FINDINGS OF THE BUENA VISTA INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES UNDER THE TEXAS ECONOMIC DEVELOPMENT ACT ON THE APPLICATION SUBMITTED BY SHERBINO II WIND FARM, LLC

December 14, 2010

FINDINGS
OF THE
BUENA VISTA INDEPENDENT
SCHOOL DISTRICT BOARD OF TRUSTEES
UNDER THE
TEXAS ECONOMIC DEVELOPMENT ACT
ON THE APPLICATION SUBMITTED BY
SHERBINO II WIND FARM, LLC.

DECEMBER 14, 2010

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STATE OF TEXAS §

COUNTY OF PECOS §

On the 14th day of December, 2010, a public meeting of the Board of Trustees of the Buena Vista Independent School District was held. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board of Trustees took up and considered the application of the Sherbino II Wind Farm, LLC (Sherbino II) for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The Board of Trustees solicited input into its deliberations on the Application from interested parties within the District. After hearing 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 of the Buena Vista Independent School District makes the following findings with respect to the application of Sherbino II, and the economic impact of that application:

On November 18, 2010, the Superintendent of Schools of the Buena Vista Independent School District, acting as agent of the Board of Trustees, and the Texas Comptroller of Public Accounts received a completed Application from Sherbino II for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. A copy of the Application is attached as **Attachment A**.

The Applicant, Sherbino II, LLC (Texas Taxpayer Id. 32038287523) 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. See **Attachment B**.

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

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

A copy of the Application was delivered to the Pecos County Appraisal District for review pursuant to 34 Tex. Admin. Code § 9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.026, and a favorable recommendation was issued on December 3, 2010. A copy of the Comptroller's letter is attached to the findings as **Attachment C**.

After receipt of the Application, the Texas Comptroller of Public Accounts caused to be conducted an economic impact evaluation pursuant to Texas Tax Code § 313.026 and the Board of Trustees has carefully considered such evaluation. A copy of the economic impact evaluation is attached to these findings as **Attachment D**.

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

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

After receipt of the Application, the District entered into negotiations with Sherbino II over the specific language to be included in the Agreement for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. This form of the Agreement has been submitted to the Comptroller's Office pursuant to 34 Tex. Admin. Code § 9.1055 (e)(1). The proposed Agreement is attached to these findings as **Attachment G**.

After review of the Comptroller's recommendation, and in consideration of its own economic impact study the Board finds:

Board Finding Number 1.

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

In support of Finding 1, the economic impact evaluation states:

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

Board Finding Number 2.

The economic condition of Pecos County, Texas, is in need of long-term improvement.

Based on information provided by the Comptroller's Office, Pecos County is the 132nd largest county in the state in terms of population. Population growth in Pecos County slightly exceeds the state average. The state population grew by 2.0 percent between 2008 and 2009, while the population of Pecos County increased by 2.3 percent over the same period.

September 2010 employment growth for Pecos County increased by 5.2 percent from September 2009, while the state total employment increased by 1.2 percent during the same period. The unemployment rate in Pecos County was 7.3 percent in September 2010, lower than the current state average of 8.1 percent.

Pecos County continues to have a lower per capita personal income than the state as a whole. In terms of per capita income, Pecos County's $20,803 in 2008 ranked 248 among the 254 counties in Texas, while the Texas average was $37,809 for the same period. These data are more than two years old and the recession that has occurred during that period would be expected to slow the growth in personal income in Pecos County and throughout the state.

In the first quarter 2010, taxable sales totaled $83.5 million in Pecos County. This figure reflects a 20.2 percent decrease from the same year-earlier quarter and is consistent with the general trend in taxable sales across the state.

Pecos County will benefit from economic activity like that associated with the Sherbino II project. Major capital investments like this project are beneficial to the community on a number of fronts, including direct and indirect employment, expanded opportunities for existing businesses and increased local tax bases.

Board Finding Number 3.

> **The average salary level of qualifying jobs is expected to be at least $43,724 per year. The review of the application by the State Comptroller's Office indicated that this amount—based on Texas Workforce Commission data—complies with the requirement that qualifying jobs must pay 110 percent of the regional manufacturing wage. Sherbino II indicates that total employment will be approximately four (4) new qualifying job.**

In support of Finding 3, the economic impact evaluation states:

> After construction, the project will create four new jobs when fully operational. All four jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Permian Basin Regional Planning Commission Region, where Pecos County is located was $39,757 in 2009. The annual average manufacturing wage for 2009 for Pecos County is $22,126. That same year, the county annual average wage for all industries was $40,183. In addition to a salary of $43,724, each qualifying position will receive benefits such as medical, dental, vision,

life, and short & long term disability insurance, a 401(k) with 100% match up to 6%, and a retirement fund based on age and years of service. The project's total investment is $215 million, resulting in a relative level of investment per qualifying job of $53.7 million.

Board Finding Number 4.

The level of the applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately $53.7 million on the basis of the goal of four (4) new qualifying position for the entire Sherbino II project located in Buena Vista ISD.

In support of Finding 4, the economic impact evaluation states:

The project's total investment is $215 million, resulting in a relative level of investment per qualifying job of $53.7 million.

Board Finding Number 5.

Subsequent economic effects on the local and regional tax bases will be significant. In addition, the impact of the added infrastructure will be significant to the region.

Table 1 depicts Sherbino II Wind Farm's estimated economic impact on Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Sherbino II

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	129	188	317	$6,674,896	$14,325,104	$21,000,000
2012	4	16	20	$174,896	$2,825,104	$3,000,000
2013	4	17	21	$174,896	$2,825,104	$3,000,000
2014	4	10	14	$174,896	$1,825,104	$2,000,000
2015	4	8	12	$174,896	$1,825,104	$2,000,000
2016	4	6	10	$174,896	$1,825,104	$2,000,000
2017	4	2	6	$174,896	$1,825,104	$2,000,000
2018	4	6	10	$174,896	$1,825,104	$2,000,000
2019	4	7	11	$174,896	$1,825,104	$2,000,000
2020	4	7	11	$174,896	$1,825,104	$2,000,000
2021	4	8	12	$174,896	$1,825,104	$2,000,000
2022	4	5	9	$174,896	$1,825,104	$2,000,000
2023	4	5	9	$174,896	$1,825,104	$2,000,000
2024	4	1	5	$174,896	$1,825,104	$2,000,000
2025	4	7	11	$174,896	$1,825,104	$2,000,000

Source: CPA, REMI, Sherbino II Wind Farm LLC

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Pecos County, and Pecos Middle Ground Water District, with all property tax incentives sought being granted using estimated market value from Sherbino II Wind Farm's application. Sherbino II Wind Farm has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Sherbino II Wind Farm project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Buena Vista ISD I&S Levy	Buena Vista ISD M&O Levy	Buena Vista ISD M&O and I&S Tax Levies (Before Credit Credited)	Buena Vista ISD M&O and I&S Tax Levies (After Credit Credited)	Pecos County	Pecos Middle Ground Water District	Estimated Total Property Taxes
			Tax Rate[1]	0.0000	1.0400			0.6200	0.0085	
2010	$0	$0		$0	$0	$0	$0	$0	$0	$0
2011	$0	$0		$0	$0	$0	$0	$0	$0	$0
2012	$215,000,000	$215,000,000		$0	$2,236,000	$2,236,000	$2,236,000	$0	$18,275	$2,254,275
2013	$206,400,000	$10,000,000		$0	$104,000	$104,000	$104,000	$0	$17,544	$121,544
2014	$198,144,000	$10,000,000		$0	$104,000	$104,000	$12,371	$0	$16,842	$29,213
2015	$190,218,240	$10,000,000		$0	$104,000	$104,000	$13,956	$0	$16,169	$30,125
2016	$182,609,510	$10,000,000		$0	$104,000	$104,000	$15,478	$0	$15,522	$31,000
2017	$175,305,130	$10,000,000		$0	$104,000	$104,000	$16,939	$0	$14,901	$31,840
2018	$168,292,925	$10,000,000		$0	$104,000	$104,000	$18,341	$0	$14,305	$32,646
2019	$161,561,208	$10,000,000		$0	$104,000	$104,000	$19,688	$0	$13,733	$33,420
2020	$155,098,759	$10,000,000		$0	$104,000	$104,000	$20,980	$0	$13,183	$34,164
2021	$148,894,809	$148,894,809		$0	$1,548,506	$1,548,506	$26,752	$923,148	$12,656	$962,556
2022	$142,939,017	$142,939,017		$0	$1,486,566	$1,486,566	$1,486,566	$886,222	$12,150	$2,384,937
2023	$137,221,456	$137,221,456		$0	$1,427,103	$1,427,103	$1,427,103	$850,773	$11,664	$2,289,540
2024	$131,732,598	$131,732,598		$0	$1,370,019	$1,370,019	$1,370,019	$816,742	$11,197	$2,197,958
2025	$126,463,294	$126,463,294		$0	$1,315,218	$1,315,218	$1,315,218	$784,072	$10,749	$2,110,040
						Total	$8,083,412	$4,260,957	$198,890	$12,543,259
Assumes School Value Limitation and Pecos County Tax Abatement										

Source: CPA, Sherbino II Wind Farm LLC

[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Buena Vista ISD I&S Levy	Buena Vista ISD M&O Levy		Buena Vista ISD M&O and I&S Tax Levies	Pecos County	Pecos Middle Ground Water District	Estimated Total Property Taxes
			Tax Rate[1]	0.0000	1.0400			0.6200	0.0085	
2010	$0	$0		$0	$0		$0	$0	$0	$0
2011	$0	$0		$0	$0		$0	$0	$0	$0
2012	$215,000,000	$215,000,000		$0	$2,236,000		$2,236,000	$1,333,000	$18,275	$3,587,275
2013	$206,400,000	$206,400,000		$0	$2,146,560		$2,146,560	$1,279,680	$17,544	$3,443,784
2014	$198,144,000	$198,144,000		$0	$2,060,698		$2,060,698	$1,228,493	$16,842	$3,306,033
2015	$190,218,240	$190,218,240		$0	$1,978,270		$1,978,270	$1,179,353	$16,169	$3,173,791
2016	$182,609,510	$182,609,510		$0	$1,899,139		$1,899,139	$1,132,179	$15,522	$3,046,840
2017	$175,305,130	$175,305,130		$0	$1,823,173		$1,823,173	$1,086,892	$14,901	$2,924,966
2018	$168,292,925	$168,292,925		$0	$1,750,246		$1,750,246	$1,043,416	$14,305	$2,807,967
2019	$161,561,208	$161,561,208		$0	$1,680,237		$1,680,237	$1,001,679	$13,733	$2,695,649
2020	$155,098,759	$155,098,759		$0	$1,613,027		$1,613,027	$961,612	$13,183	$2,587,823
2021	$148,894,809	$148,894,809		$0	$1,548,506		$1,548,506	$923,148	$12,656	$2,484,310
2022	$142,939,017	$142,939,017		$0	$1,486,566		$1,486,566	$886,222	$12,150	$2,384,937
2023	$137,221,456	$137,221,456		$0	$1,427,103		$1,427,103	$850,773	$11,664	$2,289,540
2024	$131,732,598	$131,732,598		$0	$1,370,019		$1,370,019	$816,742	$11,197	$2,197,958
2025	$126,463,294	$126,463,294		$0	$1,315,218		$1,315,218	$784,072	$10,749	$2,110,040
						Total	$24,334,762	$14,507,262	$198,890	$39,040,914

Source: CPA, Sherbino II Wind Farm LLC

[1]Tax Rate per $100 Valuation

Board Finding Number 6.

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

In support of this finding, the analysis prepared by Moak, Casey & Associates projects that the project would initially add $215 million to the tax base for debt service purposes at the peak investment level for the 2010-11 school year. The Sherbino II project remains fully taxable for debt services taxes, with BVISD currently levying a $0.04 I&S rate. The value of the Sherbino II project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. The additional value may help reduce the District's current I&S tax rate with any rate reduction diminishing as the project value depreciates.

Board Finding Number 7.

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

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

Board Finding Number 8.

The ability of the applicant to locate the proposed facility in another state or another region of this state is substantial, as a result of the highly competitive marketplace for economic development.

In support of Finding 8, the economic impact evaluation states:

> According to Sherbino II Wind Farm's application, "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 that are growing yearly. The Company could invest its resources in any of these locations."

Board Finding Number 9.

> **During the past two years, no projects in the Permian Basin Regional Planning Commission Region have applied for value limitation agreements under Tax Code, Chapter 313.**

Board Finding Number 10.

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

Board Finding Number 11.

