current facilities.

k. The projected market value of the qualified property of the Applicant as determined by the Comptroller.

The Board finds that the projected market value of the qualified property of the Applicant as determined by the Comptroller is \$38,115,000.

l. The proposed limitation on appraised value for the qualified property of the Applicant.

The Board finds that the proposed limitation on appraised value for the qualified property of the Applicant is \$10,000,000.

m. The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment and projected tax rates clearly stated.

The Board finds that the projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value is shown on Attachment E, based on the assumption that (i) the investment will depreciate at the rate of five percent (5%) per year and (ii) the projected maintenance and operations tax rate of the District will be \$1.04 per one hundred dollars valuation in each year of the Agreement.

n. The projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the Agreement, if the property receives a limitation on appraised value with assumptions of the projected appreciation or depreciation of the investment clearly stated.

The Board finds that the projected dollar amount of the taxes that would be imposed on the qualified property, for each tax year of the Agreement, if the property receives a limitation on appraised value is shown on Attachment E, based on the assumption that (i) the investment will depreciate at the rate of five percent (5%) per year and (ii) the projected maintenance and operations tax rate of the District will be \$1.04 per one hundred dollars valuation in each year of the Agreement.

o. The projected effect on the Foundation School Program of payments to the District for each year of the Agreement.

The Board finds that the projected effect on the Foundation School Program of payments to the District for each year of the Agreement is shown on Attachment E.

p. The projected future tax credits if the Applicant also applies for school tax credits under Section 313.103.

The Board finds that the future tax credits are \$292,397 based on Applicant's representation of value of the investment that will be subject to tax in years one and two of the Agreement.

q. The total amount of taxes projected to be lost or gained by the District over the life of the Agreement computed by subtracting the projected taxes stated in section 8.n from the projected taxes stated in section 8.m.

The Board finds that the total amount of taxes projected to be lost or gained by the District over the life of the Agreement computed by subtracting the projected taxes stated in section 8.n from the projected taxes stated in section 8.m are shown on Attachment E.

9. The Board finds that the job creation requirement of ten (10) new jobs exceeds the industry standard for the number of employees reasonably necessary for the operation of the Project described in the Application, and, that it is reasonable to waive the job creation requirement as requested by Applicant. Texas Tax Code Section 313.025(f-1).

10. The information in the Application submitted by Applicant is true and correct.

11. The Applicant is eligible for the limitation on the appraised value of the Applicant's qualified property.

12. The proposed Texas Economic Development Act Participation Agreement by and among San Perlita Independent School District and Applicant, attached hereto as Attachment D, includes adequate and appropriate revenue protection provisions for the District.

13. Considering the purpose and effect of the law and the terms of the Agreement, granting the Application and entering the Agreement are in the best interest of the District and the State.

14. The Board waives the new job creation requirement in Tax Code Section 313.051(b).

15. The Applicant, Magic Valley Wind Farm I, LLC (Tex. Taxpayer ID 32042845647) is an entity subject to Chapter 171, Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts.

16. It is hereby found, determined and declared that sufficient written notice of the date, time, place and subject of the meeting of the Board of Trustees of the District at which these Findings were made was posted at a place convenient and readily accessible at all times to the general public for the time required by law preceding this meeting, as required by chapter 551, Texas Government Code, and that this meeting has been open to the public as required by law at all

times during which these Findings were made and the subject matter thereof has been discussed, considered and formally acted upon. The Board of Trustees further ratifies, approves and confirms such written notice and posting thereof.

It is therefore **ORDERED** that:

1. The Application of Magic Valley Wind Farm I, LLC for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of qualified property is approved.
2. The Agreement attached hereto as Attachment D is approved and is hereby authorized to be executed and delivered by and on behalf of the District.
3. These findings and the Attachments referred to herein be attached to the Official Minutes of this meeting, and maintained in the permanent records of the Board of Trustees of the District.

Dated the 12<sup>th</sup> day of December 2011.

**SAN PERLITA INDEPENDENT SCHOOL DISTRICT**

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

**ATTEST:**

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