> **The Board of Trustees has determined that the Tax Limitation Amount requested by Applicant is currently Ten Million Dollars, which is consistent with the minimum values currently set out by Tax Code, §§ 313.022(b).**

According to the Texas Comptroller of Public Accounts' School and Appraisal Districts' Property Value Study 2009 Final Findings made under Subchapter M, Chapter 403, Government Code for the preceding tax year, Attachment F, the total 2009 industrial value for Buena Vista ISD is $54,244,370 million. Buena Vista ISD is categorized as a Subchapter C school district, which applies only to a school district that has territory in a strategic investment area, as defined under Subchapter O, Chapter 171, Tax Code or in a county: (1) that has a population of less than 50,000 and (2) in which, from 1990 to 2000, according to the federal decennial census, the population: (A) remained the same; (B) decreased; or (C) increased, but at a rate of not more than three percent per annum. Given that the value of industrial property in Buena Vista ISD exceeds $1 million but is less than $90 million, it is

classified as a Category III district which can offer a minimum value limitation of $10 million.

Board Finding Number 12.

The Applicant (Taxpayer Id. 32037134346) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity.

Board Finding Number 13.

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

In support of this finding, the report of Moak, Casey & Associates, Inc. shows that the District will incur a revenue loss in each year the value limitation is in effect without the proposed Agreement. However, with this Agreement, the negative consequences of granting the value limitation are offset through the revenue protection provisions agreed to by the Applicant and the District. Additional revenue protection measures are also in place for the duration of the Agreement.

Board Finding Number 14.

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

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

Dated the 14th day of December 2010.

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

By: Cruz Gomez
Cruz Gomez, President Board of Trustees

ATTEST:

By: Paul Ivey
Will Langley, Secretary Board of Trustees
Paul Ivey

MOAK, CASEY & ASSOCIATES
SCHOOL FINANCE & ACCOUNTABILITY EXPERTS

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

December 10, 2010

President and Members
Board of Trustees
Buena Vista Independent School District
P. O. Box 310
Imperial, Texas 79743

Re: Recommendations and Findings of the firm Concerning Application of Sherbino II Wind Farm, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Gomez and Members of the Board of Trustees:

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

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

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

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

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

5. The proposed Agreement contains adequate revenue protection provisions to protect the interests of the District.

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

Sincerely,

Dan Casey

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

O'HANLON, MCCOLLOM & DEMERATH

ATTORNEYS AND COUNSELORS AT LAW

808 WEST AVENUE
AUSTIN, TEXAS 78701
TELEPHONE: (512) 494-9949
FACSIMILE: (512) 494-9919

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

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

JUSTIN DEMERATH

December 9, 2010

President and Members
Board of Trustees
Buena Vista Independent School District
P. O. Box 310
Imperial, Texas 79743

Re: Recommendations and Findings of the firm Concerning Application of Sherbino II Wind Farm, LLC for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes

Dear President Gomez and Members of the Board of Trustees:

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

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

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

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

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

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

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

Sincerely,

Kevin O'Hanlon
For the Firm

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: Guy

Last Name: Birdwell

Title: Superintendent

School District Name: Buena Vista Independent School District

Street Address: Hwy 11 W

Mailing Address: P.O. Box 310

City: Imperial

State: Texas

ZIP: 79743

Phone Number: (432) 536-2336

Fax Number: (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

	Checklist	Page X of 16	Check Completed
1	Date application received by the ISD	1 of 16	X
2	Certification page signed and dated by authorized school district representative	2 of 16	X
3	Date application deemed complete by ISD	2 of 16	X
4	Certification pages signed and dated by applicant or authorized business representative of applicant	4 of 16	X
5	Completed company checklist	12 of 16	X
6	School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application)	2 of 16	Not completed

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name	Last Name
Sam	Gregson

Title
Manager, Property Tax

Organization
Sherbino II Wind Farm LLC

Street Address
700 Louisiana, 33rd Floor

Mailing Address
P.O. Box 3092

City	State	ZIP
Houston	TX	77253-3092

Phone Number	Fax Number
(281) 366-3418	(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	Last Name
Kerry	Albright

Title
Property Tax Representative

Organization
Sherbino II Wind Farm LLC

Street Address
700 Louisiana, 33rd Floor

Mailing Address
P.O. Box 3092

City	State	ZIP
Houston	TX	77253-3092

Phone Number	Fax Number
(281) 366-3418	(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

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

N/A First Name

N/A Last Name

N/A
Title

Firm Name

Street Address

Mailing Address

City State ZIP

Phone Number Fax Number

Business email Address

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

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

Signature *(Authorized Business Representative (Applicant))*

Sam A Gregg

Date

7/21/10

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

CHERYL A. BURNS
My Commission Expires
September 23, 2013

(Notary Seal)

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.

For more information, visit our Web site: www.window.state.tx.us/taxinfo/proptax/hb1200/index.html

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.)

ELIGIBILTY UNDER TAX CODE CHAPTER 313.024

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

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

(1) manufacturing ☐ Yes ☑ No

(2) research and development. ☐ Yes ☑ No

(3) a clean coal project, as defined by Section 5.001, Water Code ☐ Yes ☑ No

(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code ☑ Yes ☐ No

(5) renewable energy electric generation ☐ Yes ☑ No

(6) electric power generation using integrated gasification combined cycle technology. ☐ Yes ☑ No

(7) nuclear electric power generation ☐ Yes ☑ No

(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) ☐ Yes ☑ No

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

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

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

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

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

PROJECT DESCRIPTION

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

See Attachment 4

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

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

☐ Consolidation ☐ Relocation within Texas

PROJECTED TIMELINE

Begin Construction Q2, 2011

Begin Hiring New Employees Q1, 2011

Construction Complete Q4, 2011

Fully Operational Q4, 2011

Purchase Machinery & Equipment Q1, 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)? ☑ Yes ☐ No

Note: Improvements made before that time may not be considered qualified property.

When do you anticipate the new buildings or improvements will be placed in service? 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%) (Name and percent of project)

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

Hospital District: N/A (Name and percent of project)

Water District: Pecos Middle Ground (100%) (Name and percent of project)

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

Other (describe): N/A (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 ☑ No

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

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

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

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

WAGE AND EMPLOYMENT INFORMATION

What is the estimated number of permanent jobs (more than 1,600 hours a year), with the applicant or a contractor of the applicant, on the proposed qualified property during the last complete quarter before the application review start date (date your application is finally determined to be complete)? 0

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

☐ First Quarter ☑ 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 ☑ No

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

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

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

BUENA VISTA INDEPENDENT SCHOOL DISTRICT
PO BOX 310 * STATE HWY 11
IMPERIAL, TX 79743
GUY BIRDWELL SUPERINTENDENT/PRINCIPAL

Fax Transmittal Form

FROM: BUENA VISTA ISD

Attn: Kevin O'Hanlon

Organization Name/Dept: O'Hanlon, McCollom & Demoratte

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

Buena Vista Independent School District

Invoice: Sherbino II Wind Farm LLC

Invoice Date: August 17, 2010

Bill To:
Sherbino II Wind Farm LLC
700 Louisiana, 33rd Floor
P.O> Box 3092
Houston, TX 77253

Quantity	Item	Units	Description	Discount %	Taxable	Unit Price	Total
			Application Fees				75,000.00
						Subtotal	
						Tax	
						Shipping	
						Miscellaneous	
						Balance Due	75,000.00

REMITTANCE

DATE:
AMOUNT DUE:
AMOUNT ENCLOSED:

P.O. Box 310
State Hwy 11
Imperial, TX 79743

Phone: 432-536-2225
Fax: 432-536-2469

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 of2011, 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.

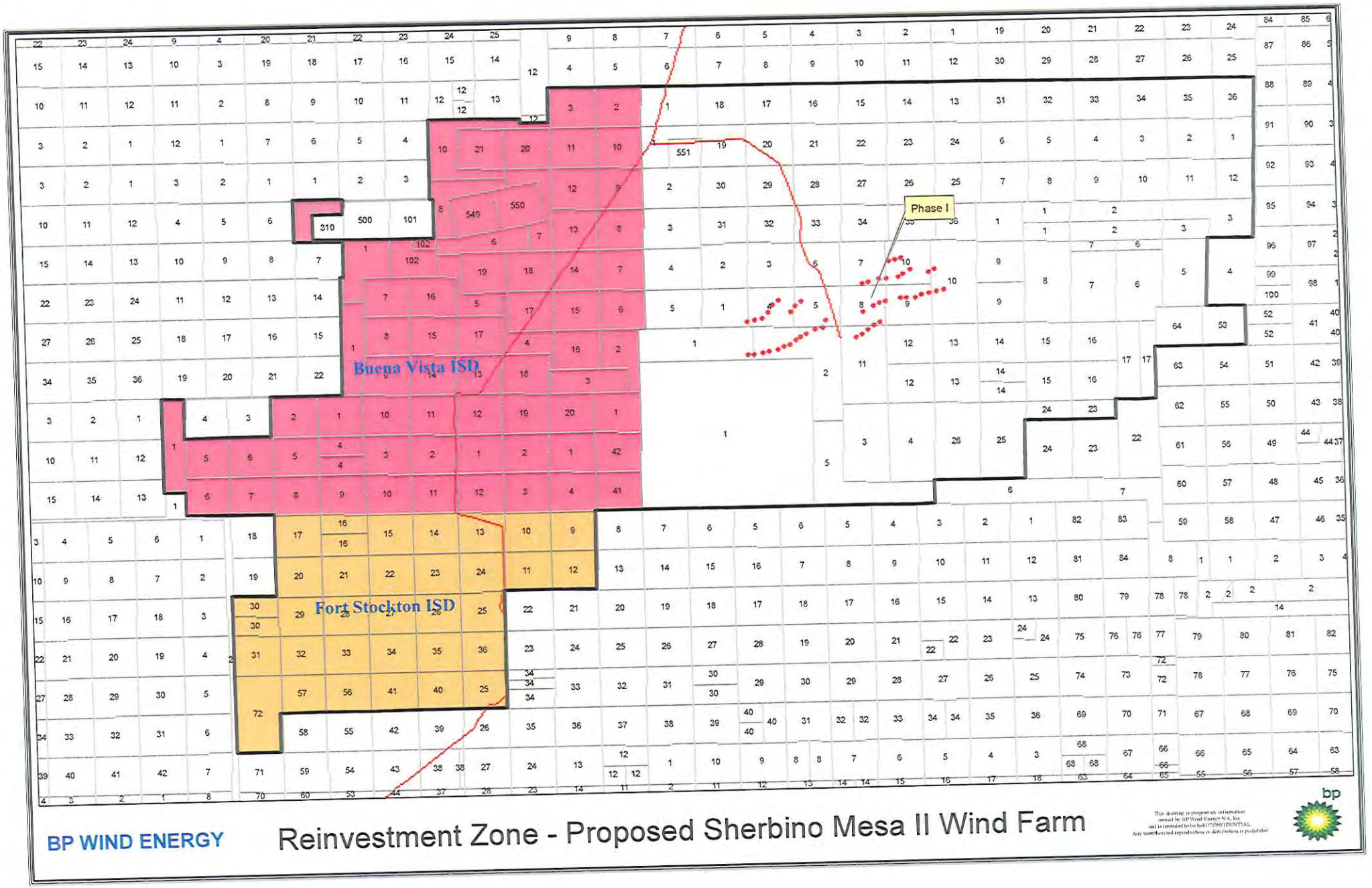
Wind farms are currently being developed, built, and installed in numerous other states, including but not limited to Colorado, Kansas, New Mexico, California, and Minnesota. Within Texas, at least 20 other counties currently have wind farms proposed, under construction, or are currently operating with 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.



BP WIND ENERGY

Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

This drawing is proprietary information owned by BP Wind Energy NA, Inc and is intended to be held CONFIDENTIAL. Any unauthorized reproduction or distribution is prohibited

bp

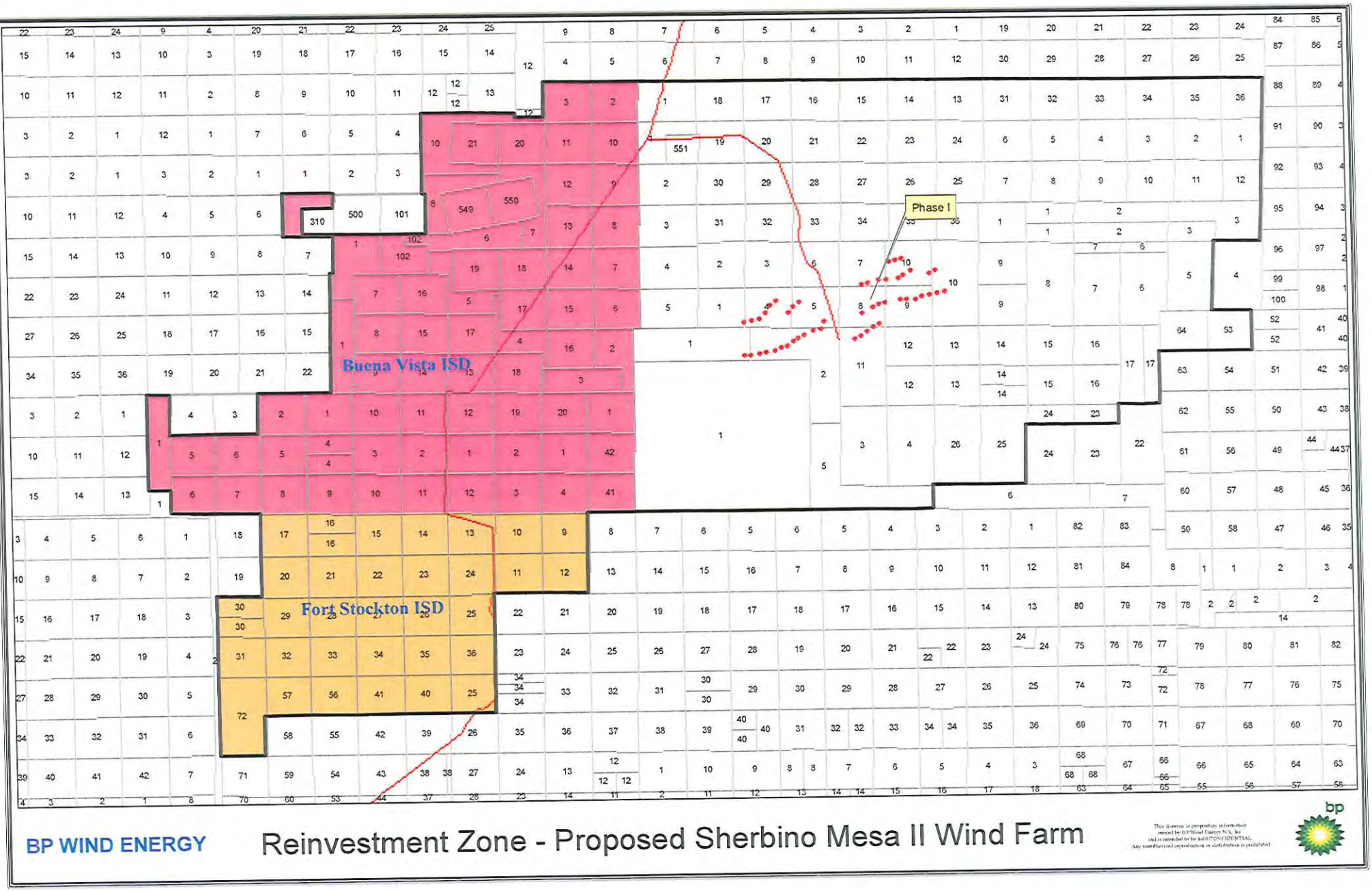
ATTACHMENT 8

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.



BP WIND ENERGY

Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

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Attachment 10

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

BLOCK	SECTION	SURVEY	COMMENT
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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BLOCK	SECTION	SURVEY	COMMENT
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	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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BLOCK	SECTION	SURVEY	COMMENT
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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BLOCK	SECTION	SURVEY	COMMENT
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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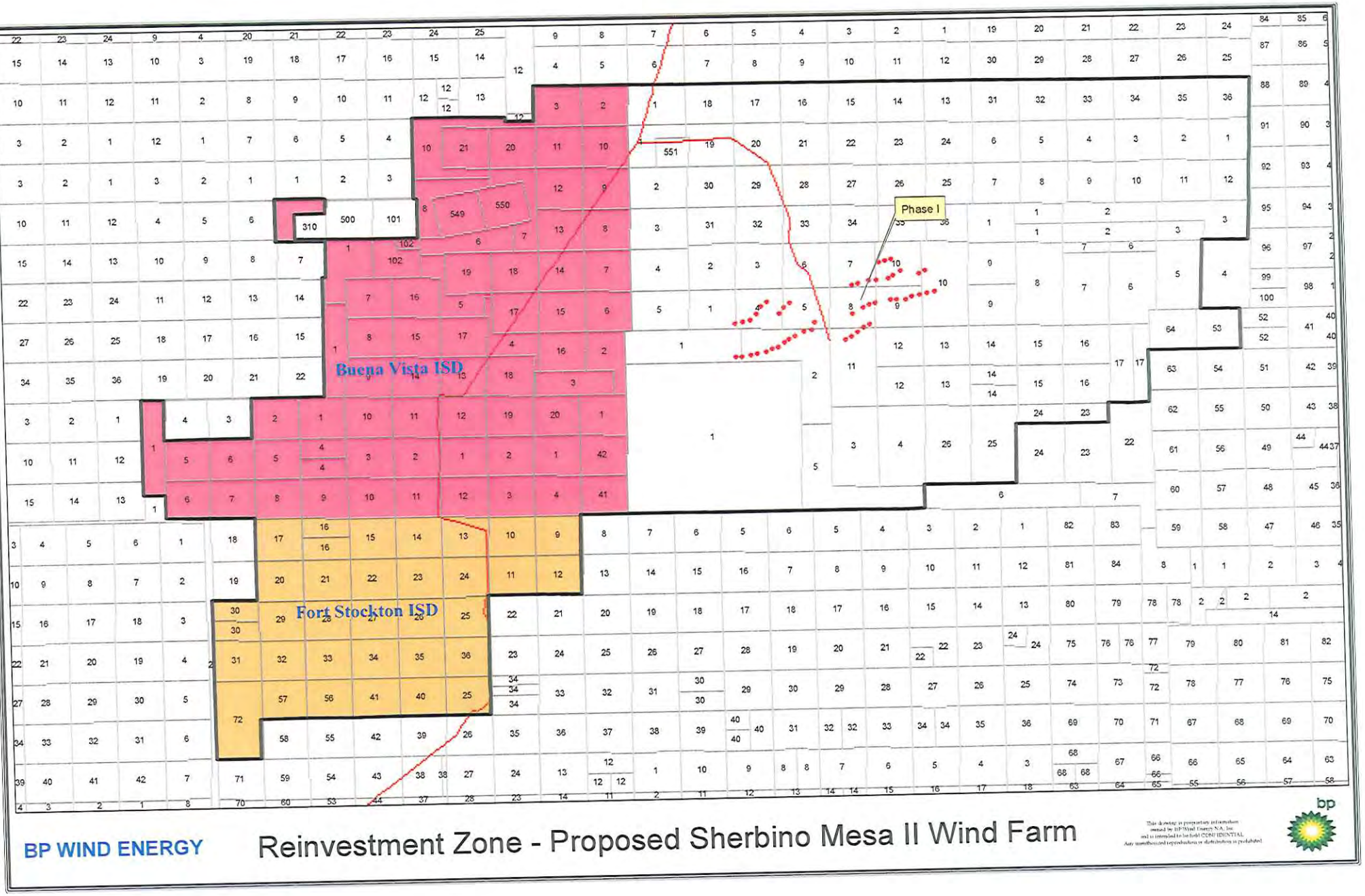

BP WIND ENERGY

Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

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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-l) 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

2976/4 = $744 average weekly salary
X 1.1 (110%)
$818.40

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

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

1642/4 = $410.50 average weekly salary
X 1.1 (110%)
$451.55

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)

Back

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

Applicant Name

ISD Name

Form 50-296

PROPERTY INVESTMENT AMOUNTS

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

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2010-2011	2010					
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)								
	Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property)								
	Complete tax years of qualifying time period	1	2011-12	2011	$ 215,000,000.00		$ 215,000,000.00		$ 215,000,000.00
		2	2012-13	2012					
	Value Limitation Period	3	2013-14	2013					
Tax Credit Period (with 50% cap on credit)		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					
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2021-22	2021					
		12	2022-23	2022					
		13	2023-24	2023					
Post- Settle-Up Period		14	2024-25	2024					
Post- Settle-Up Period		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.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property].
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period.

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

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

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

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

7/21/10

DATE

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

Applicant Name
ISD Name

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O--after all reductions
		pre- year 1	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
	Value Limitation Period	3	2013-14	2013		$ 206,400,000			$ 206,400,000	$ 10,000,000
Tax Credit Period (with 50% cap on credit)		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
		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
Credit Settle-Up Period	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
Post- Settle-Up Period		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.

Sam C. Green

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

7/21/10

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 FTE's or man-hours (specify)	**Column B:** Average annual wage rates for construction workers	**Column C:** Number of new jobs applicant commits to create (cumulative)	**Column D:** Average annual wage rate for all new jobs.	**Column E:** Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	**Column F:** Average annual wage of qualifying jobs
		pre- year 1	2010-11	2010						
	Complete tax years of qualifying time period	1	2011-12	2011	125 FTE	52000	4	$40,063	4	$40,063
		2	2012-13	2012			4	$40,063	4	$40,063
	Value Limitation Period	3	2013-14	2013			4	$40,063	4	$40,063
Tax Credit Period (with 50% cap on credit)		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
Credit Settle-Up Period	Continue to Maintain Viable Presence	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
Post- Settle-Up Period		14	2024-25	2024			4	$40,063	4	$40,063
Post- Settle-Up Period		15	2025-26	2025			4	$40,063	4	$40,063

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

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

Sam L Green
SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

7/21/10
DATE

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

Applicant Name | ISD Name | Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City	Hospital	Other
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)			2010-2011	2010							
	Complete tax years of qualifying time period	1	2011-12	2011	$ 25,185,185	$ 189,814,815	$ 17,700	100%	-	-	-
		2	2012-13	2012	-	-	$ 17,700	100%	-	-	-
	Value Limitation Period	3	2013-14	2013	-	-	$ 17,700	100%	-	-	-
Tax Credit Period (with 50% cap on credit)		4	2014-15	2014	-	-	$ 17,700	100%	-	-	-
		5	2015-16	2015	-	-	$ 17,700	100%	-	-	-
		6	2016-17	2016	-	-	$ 17,700	100%	-	-	-
		7	2017-18	2017	-	-	$ 17,700	100%	-	-	-
		8	2018-19	2018	-	-	$ 17,700	100%	-	-	-
		9	2019-20	2019	-	-	$ 17,700	100%	-	-	-
		10	2020-21	2020	-	-	$ 17,700	100%	-	-	-
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2021-22	2021	-	-	$ 17,700		-	-	-
		12	2022-23	2022	-	-	$ 17,700		-	-	-
		13	2023-24	2023	-	-	$ 17,700		-	-	-
Post- Settle-Up Period		14	2024-25	2024	-	-	$ 17,700		-	-	-
Post- Settle-Up Period		15	2025-26	2025	-	-	$ 17,700		-	-	-

*For planning, construction and operation of the facility.

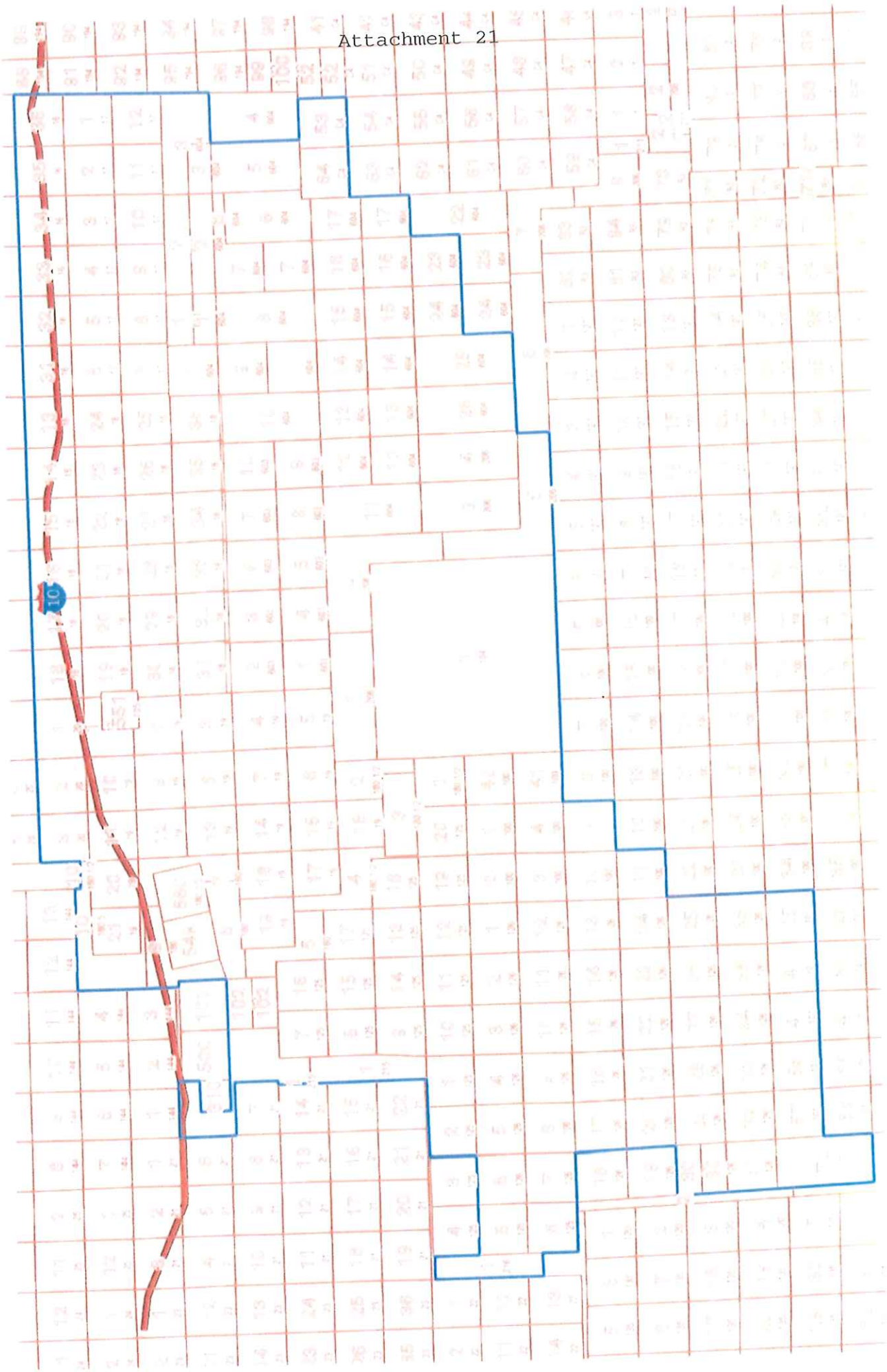
Sarah Gregson

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

7/21/10

DATE

Attachment 21



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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	County Judge
George Riggs	Commissioner Pct. #1
Juan Rodriguez	Commissioner Pct. #2
J.H. Kent	Commissioner Pct. #3
Santiago Cantu	Commissioner Pct. #4
Jesse Gonzales, Jr	County Attorney
Judy Deerfield	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 329;

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.

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:

SECTION 1. Recitations and Incorporation. The parties agree that the recitations above in this Agreement are true and correct and are herby incorporated into this Agreement, and Exhibits A, B, C and D hereto are hereby incorporated into this Agreement.

SECTION 2. Term. This Agreement shall remain in force and effect for a period of ten (10) years from the date of its commencement as set forth in Section 14, and shall expire and be of no further force and effect after said date, except to the extent necessary to effect the tax abatement applicable to Year 10 referred to in Section 12.

SECTION 3. Base Year. The base year applicable to personal property and real property improvements, which is the subject of the Agreement shall be 2008, and the assessed value of the personal property and real property improvements shall be the assessed value applicable to such property for said year to the extent the property was in existence as of January 1, 2008.

SECTION 4. Base Year Taxes. The taxes upon such personal property and real property improvements shall be paid in accordance with the assessed value of such property for the base year. Base year taxes upon such real property are thus not abated.

SECTION 5. Abatement of Increase in Base Year Tax. In accordance with V.T.C.A., Tax Code, Section 312.204, personal property taxes and real property improvement taxes applicable to the personal property and real property improvements subject to this Agreement shall be abated only to the extent said value for any given year within the term of this Agreement exceeds the base year taxes hereinabove set forth.

SECTION 6. Property Ineligible for Tax Abatement. The property described and set forth in Section IV (e) of the Guidelines and Criteria Governing Tax Abatement for Projects in Designated Reinvestment Zones attached as Exhibit A, is property ineligible for tax abatement.

SECTION 7. Exemption from Tax. The County covenants and agrees to exempt from taxation, in accordance with Section 5 above, the following properties:

(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.

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SECTION 20. Compliance.

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

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:
Name: Robert L. Wilcoxen
Title: President

PECOS COUNTY

Honorable Joe Shuster
Pecos County Judge

ATTEST:

Judy Deerfield
Pecos County Clerk

APPROVED AS TO FORM:

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.

(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;

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(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

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.

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(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

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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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EXHIBIT B

BP WIND ENERGY NORTH AMERICA INC.
APPLICATION FOR TAX ABATEMENT AND DESIGNATION OF REINVESTMENT ZONE

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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:
__x_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 Sherbino 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):
_x__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) the 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

	Note	2006	200
Sales and other operating revenues	7	256,906	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	245,48
Purchases		187,183	193,02
Production and manufacturing expenses		23,793	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	549	48
Exploration expense	19	1,046	68
Distribution and administration expenses	15	14,447	13,70
Fair value (gain) loss on embedded derivatives	36	(908)	2,04
Profit before interest and taxation from continuing operations		35,169	32,68
Finance costs	21	718	61
Other finance (income) expense	22	(202)	14
Profit before taxation from continuing operations		34,642	31,92
Taxation	23	12,331	9,47
Profit from continuing operations		22,311	22,44
Profit (loss) from Innovene operations	6	(25)	16

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Profit for the year		22,286	22,63
Attributable to			
BP shareholders		22,000	22,34
Minority interest		286	29
		22,286	22,63
Earnings per share – cents			
Profit for the year attributable to BP shareholders			
Basic	25	109.84	105.7
Diluted	25	109.00	104.5
Profit from continuing operations attributable to BP shareholders			
Basic		109.97	104.8
Diluted		109.12	103.6

Group balance sheet

At 31 December

	Note	2006
Non-current assets		
Property, plant and equipment	26	90,989
Goodwill	27	10,760
Intangible assets	28	5,246
Investments in jointly controlled entities	29	15,074
Investments in associates	30	6,976
Other investments	31	1,697

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Fixed assets		129,771
Loans		817
Other receivables	33	862
Derivative financial instruments	35	5,028
Prepayments and accrued income		1,034
Defined benefit pension plan surplus	41	6,763
		162,282
Current assets		
Loans		141
Inventories	32	18,816
Trade and other receivables	33	38,692
Derivative financial instruments	35	10,373
Prepayments and accrued income		3,006
Current tax receivable		564
Cash and cash equivalents	34	2,690
		74,261
Assets classified as held for sale	5	1,076
		75,338
Total assets		217,601
Current liabilities		
Trade and other payables	35	42,256
Derivative financial instruments	35	9,424
Accruals and deferred income		6,747
Finance debt	38	12,924
Current tax payable		2,635
Provisions	40	1,892
		75,298
Liabilities directly associated with the assets classified as held for sale	5	54
		75,352
Non-current liabilities		
Other payables	35	1,480
Derivative financial instruments	35	4,203
Accruals and deferred income		961
Finance debt	38	11,086
Deferred tax liabilities	23	15,116
Provisions	40	11,712
Defined benefit pension plan and other postretirement benefit plan deficits	41	9,276
		56,784

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Total liabilities		132,136
Net assets		86,465
Equity		
Share capital	42	6,386
Reserves		78,239
BP shareholders' equity	43	84,624
Minority interest	43	841
Total equity	43	86,465

Peter Sutherland Chairman
The Lord Browne of Madingley Group Chief Executive

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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Total liabilities			132,136
Net assets			85,465
Equity			
Share capital		42	5,386
Reserves			79,239
BP shareholders' equity		43	84,624
Minority interest		43	841
Total equity		43	85,465

Peter Sutherland Chairman
The Lord Browne of Madingley Group Chief Executive

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 construction[1] – 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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bp alternativenergy
SHERBINO MESA WIND FARM : PECOS COUNTY TX
LEGEND
Project Boundary
Transmission Line
Section
Block
Sheet 1 of 1
4/25/2007

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Proposed Reinvestment Zone – legal description

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BP Wind Energy North America, Inc.

Pecos County, TX - Proposed Reinvestment Zone

legal description

April 2007

Block	Section
18	13
18	14
18	15
18	16
18	17
18	18
18	19
18	20
18	21
18	22
18	23
18	24
18	25
18	26
18	27
18	28
18	29
18	30
18	31
18	32
18	33
18	34
18	35
18	36
19	1
19	2
19	3
19	4
19	5
19	6
19	7
19	8
19	9
19	10
19	11

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BP Wind Energy North America, Inc.

Pecos County, TX - Proposed Reinvestment Zone

legal description

April 2007

Block	Section
19	12
19	13
19	14
19	15
19	16
19	17
19	18
19	19
19	20
19	21
20	1
20	2
20	3
100	1
100	2
100	3
100	4
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

BP Wind Energy North America, Inc.

Pecos County, TX - Proposed Reinvestment Zone

legal description

April 2007

Block	Section
206	2
206	3
206	5
603	1
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

BLOCK	SECTION	SURVEY	COMMENT
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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BLOCK	SECTION	SURVEY	COMMENT
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	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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BLOCK	SECTION	SURVEY	COMMENT
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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BLOCK	SECTION	SURVEY	COMMENT
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 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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SHERBINO MESA WIND FARM - REINVESTMENT ZONE LEGAL DESCRIPTION
5/22/2007

BLOCK	SECTION	SURVEY	COMMENT
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	

BLOCK	SECTION	SURVEY	COMMENT
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	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	

BLOCK	SECTION	SURVEY	COMMENT
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	

BLOCK	SECTION	SURVEY	COMMENT
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	

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. <u>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.</u>

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.

(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;

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(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

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.

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(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

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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.

(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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Attachment B

Certificate of Account Status

Taxable Entity Search Results

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

Do **not** include a certificate from this Web site as part of a filing with the Secretary of State for dissolution, merger, withdrawal, or conversion. The Secretary of State will reject a filing that uses the certification from this site.

To obtain a certificate that is sufficient for dissolution, merger, or conversion, see Publication 98-336d, Requirements to Dissolve, Merge or Convert a Texas Entity.

Certification of Account Status | Officers And Directors Information

Entity Information:	**SHERBINO II WIND FARM LLC** 350 N SAINT PAUL ST DALLAS, TX 75201-4240
Status:	**TEMPORARY GOOD STANDING through January 14, 2011**
Registered Agent:	C T CORPORATION SYSTEM 350 N. ST. PAUL ST. STE. 2900 DALLAS, TX 75201
Registered Agent Resignation Date:	
State of Formation:	DE
File Number:	0800982028
SOS Registration Date:	May 22, 2008
Taxpayer Number:	32037134346

Attachment C

State Comptroller's Recommendation

SUSAN COMBS

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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

December 3, 2010

Mr. Guy Birdwell
Superintendent
Buena Vista Independent School District
P. O. Box 310
Imperial, Texas 79743

Dear Superintendent Birdwell:

On November 18, 2010, the agency received the completed application for a limitation on appraised value originally submitted to the Buena Vista Independent School District (Buena Vista ISD) by Sherbino II Wind Farm, LLC (Sherbino II Wind) in August, 2010, under the provisions of Tax Code Chapter 313. This letter presents the Comptroller's recommendation regarding Sherbino II Wind's application as required by Section 313.025(d), using the criteria set out by Section 313.026. Our review assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Filing an application containing false information is a criminal offense under Texas Penal Code Chapter 37.

According to the provisions of Chapter 313, Buena Vista ISD is currently classified as a rural school district in Category 3. The applicant properly applied under the provisions of Subchapter C, as applicable to rural school districts, and the amount of proposed qualified investment ($215,000,000) is consistent with the proposed appraised value limitation sought ($10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement.

Sherbino II Wind is proposing the construction of a wind power electricity generating facility in Pecos County. Sherbino II Wind is an active franchise taxpayer, as required by Tax Code Section 313.024(a), and is in good standing. After reviewing the application using the criteria listed in Section 313.026, and the information provided by Sherbino II Wind, the Comptroller's recommendation is that Sherbino II Wind's application under Tax Code Chapter 313 be approved.

Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. Chapter 313 places the responsibility to verify that all requirements of the statute have been fulfilled on the school district. Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best interest of the school district and state. When approving a job waiver requested under Section 313.025(f-1), the school district must also find that the statutory jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria and a cursory review of the industry standard evidence necessary to support the waiver of the required number of jobs.

The Comptroller's recommendation is based on the final, completed application that has been submitted to this office, and may not be used to support an approval if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. This recommendation is contingent on the following:

1. No later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, applicant submitting to this office a draft limitation agreement that complies with the statutes, the Comptroller's rules, and is consistent with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district approving and executing a limitation agreement that has been reviewed by this office within a year from the date of this letter. As required by Comptroller Rule 9.1055 (34 T.A.C. 9.1055), the signed limitation agreement must be forwarded to our office as soon as possible after execution.

During the 81st Legislative Session, House Bill 3676 made a number of changes to the chapter. Please visit our Web site at www.window.state.tx.us/taxinfo/proptax/hb1200 to find an outline of the program and links to applicable rules and forms.

Should you have any questions, please contact Robert Wood, director of Local Government Assistance and Economic Development, by e-mail at robert.wood@cpa.state.tx.us or by phone at (800) 531-5441, ext. 3-3973, or direct in Austin at (512) 463-3973.

Sincerely,

Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Attachment D

Economic Analysis

Economic Impact for Chapter 313 Project

Applicant	Sherbino II Wind Farm LLC
Tax Code, 313.024 Eligibility Category	Renewable Energy Electric Generation - Wind
School District	Buena Vista ISD
2008-09 Enrollment in School District	124
County	Pecos
Total Investment in District	$215,000,000
Qualified Investment	$215,000,000
Limitation Amount	$10,000,000
Number of total jobs committed to by applicant	4*
Number of qualifying jobs committed to by applicant	4
Average Weekly Wage of Qualifying Jobs committed to by applicant	$841
Minimum Weekly Wage Required Tax Code, 313.051(b)	$841
Minimum Annual Wage committed to by applicant for qualified jobs	$43,724
Investment per Qualifying Job	$53,750,000
Estimated 15 year M&O levy without any limit or credit:	$24,334,762
Estimated gross 15 year M&O tax benefit	$16,251,350
Estimated 15 year M&O tax benefit *(after* deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses):	$15,708,977
Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program)	$2,132,000
Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection:	$8,625,785
Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted)	64.6%
Percentage of tax benefit due to the limitation	86.9%
Percentage of tax benefit due to the credit.	13.1%
** Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1).*	

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

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

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

After construction, the project will create four new jobs when fully operational. All four jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the Permian Basin Regional Planning Commission Region, where Pecos County is located was $39,757 in 2009. The annual average manufacturing wage for 2009 for Pecos County is $22,126. That same year, the county annual average wage for all industries was $40,183. In addition to a salary of $43,724, each qualifying position will receive benefits such as medical, dental, vision, life, and short & long term disability insurance, a 401(k) with 100% match up to 6%, and a retirement fund based on age and years of service. The project's total investment is $215 million, resulting in a relative level of investment per qualifying job of $53.7 million.

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

According to Sherbino II Wind Farm's application, "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 that are growing yearly. The Company could invest its resources in any of these locations."

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

During the past two years, no projects in the Permian Basin Regional Planning Commission Region have applied for value limitation agreements under Tax Code, Chapter 313.

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

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

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

Table 1 depicts Sherbino II Wind Farm's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 15 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Sherbino II Wind Farm

	Employment			Personal Income		
Year	Direct	Indirect + Induced	Total	Direct	Indirect + Induced	Total
2011	129	188	317	$6,674,896	$14,325,104	$21,000,000
2012	4	16	20	$174,896	$2,825,104	$3,000,000
2013	4	17	21	$174,896	$2,825,104	$3,000,000
2014	4	10	14	$174,896	$1,825,104	$2,000,000
2015	4	8	12	$174,896	$1,825,104	$2,000,000
2016	4	6	10	$174,896	$1,825,104	$2,000,000
2017	4	2	6	$174,896	$1,825,104	$2,000,000
2018	4	6	10	$174,896	$1,825,104	$2,000,000
2019	4	7	11	$174,896	$1,825,104	$2,000,000
2020	4	7	11	$174,896	$1,825,104	$2,000,000
2021	4	8	12	$174,896	$1,825,104	$2,000,000
2022	4	5	9	$174,896	$1,825,104	$2,000,000
2023	4	5	9	$174,896	$1,825,104	$2,000,000
2024	4	1	5	$174,896	$1,825,104	$2,000,000
2025	4	7	11	$174,896	$1,825,104	$2,000,000

Source: CPA, REMI, Sherbino II Wind Farm LLC

The statewide average ad valorem tax base for school districts in Texas was $1.6 billion in 2009. Buena Vista ISD's ad valorem tax base in 2009 was $0.24 billion. The statewide average wealth per WADA was estimated at $352,755 for fiscal 2009-2010. During that same year, Buena Vista ISD's estimated wealth per WADA was $875,198. The impact on the facilities and finances of the district are presented in Attachment 2.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district, Pecos County, and Pecos Middle Ground Water District, with all property tax incentives sought being granted using estimated market value from Sherbino II Wind Farm's application. Sherbino II Wind Farm has applied for both a value limitation under Chapter 313, Tax Code and tax abatement with the county. Table 3 illustrates the estimated tax impact of the Sherbino II Wind Farm project on the region if all taxes are assessed.

Table 2 Estimated Direct Ad Valorem Taxes with all property tax incentives sought										
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Buena Vista ISD I&S Levy	Buena Vista ISD M&O Levy	Buena Vista ISD M&O and I&S Tax Levies (Before Credit Credited)	Buena Vista ISD M&O and I&S Tax Levies (After Credit Credited)	Pecos County	Pecos Middle Ground Water District	Estimated Total Property Taxes
			Tax Rate[1]	0.0000	1.0400			0.6200	0.0085	
2010	$0	$0		$0	$0	$0	$0	$0	$0	$0
2011	$0	$0		$0	$0	$0	$0	$0	$0	$0
2012	$215,000,000	$215,000,000		$0	$2,236,000	$2,236,000	$2,236,000	$0	$18,275	$2,254,275
2013	$206,400,000	$10,000,000		$0	$104,000	$104,000	$104,000	$0	$17,544	$121,544
2014	$198,144,000	$10,000,000		$0	$104,000	$104,000	$12,371	$0	$16,842	$29,213
2015	$190,218,240	$10,000,000		$0	$104,000	$104,000	$13,956	$0	$16,169	$30,125
2016	$182,609,510	$10,000,000		$0	$104,000	$104,000	$15,478	$0	$15,522	$31,000
2017	$175,305,130	$10,000,000		$0	$104,000	$104,000	$16,939	$0	$14,901	$31,840
2018	$168,292,925	$10,000,000		$0	$104,000	$104,000	$18,341	$0	$14,305	$32,646
2019	$161,561,208	$10,000,000		$0	$104,000	$104,000	$19,688	$0	$13,733	$33,420
2020	$155,098,759	$10,000,000		$0	$104,000	$104,000	$20,980	$0	$13,183	$34,164
2021	$148,894,809	$148,894,809		$0	$1,548,506	$1,548,506	$26,752	$923,148	$12,656	$962,556
2022	$142,939,017	$142,939,017		$0	$1,486,566	$1,486,566	$1,486,566	$886,222	$12,150	$2,384,937
2023	$137,221,456	$137,221,456		$0	$1,427,103	$1,427,103	$1,427,103	$850,773	$11,664	$2,289,540
2024	$131,732,598	$131,732,598		$0	$1,370,019	$1,370,019	$1,370,019	$816,742	$11,197	$2,197,958
2025	$126,463,294	$126,463,294		$0	$1,315,218	$1,315,218	$1,315,218	$784,072	$10,749	$2,110,040
						Total	$8,083,412	$4,260,957	$198,890	$12,543,259
Assumes School Value Limitation and Pecos County Tax Abatement										

Source: CPA, Sherbino II Wind Farm LLC
[1]Tax Rate per $100 Valuation

Table 3 Estimated Direct Ad Valorem Taxes without property tax incentives										
Year	Estimated Taxable value for I&S	Estimated Taxable value for M&O		Buena Vista ISD I&S Levy	Buena Vista ISD M&O Levy		Buena Vista ISD M&O and I&S Tax Levies	Pecos County	Pecos Middle Ground Water District	Estimated Total Property Taxes
			Tax Rate[1]	0.0000	1.0400			0.6200	0.0085	
2010	$0	$0		$0	$0		$0	$0	$0	$0
2011	$0	$0		$0	$0		$0	$0	$0	$0
2012	$215,000,000	$215,000,000		$0	$2,236,000		$2,236,000	$1,333,000	$18,275	$3,587,275
2013	$206,400,000	$206,400,000		$0	$2,146,560		$2,146,560	$1,279,680	$17,544	$3,443,784
2014	$198,144,000	$198,144,000		$0	$2,060,698		$2,060,698	$1,228,493	$16,842	$3,306,033
2015	$190,218,240	$190,218,240		$0	$1,978,270		$1,978,270	$1,179,353	$16,169	$3,173,791
2016	$182,609,510	$182,609,510		$0	$1,899,139		$1,899,139	$1,132,179	$15,522	$3,046,840
2017	$175,305,130	$175,305,130		$0	$1,823,173		$1,823,173	$1,086,892	$14,901	$2,924,966
2018	$168,292,925	$168,292,925		$0	$1,750,246		$1,750,246	$1,043,416	$14,305	$2,807,967
2019	$161,561,208	$161,561,208		$0	$1,680,237		$1,680,237	$1,001,679	$13,733	$2,695,649
2020	$155,098,759	$155,098,759		$0	$1,613,027		$1,613,027	$961,612	$13,183	$2,587,823
2021	$148,894,809	$148,894,809		$0	$1,548,506		$1,548,506	$923,148	$12,656	$2,484,310
2022	$142,939,017	$142,939,017		$0	$1,486,566		$1,486,566	$886,222	$12,150	$2,384,937
2023	$137,221,456	$137,221,456		$0	$1,427,103		$1,427,103	$850,773	$11,664	$2,289,540
2024	$131,732,598	$131,732,598		$0	$1,370,019		$1,370,019	$816,742	$11,197	$2,197,958
2025	$126,463,294	$126,463,294		$0	$1,315,218		$1,315,218	$784,072	$10,749	$2,110,040
						Total	$24,334,762	$14,507,262	$198,890	$39,040,914

Source: CPA, Sherbino II Wind Farm LLC
[1]Tax Rate per $100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table 5" in this attachment shows the estimated 15 year M&O tax levy without the value limitation agreement would be $24,334,762. The estimated gross 15 year M&O tax benefit, or levy loss, is $16,251,350.

Attachment 3 is an economic overview of Pecos County.

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

TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

November 15, 2010

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Sherbino II Wind Farm LLC project on the number and size of school facilities in Buena Vista Independent School District (BVISD). Based on the analysis prepared by Moak, Casey and Associates for the school district and conversations with the BVISD superintendent, Mr. Guy Birdwell, the TEA has found that the Sherbino II Wind Farm LLC project would not have a significant impact on the number or size of school facilities in BVISD.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels

Helen Daniels
Director of State Funding

HD/hd

TEXAS EDUCATION AGENCY

1701 North Congress Ave. • Austin, Texas 78701-1494 • 512 463-9734 • 512 463-9838 FAX • www.tea.state.tx.us

Robert Scott
Commissioner

November 18, 2010

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

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Sherbino II Wind Farm LLC project for the Buena Vista Independent School District (BVISD). Projections prepared by our Forecasting and Fiscal Analysis Division confirm the analysis that was prepared by Moak, Casey and Associates and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid and their estimates of the impact of the Sherbino II Wind Farm LLC project on BVISD are correct.

Please feel free to contact me by phone at (512) 463-9268 or by email at helen.daniels@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Helen Daniels

Helen Daniels
Director of State Funding

HD/hd

Attachment E

Summary of Financial Impact

SUMMARY OF FINANCIAL IMPACT OF THE PROPOSED SHERBINO II WIND FARM, LLC PROJECT ON THE FINANCES OF THE BUENA VISTA INDEPENDENT SCHOOL DISTRICT UNDER A REQUESTED CHAPTER 313 PROPERTY VALUE LIMITATION

September 17, 2010 | **Final Report**

PREPARED BY

Estimated Impact of the Proposed Sherbino II Wind Farm, LLC Project on the Finances of the Buena Vista Independent School District under a Requested Chapter 313 Property Value Limitation

Introduction

Sherbino II Wind Farm, LLC (Sherbino II) has requested that the Buena Vista Independent School District (BVISD) consider granting a property value limitation under Chapter 313 of the Tax Code for a new renewable electric wind generation project. An application was submitted to BVISD on July 21, 2010. Sherbino II proposes to invest $215 million to construct a new wind energy project in BVISD.

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

School Finance Mechanics

Under the provisions of Chapter 313, BVISD may offer a minimum value limitation of $10 million. Based on the application, the qualifying time period would begin with the 2011-12 school year. The full value of the investment is expected to reach $215 million in 2012-13, with depreciation expected to reduce the taxable value of the project over the course of the value limitation agreement.

The provisions of Chapter 313 call for the project to be fully taxable in the 2011-12 and 2012-13 school years, unless the District and the Company agree to an extension of the start of the qualifying time period. For the purpose of this analysis, it is assumed that the qualifying time period will be the 2011-12 and 2012-13 school years. Beginning in 2013-14, the project would go on the local tax roll at $10 million and remain at that level of taxable value for eight years for maintenance and operations taxes. The full taxable value of the project could be assessed for debt service taxes on voter-approved bond issues throughout the limitation period, with BVISD currently levying a $0.04 I&S tax rate.

Under the current school finance system, the property values established by the Comptroller's Office that are used to calculate state aid and recapture lag by one year, a practical consequence of the fact that the Comptroller's Office needs this time to conduct their property value study and now the planned audits of appraisal district operations in alternating years. A taxpayer receiving a value limitation pays M&O taxes on the reduced value for the project in years 3-10 and receives a tax bill for I&S taxes based on the full project value throughout the qualifying and value limitation period (and thereafter). The school funding formulas use the Comptroller's property values that reflect a reduction due to the property value limitation in years 4-11of the Agreement, resulting from the one-year lag in state property values.

Under the school finance system that operated prior to the approval of House Bill 1 (HB 1) in the 2006 special session, the third year was typically problematical for a school district that approved a Chapter 313 value limitation. Based on the data provided in the application, Sherbino II indicates that $215 million in taxable value would be in place in the second year under the agreement. In year three (2013-14) of the agreement, the project is expected to go on the tax roll at $10 million or, if applicable, a higher value limitation amount approved by the BVISD Board of Trustees. This difference would result in a revenue loss to the school district in the third year of the agreement that would not be reimbursed by the state, but require some type of compensation from the applicant in the revenue protection provisions of the agreement. In years 4-10, smaller revenue losses would be anticipated as a general rule when the state property values are aligned at the minimum value established by the Board on both the local tax roll and the corresponding state property value study.

HB 1 established a "target" revenue system per student that has the effect of largely neutralizing the third-year revenue losses associated with Chapter 313 property value limitations, at least up to a district's compressed M&O tax rate. The additional four to six cents of tax effort that a district may levy are subject to an enriched level of equalization (or no recapture in the case of a high-wealth Chapter 41 school district like BVISD) and operate more like the pre-HB 1 system. A value limitation must be analyzed for any potential revenue loss associated with this component of the M&O tax levy. For tax effort in excess of the compressed plus six cents rate, equalization and recapture occur at the level of $319,500 per weighted student in average daily attendance (WADA), although that is currently not at issue in the case of BVISD.

Under HB 3646—the school finance system changes approved by the Legislature in 2009—the starting point is the target revenue provisions from HB 1, that are then expanded through the addition of a series of school funding provisions that had operated previously outside the basic allotment and the traditional formula structure, as well as an additional $120 per WADA guarantee.

Under the provisions of HB 3646, school districts do have the potential to earn revenue above the $120 per WADA level, up to a maximum of $350 per WADA above current law. Initial estimates indicate that about 700 school districts are funded at the minimum $120 per WADA level, while approximately 300 school districts are expected to generate higher revenue amounts per WADA. This is significant because changes in property values and related tax collections under a Chapter 313 agreement once again have the potential to affect a school district's base revenue, although probably not to the degree experienced prior to the HB 1 target revenue system.

One key element in any analysis of the school finance implications is the provision for revenue protection in the agreement between the school district and the applicant. In the case of the Sherbino II project, the agreement calls for a calculation of the revenue impact of the value limitation in years 3-10 of the agreement, under whatever school finance and property tax laws are in effect in each of those years. This meets the statutory requirement under Section 313.027(f)(1) of the Tax Code to provide school district revenue protection language in the agreement.

Underlying Assumptions

There are several approaches that can be used to analyze the future revenue stream of a school district under a value limitation. Whatever method is used, a reasonable analysis requires the use of a multi-year forecasting model that covers the years in which the agreement is in effect. The Chapter 313 application now requires 15 years of data and analysis on the project being considered for a property value limitation.

The approach used here is to maintain static enrollment and property values in order to isolate the effects of the value limitation under the school finance system. While the new target revenue system appears to limit the impact of property value changes for a majority of school districts, changes in underlying property value growth have the potential to influence the revenue stream of about one-quarter of all school districts.

Student enrollment counts are held constant at 122 students in average daily attendance (ADA) in analyzing the effects of the Sherbino II project on the finances of BVISD. The District's local tax base reached $238.2 million for the 2010 tax year. The district's tax base has been flat the last couple of years following a decline in values, and the underlying $238.2 million taxable value for 2010-11 is maintained for the forecast period in order to isolate the effects of the property value limitation. BVISD is a property-wealthy district, with wealth per weighted ADA or WADA of approximately $907,809 for the 2010-11 school year. These underlying assumptions are summarized in Table 1.

School Finance Impact

A baseline model was prepared for BVISD under the assumptions outlined above through the 2025-26 school year. Beyond the 2010-11 school year, no attempt was made to forecast the 88th percentile or Austin yield that influence future state funding. In the analyses for other districts and applicants on earlier projects, these changes appeared to have little impact on the revenue associated with the implementation of the property value limitation, since the baseline and other models incorporate the same underlying assumptions.

Under the proposed agreement, a second model is established to make a calculation of the "Baseline Revenue" by adding the value of the proposed Sherbino II facility to the model, but without assuming that a value limitation is approved. The results of the model are shown in Table 2.

A third model is developed which adds the Sherbino II value but imposes the proposed property value limitation effective in the third year, which in this case is the 2013-14 school year. The results of this model are identified as the "Value Limitation Revenue Model" (see Table 3). An M&O tax rate of $1.04 is used throughout this analysis.

A summary of the differences between these models is shown in Table 4. The model results show approximately $1.9 million a year in net General Fund revenue being available to BVISD, after recapture and other adjustments have been made.

Under these assumptions, BVISD would experience a revenue loss as a result of the implementation of the value limitation in the 2013-14 school year (-$78,462). This revenue reduction results from the mechanics of the four cents not subject to recapture. It appears that similar differences persist between the two models over the course of the agreement, with the differences related to the unrecaptured four cents of M&O tax effort.

One change that has been incorporated into these models is a more precise estimate of the deduction from the property value study conducted by the Comptroller's Office. At the school district level, a taxpayer benefiting from a property value limitation has two property values assigned by the local appraisal district for their property covered by the limitation: (1) a reduced value for M&O taxes, and (2) the full taxable value for I&S taxes. This situation exists for the eight years that the value limitation is in effect.

Under the property value study conducted by the Comptroller's Office, however, a single deduction amount is calculated for a property value limitation and the same value is assigned for the M&O and I&S calculations under the school funding formulas. The consequence of the lower deduction in the value study relative to the Chapter 313 reduction in the CAD values is that a school district risks not being fully compensated under the school finance funding formulas for having granted the property value limitation. Chapter 41 school districts face greater recapture costs than would have been the case if the CAD deduction and the Comptroller's Chapter 313 reduction matched, although the current target revenue system minimizes this problem.

In the case of BVISD, the calculated lower reduction in the state property value relative to the M&O benefit to be received by the taxpayer does not appear to be substantial. In large part this results because the district is reasonably well protected because of the target revenue provisions and its I&S tax rate is relatively low.

Impact on the Taxpayer

Table 5 summarizes the impact of the proposed property value limitation in terms of the potential tax savings under the property value limitation agreement. The focus of this table is on the M&O tax rate only. As noted previously, the property is fully taxable in the first two years under the agreement. A $1.04 per $100 of taxable value M&O rate is assumed in 2010-11 and thereafter.

Under the assumptions used here, the potential tax savings from the value limitation total $14.1 million over the life of the agreement. In addition, Sherbino II would be eligible for a tax credit for taxes paid on value in excess of the value limitation in each of the first two years. The credit amount is paid out slowly through years 4-10 due to statutory limits on the scale of these payments over these seven years, with catch-up payments permitted in years 11-13. The tax credits are expected to total approximately $2.1 million over the life of the Agreement, with no unpaid tax credits anticipated. The key BVISD revenue losses are associated with the additional four-cent levy not subject to recapture and expected to total approximately -$542,373 over the course of the agreement, with the school district to be reimbursed by the state for the tax credit payments. In total, the potential net tax benefits available to Sherbino II are estimated to total $15.7 million over the life of the Agreement.

Facilities Funding Impact

The Sherbino II project remains fully taxable for debt services taxes, with BVISD currently levying a $0.04 I&S rate. The value of the Sherbino II project is expected to depreciate over the life of the agreement and beyond, but full access to the additional value will add to the District's projected wealth per ADA that is currently well above what is provided for through the state's facilities program. The additional value is expected to help reduce the District's current I&S tax rate, which was imposed to service the debt on a $750,000 bond issue previously approved by local voters.

The Sherbino II project is not expected to affect BVISD in terms of enrollment. Continued expansion of the renewable energy industry could result in additional employment in the area and an increase in the school-age population, but this project is unlikely to have much impact on a stand-alone basis. BVISD currently enrolls a number of transfer students, so it has adequate facilities to accommodate any modest enrollment growth that could result from the project.

Conclusion

The proposed Sherbino II wind energy project enhances the tax base of BVISD. It reflects continued capital investment in renewable electric energy generation, one of the goals of Chapter 313 of the Tax Code, also known as the Texas Economic Development Act.

Under the assumptions outlined above, the potential tax benefits under Chapter 313 could reach an estimated $15.7 million over the course of the Agreement. This amount is net of any anticipated revenue losses for the District. The additional taxable value also enhances the tax base of BVISD in meeting its current and any future debt service obligations.

Table 1 – Base District Information with Sherbino II Wind Farm, LLC Project Value and Limitation Values

Year of Agreement	School Year	ADA	WADA	M&O Tax Rate	I&S Tax Rate	CAD Value with Project	CAD Value with Limitation	CPTD with Project	CPTD With Limitation	CPTD Value with Project per WADA	CPTD Value with Limitation per WADA
1	2011-12	121.72	262.69	$1.0400	$0.0400	$238,231,880	$238,231,880	$238,475,819	$238,475,819	$907,809	$907,809
2	2012-13	121.72	262.69	$1.0400	$0.0400	$453,231,880	$453,231,880	$238,475,819	$238,475,819	$907,809	$907,809
3	2013-14	121.72	262.69	$1.0400	$0.0400	$444,631,880	$248,231,880	$453,475,819	$453,475,819	$1,726,252	$1,726,252
4	2014-15	121.72	262.69	$1.0400	$0.0400	$436,375,880	$248,231,880	$444,875,819	$255,749,893	$1,693,514	$973,566
5	2015-16	121.72	262.69	$1.0400	$0.0400	$428,450,120	$248,231,880	$436,619,819	$255,444,116	$1,662,086	$972,402
6	2016-17	121.72	262.69	$1.0400	$0.0400	$420,841,390	$248,231,880	$428,694,059	$255,150,569	$1,631,915	$971,285
7	2017-18	121.72	262.69	$1.0400	$0.0400	$413,537,010	$248,231,880	$421,085,329	$254,868,764	$1,602,951	$970,212
8	2018-19	121.72	262.69	$1.0400	$0.0400	$406,524,805	$248,231,880	$413,780,949	$254,598,231	$1,575,145	$969,182
9	2019-20	121.72	262.69	$1.0400	$0.0400	$399,793,088	$248,231,880	$406,768,744	$254,338,520	$1,548,451	$968,193
10	2020-21	121.72	262.69	$1.0400	$0.0400	$393,330,639	$248,231,880	$400,037,027	$254,089,197	$1,522,826	$967,244
11	2021-22	121.72	262.69	$1.0400	$0.0400	$387,126,689	$387,126,689	$393,574,578	$253,849,847	$1,498,225	$966,333
12	2022-23	121.72	262.69	$1.0400	$0.0400	$381,170,897	$381,170,897	$387,370,628	$387,370,628	$1,474,608	$1,474,608
13	2023-24	121.72	262.69	$1.0400	$0.0400	$375,453,336	$375,453,336	$381,414,836	$381,414,836	$1,451,936	$1,451,936
14	2024-25	121.72	262.69	$1.0400	$0.0400	$369,964,478	$369,964,478	$375,697,275	$375,697,275	$1,430,171	$1,430,171
15	2025-26	121.72	262.69	$1.0400	$0.0400	$364,695,174	$364,695,174	$370,208,417	$370,208,417	$1,409,277	$1,409,277

*Tier II Yield: $47.65; AISD Yield: $59.97; Equalized Wealth: $476,500 per WADA

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	$2,403,966	$51,641	$317,343	$0	-$1,003,882	$96,034	$0	$0	$1,865,102
2	2012-13	$4,538,378	$51,641	$0	-$811,354	-$1,917,654	$181,299	$0	$0	$2,042,310
3	2013-14	$4,467,340	$51,641	$315,473	$0	-$3,065,385	$178,461	$0	$0	$1,947,529
4	2014-15	$4,384,775	$60,162	$316,241	$0	-$2,992,110	$175,163	$0	$0	$1,944,231
5	2015-16	$4,305,513	$51,641	$316,750	$0	-$2,904,836	$171,997	$0	$0	$1,941,065
6	2016-17	$4,229,422	$60,162	$317,444	$0	-$2,837,960	$168,957	$0	$0	$1,938,025
7	2017-18	$4,156,375	$51,641	$317,833	$0	-$2,756,780	$166,039	$0	$0	$1,935,107
8	2018-19	$4,086,250	$60,162	$318,462	$0	-$2,695,806	$163,238	$0	$0	$1,932,306
9	2019-20	$4,018,928	$51,641	$318,742	$0	-$2,620,243	$160,548	$0	$0	$1,929,616
10	2020-21	$3,954,301	$60,162	$319,315	$0	-$2,564,710	$157,966	$0	$0	$1,927,035
11	2021-22	$3,890,305	$51,641	$320,174	$0	-$2,493,051	$155,410	$0	$0	$1,924,478
12	2022-23	$3,831,179	$60,162	$320,552	$0	-$2,442,824	$153,048	$0	$0	$1,922,116
13	2023-24	$3,774,418	$51,641	$320,508	$0	-$2,377,498	$150,780	$0	$0	$1,919,849
14	2024-25	$3,719,927	$60,162	$320,848	$0	-$2,331,869	$148,604	$0	$0	$1,917,672
15	2025-26	$3,667,616	$60,162	$320,955	$0	-$2,279,665	$146,514	$0	$0	$1,915,582

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

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	$2,403,966	$51,641	$317,343	$0	-$1,003,882	$96,034	$0	$0	$1,865,102
2	2012-13	$4,538,378	$51,641	$0	-$811,354	-$1,917,654	$181,299	$0	$0	$2,042,310
3	2013-14	$2,503,241	$51,641	$906,167	$0	-$1,691,981	$99,999	$0	$0	$1,869,068
4	2014-15	$2,503,241	$60,162	$354,838	$0	-$1,149,173	$99,999	$0	$0	$1,869,068
5	2015-16	$2,503,241	$51,641	$353,048	$0	-$1,138,862	$99,999	$0	$0	$1,869,068
6	2016-17	$2,503,241	$60,162	$351,817	$0	-$1,146,152	$99,999	$0	$0	$1,869,068
7	2017-18	$2,503,241	$51,641	$350,120	$0	-$1,135,934	$99,999	$0	$0	$1,869,068
8	2018-19	$2,503,241	$60,162	$349,020	$0	-$1,143,354	$99,999	$0	$0	$1,869,068
9	2019-20	$2,503,241	$51,641	$347,409	$0	-$1,133,223	$99,999	$0	$0	$1,869,068
10	2020-21	$2,503,241	$60,162	$346,430	$0	-$1,140,765	$99,999	$0	$0	$1,869,068
11	2021-22	$3,890,305	$51,641	$0	-$308,357	-$1,772,578	$155,410	$0	$0	$2,016,421
12	2022-23	$3,831,179	$60,162	$320,552	$0	-$2,442,824	$153,048	$0	$0	$1,922,116
13	2023-24	$3,774,418	$51,641	$320,508	$0	-$2,377,498	$150,780	$0	$0	$1,919,849
14	2024-25	$3,719,927	$60,162	$320,848	$0	-$2,331,869	$148,604	$0	$0	$1,917,672
15	2025-26	$3,667,616	$60,162	$320,955	$0	-$2,279,665	$146,514	$0	$0	$1,915,582

Table 4 – Value Limit less Project Value with No Limit

Year of Agreement	School Year	M&O Taxes @ Compressed Rate	State Aid	Additional State Aid- Hold Harmless	Excess Formula Reduction	Recapture Costs	Additional Local M&O Collections	State Aid From Additional M&O Tax Collections	Recapture from the Additional Local Tax Effort	Total General Fund
1	2011-12	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	2012-13	$0	$0	$0	$0	$0	$0	$0	$0	$0
3	2013-14	-$1,964,099	$0	$590,694	$0	$1,373,404	-$78,462	$0	$0	-$78,462
4	2014-15	-$1,881,534	$0	$38,598	$0	$1,842,937	-$75,164	$0	$0	-$75,164
5	2015-16	-$1,802,272	$0	$36,298	$0	$1,765,974	-$71,997	$0	$0	-$71,997
6	2016-17	-$1,726,181	$0	$34,373	$0	$1,691,808	-$68,957	$0	$0	-$68,957
7	2017-18	-$1,653,134	$0	$32,287	$0	$1,620,847	-$66,039	$0	$0	-$66,039
8	2018-19	-$1,583,009	$0	$30,558	$0	$1,552,451	-$63,238	$0	$0	-$63,238
9	2019-20	-$1,515,687	$0	$28,667	$0	$1,487,021	-$60,549	$0	$0	-$60,549
10	2020-21	-$1,451,060	$0	$27,115	$0	$1,423,945	-$57,967	$0	$0	-$57,967
11	2021-22	$0	$0	-$320,174	-$308,357	$720,473	$0	$0	$0	$91,943
12	2022-23	$0	$0	$0	$0	$0	$0	$0	$0	$0
13	2023-24	$0	$0	$0	$0	$0	$0	$0	$0	$0
14	2024-25	$0	$0	$0	$0	$0	$0	$0	$0	$0
15	2025-26	$0	$0	$0	$0	$0	$0	$0	$0	$0

Table 5 - Estimated Financial impact of the Sherbino II Wind Farm, LLC Project Property Value Limitation Request Submitted to BVISD at $1.04 M&O Tax Rate

Year of Agreement	School Year	Project Value	Estimated Taxable Value	Value Savings	Taxes Before Value Limit	Taxes after Value Limit	Tax Savings @ Projected M&O Rate	Tax Credits for First Two Years Above Limit	Tax Benefit to Company Before Revenue Protection	School District Revenue Losses	Estimated Net Tax Benefits
1	2011-12	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
2	2012-13	$215,000,000	$215,000,000	$0	$2,236,000	$2,236,000	$0	$0	$0	$0	$0
3	2013-14	$206,400,000	$10,000,000	$196,400,000	$2,146,560	$104,000	$2,042,560	$0	$2,042,560	-$78,462	$1,964,098
4	2014-15	$198,144,000	$10,000,000	$188,144,000	$2,060,698	$104,000	$1,956,698	$91,629	$2,048,326	-$75,164	$1,973,163
5	2015-16	$190,218,240	$10,000,000	$180,218,240	$1,978,270	$104,000	$1,874,270	$90,044	$1,964,313	-$71,997	$1,892,316
6	2016-17	$182,609,510	$10,000,000	$172,609,510	$1,899,139	$104,000	$1,795,139	$88,522	$1,883,661	-$68,957	$1,814,703
7	2017-18	$175,305,130	$10,000,000	$165,305,130	$1,823,173	$104,000	$1,719,173	$87,061	$1,806,234	-$66,039	$1,740,195
8	2018-19	$168,292,925	$10,000,000	$158,292,925	$1,750,246	$104,000	$1,646,246	$85,659	$1,731,905	-$63,238	$1,668,667
9	2019-20	$161,561,208	$10,000,000	$151,561,208	$1,680,237	$104,000	$1,576,237	$84,312	$1,660,549	-$60,549	$1,600,000
10	2020-21	$155,098,759	$10,000,000	$145,098,759	$1,613,027	$104,000	$1,509,027	$83,020	$1,592,047	-$57,967	$1,534,080
11	2021-22	$148,894,809	$148,894,809	$0	$1,548,506	$1,548,506	$0	$1,521,754	$1,521,754	$0	$1,521,754
12	2022-23	$142,939,017	$142,939,017	$0	$1,486,566	$1,486,566	$0	$0	$0	$0	$0
13	2023-24	$137,221,456	$137,221,456	$0	$1,427,103	$1,427,103	$0	$0	$0	$0	$0
14	2024-25	$131,732,598	$131,732,598	$0	$1,370,019	$1,370,019	$0	$0	$0	$0	$0
15	2025-26	$126,463,294	$126,463,294	$0	$1,315,218	$1,315,218	$0	$0	$0	$0	$0
					$24,334,762	**$10,215,412**	**$14,119,350**	**$2,132,000**	**$16,251,350**	**-$542,373**	**$15,708,977**

Tax Credit for Value Over Limit in First 2 Years	Year 1	Year 2	Max Credits
	$0	$2,132,000	$2,132,000
	Credits Earned		$2,132,000
	Credits Paid		$2,132,000
	Excess Credits Unpaid		$0

Attachment F

Taxable Value of Property

COMPTROLLER OF PUBLIC ACCOUNTS - PROPERTY TAX ASSISTANCE DIVISION
2009 ISD SUMMARY WORKSHEET
186/Pecos
186-901/Buena Vista ISD

CATEGORY	LOCAL TAX ROLL VALUE	2009 WTD MEAN RATIO	2009 PTD VALUE ESTIMATE	2009 VALUE ASSIGNED
A. SINGLE-FAMILY RESIDENCES	2,067,050	N/A	2,067,050	2,067,050
B. MULTIFAMILY RESIDENCES	0	N/A	0	0
C. VACANT LOTS	262,110	N/A	262,110	262,110
D. RURAL REAL(TAXABLE)	13,165,220	.7187	18,318,041	13,165,220
F1. COMMERCIAL REAL	1,041,360	N/A	1,041,360	1,041,360
F2. INDUSTRIAL REAL	29,793,030	N/A	29,793,030	29,793,030
G. OIL,GAS,MINERALS	127,410,360	1.0220	124,667,671	127,410,360
J. UTILITIES	39,825,260	1.4093	28,258,894	39,825,260
L1. COMMERCIAL PERSONAL	143,970	N/A	143,970	143,970
L2. INDUSTRIAL PERSONAL	24,451,340	N/A	24,451,340	24,451,340
M. MOBILE HOMES	210,080	N/A	210,080	210,080
N. INTANGIBLE PERS/UNCERT	0	N/A	0	0
O. RESIDENTIAL INVENTORY	0	N/A	0	0
S. SPECIAL INVENTORY	0	N/A	0	0
SUBTOTAL	238,369,780		229,213,546	238,369,780
LESS TOTAL DEDUCTIONS	1,785,856		1,785,856	1,785,856
TOTAL TAXABLE VALUE	236,583,924		227,427,690	236,583,924 T2

CATEGORY D DETAIL	LOCAL TAX ROLL	RATIO	PTD VALUE
MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP	8,986,620	.9892	9,084,735
PROD VALUE QUALIFIED ACRES	4,178,600	.4526	9,233,306
TAXABLE VALUE	13,165,220		18,318,041

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
SEE THE ISD DEDUCTION REPORT FOR A BREAKDOWN OF DEDUCTION VALUES

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH (T1, T3, T4, T5 AND T6) IN ADDITION TO THE TRADITIONAL MEASURE (T2). QUESTIONS ABOUT THE EXTENT TO WHICH ANY OF THESE WEALTH MEASURES AFFECT SCHOOL FUNDING SHOULD BE DIRECTED TO THE DIVISION OF STATE FUNDING AT THE TEXAS EDUCATION AGENCY, TELEPHONE #512-463-9238.

T1	T2	T3	T4	T5	T6
237,326,234	236,583,924	237,109,364	236,367,054	236,604,597	236,387,727

LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION	50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
742,310	216,870

T1 = SCHOOL DISTRICT TAXABLE VALUE BEFORE THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION
T2 = SCHOOL DISTRICT TAXABLE VALUE AFTER THE LOSS TO THE ADDITIONAL $10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION
T3 = T1 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T4 = T2 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
T5 = T2 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
T6 = T5 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT

THE PVS FOUND YOUR LOCAL VALUE TO BE VALID, AND LOCAL VALUE WAS CERTIFIED

**** END OF REPORT ****

SUSAN COMBS

TEXAS COMPTROLLER of PUBLIC ACCOUNTS

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

December 9, 2010

Mr. Guy Birdwell
Superintendent
Buena Vista Independent School District
P.O. Box 310
Imperial, Texas 79743

Re: Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Buena Vista Independent School District and Sherbino II Wind Farm LLC

Dear Superintendent Birdwell:

This office has been provided the "Agreement for Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes by and between Buena Vista Independent School District and Sherbino II Wind Farm LLC" (the "Agreement"). As requested, the Agreement has been reviewed pursuant to 34 TAC 9.1055(e)(1).

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

If you need additional information or have questions, please contact me at (512) 463-3973.

Sincerely,

Robert B. Wood
Director
Local Government Assistance & Economic Development

cc: Kevin O'Hanlon, O'Hanlon, McCollom & Demerath
Kerry Albright, Sherbino II Wind Farm LLC

Attachment G

Participation Agreement

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

---

by and between

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

and

SHERBINO II WIND FARM LLC.

(Texas Taxpayer ID # 32037134346)

Dated

December 14, 2010

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

STATE OF TEXAS §

COUNTY OF PECOS §

THIS AGREEMENT FOR LIMITATION ON APPRAISED VALUE OF PROPERTY FOR SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES, hereinafter referred to as this "Agreement," is executed and delivered by and between the **BUENA VISTA INDEPENDENT SCHOOL DISTRICT**, hereinafter referred to as the "District," a lawfully created independent school district within the State of Texas operating under and subject to the Texas Education Code, and **SHERBINO II WIND FARM LLC.,** Texas Taxpayer Identification Number,32037134346 hereinafter referred to as the "Applicant." The Applicant and the District are hereinafter sometimes referred to individually as a "Party" and collectively as the "Parties." Certain capitalized and other terms used in this Agreement shall have the meanings ascribed to them in Section 1.3.

RECITALS

WHEREAS, on August 10, 2010, the Superintendent of Schools of the Buena Vista Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received from the Applicant an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, on August 10, 2010 the Board of Trustees authorized the Superintendent to accept, on behalf of the District, the Application from Sherbino II Wind Farm LLC., and on August 10, 2010 the Superintendent acknowledged receipt of the Application and the requisite application fee as established pursuant to Texas Tax Code § 313.025(a)(1) and Local District Policy CCG (Local); and,

WHEREAS, on or about November 5, 2010, the Superintendent of Schools of the Buena Vista Independent School District, acting as agent of the Board of Trustees of the District (the "Board of Trustees"), received supplemental Application materials from the Applicant concerning the previously submitted Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code; and,

WHEREAS, the Application together with the supplemental materials were delivered to the Texas Comptroller's Office for review pursuant to Texas Tax Code § 313.025(d); and,

WHEREAS, The Comptroller's Office has established November 18, 2010 as the completed Application date; and,

WHEREAS, pursuant to 34 Tex. Admin Code §9.1054, the Application was delivered for review to the Pecos County Appraisal District established in Pecos County, Texas (the "Pecos County Appraisal District"), pursuant to Texas Tax Code § 6.01; and,

WHEREAS, the Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code § 313.025(d), and the Comptroller's Office, via letter, recommended that the Application be approved; and,

WHEREAS, the Texas Comptroller of Public Accounts conducted an economic impact evaluation pursuant to Chapter 313 of the Texas Tax Code which was presented to the Board of Trustees at a public hearing held in connection with the Board's consideration of the Application; and,

WHEREAS, the Board of Trustees has carefully reviewed the economic impact evaluation pursuant to Texas Tax Code § 313.026 and has carefully considered such The Comptroller's positive recommendation for the project; and,

WHEREAS, on December 14, 2010, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District; and,

WHEREAS, on December 14, 2010, the Board of Trustees made factual findings pursuant to Texas Tax Code § 313.025(f), including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) this Agreement is in the best interest of the District and the State of Texas; (iii) the Applicant is eligible for the Limitation on Appraised Value of the Applicant's Qualified Property; and, (iv) each criterion listed in Texas Tax Code § 313.025(e) has been met ; and,

WHEREAS, on December 14, 2010, the Board of Trustees determined that the Tax Limitation Amount requested by Applicant, and as defined in Sections 1.2 and 1.3, below, is consistent with the minimum values set out by Tax Code, §§ 313.022(b) and 313.052, as such Tax Limitation Amount was computed for the effective date of this Agreement; and,

WHEREAS, on December 14, 2010, pursuant to the provisions of Texas Tax Code § 313.025(f-1), the Board of Trustees waived the job creation requirement set forth in Texas Tax Code § 313.051(b); and,

WHEREAS, on December 14, 2010, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Board President and Secretary to execute and deliver such Agreement to the Applicant;

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

ARTICLE I

AUTHORITY, TERM, DEFINITIONS, AND GENERAL PROVISIONS

Section 1.1. AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District in Texas Tax Code § 313.027.

Section 1.2. TERM OF THE AGREEMENT

This Agreement shall commence and first become effective on the Commencement Date, as defined in Section 1.3, below. In the event that Applicant makes a Qualified Investment as defined by Section 2.6 below, between the Commencement Date and the end of the Qualifying Time Period, Applicant is entitled to the Tax Limitation Amount defined in Section 1.3, below for the following years: 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020. The limitation on the local ad valorem property values for Maintenance and Operations purposes shall commence with the property valuations made as of January 1, 2013, the appraisal date for the third full Tax Year following the Commencement Date.

For the first two full Tax Years that begin on the Commencement Date (*i.e.*, the 2011 and 2012 Tax Years), which together with the period from the date of approval until January 1, 2011 are collectively referred to herein as the "Qualifying Time Period," as that term is defined in Texas Tax Code § 313.021(4), Applicant shall not be entitled to a tax limitation.

Unless sooner terminated as provided herein, the limitation on the local ad valorem property values shall terminate on December 31, 2020. Except as otherwise provided herein, this Agreement will terminate, in full, on the Final Termination Date. The termination of this Agreement shall not (i) release any obligations, liabilities, rights and remedies arising out of any breach of, or failure to comply with, this Agreement occurring prior to such termination, or (ii) affect the right of a Party to enforce the payment of any amount to which such Party was entitled before such termination or to which such Party became entitled as a result of an event that occurred before such termination, so long as the right to such payment survives said termination.

Except as otherwise provided herein, the Tax Years for which this Agreement is effective are as set forth below and set forth opposite each such Tax Year are the corresponding year in the term of this Agreement, the date of the Appraised Value determination for such Tax Year, and a summary description of certain provisions of this Agreement corresponding to such Tax Year (it being understood and agreed that such summary descriptions are for reference purposes only, and shall not affect in any way the meaning or interpretation of this Agreement):

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
Partial Year	January 1, 2010	2010-11	2010	Start of Qualifying Time Period – Commencement Date. First year for Annual Limit computation
1	January 1, 2011	2011-12	2011	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
2	January 1, 2012	2012-13	2012	Qualifying Time Period. No limitation on value. Possible tax credit in future years.
3	January 1, 2013	2013-14	2013	$ 10 million property value limitation.
4	January 1, 2014	2014-15	2014	$ 10 million property value limitation. Possible tax credit due to Applicant.
5	January 1, 2015	2015-16	2015	$ 10 million property value limitation. Possible tax credit due to Applicant.
6	January 1, 2016	2016-17	2016	$ 10 million property value limitation. Possible tax credit due to Applicant.
7	January 1, 2017	2017-18	2017	$ 10 million property value limitation. Possible tax credit due to Applicant.
8	January 1, 2018	2018-19	2018	$ 10 million property value limitation. Possible tax credit due to Applicant.
9	January 1, 2019	2019-20	2019	$ 10 million property value limitation. Possible tax credit due to Applicant.

Full Tax Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description of Provisions
10	January 1, 2020	2020-21	2020	$10 million property value limitation. Possible tax credit due to Applicant.
11	January 1, 2021	2021-22	2021	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
12	January 1, 2022	2022-23	2022	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.
13	January 1, 2023	2023-24	2023	No tax limitation. Possible tax credit due to Applicant. Applicant obligated to Maintain Viable Presence if no early termination.

Section 1.3. DEFINITIONS

Wherever used herein, the following terms shall have the following meanings, unless the context in which used clearly indicates another meaning, to-wit:

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the Texas Tax Code, as amended.

"*Affiliate*" means any entity that directly or indirectly through one or more intermediaries, controls or is controlled by or is under common control with the Applicant. For purposes of this definition, control of an entity means (i) the ownership, directly or indirectly, of fifty (50) percent or more of the voting rights in a company or other legal entity or (ii) the right to direct the management or operation of such entity whether by ownership (directly or indirectly) of securities, by contract or otherwise.

"*Affiliated Group*" means a group of one or more entities in which a controlling interest is owned by a common owner or owners, either corporate or non-corporate, or by one or more of the member entities.

"*Aggregate Limit*" means, for any year of this Agreement, the cumulative total of the Annual Limit amount for the current year and all previous years of the Agreement, less all amounts paid by the Applicant to or on behalf of the District under Article IV, below.

"*Agreement*" means this Agreement, as the same may be modified, amended, restated, amended and restated, or supplemented from time to time in accordance with Section 6.3.

"*Annual Limit*" means the maximum annual benefit which can be paid directly to the District as a Supplemental Payment under the provisions of Tex. Tax Code §313.027(i). For purposes of this Agreement, the amount of the Annual Limit shall be calculated, pursuant to Tex. Educ. Code § 42.005, by multiplying the District's 2008-09 final Average Daily Attendance of 137.345, times the greater of $100, or any larger amount allowed by Tex. Tax Code §313.027(i), if such limit amount is increased for any future year of this Agreement. The Annual Limit shall first be computed for tax year 2010, which, by virtue of the Commencement Date is the first year of the Qualifying Time Period under this Agreement.

"*Applicant*" means Sherbino II Wind Farm LLC. *(Texas Taxpayer # 32037134346),* the company listed in the Preamble of this Agreement who, on August 25, 2010, filed the Original Application and on November 5, 2010 filed supplemental Application materials with the District for an Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code. The term "Applicant" shall also include the Applicant's assigns and successors-in-interest.

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

"*Application*" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with the District by the Applicant on August 25, 2010, filed the Original Application and on November 5, 2010 filed supplemental Application materials, for which have been certified by the Comptroller's office to constitute a complete final Application as of the date of November 18, 2010. The term includes all forms required by the Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with the District. The term also includes all amendments and supplements thereto submitted by Applicant.

"*Appraised Value*" shall have the meaning assigned to such term in Section 1.04(8) of the Texas Tax Code.

"*Appraisal District*" means the Pecos County Appraisal District.

"*Board of Trustees*" means the Board of Trustees of the Buena Vista Independent School District.

"*Commencement Date*" means the date upon which this Agreement was approved by the Board of Trustees.

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

"*Comptroller's Rules*" means the applicable rules and regulations of the Comptroller set forth at Chapter 34 Texas Administrative Code, Chapter 9, Subchapter D, together with any court or administrative decisions interpreting same.

"*County*" means Pecos County, Texas.

"*Determination of Breach*" shall have the meaning assigned to such term in Section 7.8 of the Agreement

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

"*Final Termination Date*" means December 31, 2023.

"*Force Majeure*" means a failure caused by (a) provisions of law, or the operation or effect of rules, regulations or orders promulgated by any governmental authority having jurisdiction over the Applicant, the Applicant's Qualified Property or the Applicant's Qualified Investment or any upstream, intermediate or downstream equipment or support facilities as are necessary to the operation of the Applicant's Qualified Property or the Applicant's Qualified Investment; (b) any demand or requisition, arrest, order, request, directive, restraint or requirement of any government or governmental agency whether federal, state, military, local or otherwise; (c) the action, judgment or decree of any court; (d) floods, storms, hurricanes, evacuation due to threats of hurricanes, lightning, earthquakes, washouts, high water, fires, acts of God or public enemies, wars (declared or undeclared), blockades, epidemics, riots or civil disturbances, insurrections, strikes, labor disputes (it being understood that nothing contained in this Agreement shall require the Applicant to settle any such strike or labor dispute), explosions, breakdown or failure of plant, machinery, equipment, lines of pipe or electric power lines (or unplanned or forced outages or shutdowns of the foregoing for inspections, repairs or maintenance), inability to obtain, renew or extend franchises, licenses or permits, loss,

interruption, curtailment or failure to obtain electricity, gas, steam, water, wastewater disposal, waste disposal or other utilities or utility services, inability to obtain or failure of suppliers to deliver equipment, parts or material, or inability of the Applicant to ship or failure of carriers to transport electricity from the Applicant's facilities; or (e) any other cause (except financial), whether similar or dissimilar, over which the Applicant has no reasonable control and which forbids or prevents performance.

"*Land*" shall have the meaning assigned to such term in Section 2.2.

Maintain Viable Presence" means after the development and construction of the project described in the Application and in the description of Qualified Investment/Qualified property as set forth in Section 2.3, below, (i) the operation over the term of this Agreement of the facility or facilities for which the tax limitation is granted, as the same may from time to time be expanded, upgraded, improved, modified, changed, remodeled, repaired, restored, reconstructed, reconfigured, and/or reengineered; and, (ii) the retention over the term of this Agreement of the number of New Jobs and Qualifying Jobs set forth in its Application by the Applicant, and the retention of the highest number of New Jobs and Qualifying Jobs set forth in its Application through the Final Termination Date of this Agreement.

"M&O Amount" shall have the meaning assigned to such term in Section 3.2 of the Agreement.

"*Maintenance and Operations Revenue*" or "*M&O Revenue*" means (i) those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to Texas Education Code § 45.002 and Article VII § 3 of the Texas Constitution, plus (ii) all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions, plus (iii) any indemnity payments received by the District under other agreements similar to this Agreement to the extent that such payments are designed to replace District M&O Revenue lost as a result of such similar agreements, less (iv) any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the Texas Education Code.

"*Market Value*" shall have the meaning assigned to such term in Section 1.04(7) of the Texas Tax Code.

"Net Tax Benefit" means, (i) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all Tax Years if this Agreement had not been entered into by the Parties, (ii) adding to the amount determined under clause (i) all Tax Credits received by the Applicant under Chapter 313, Tax Code, and (iii) subtracting from the sum of the amounts determined under clauses (i) and (ii) the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas, for all Tax Years of this Agreement, plus (B) any payments due to the District under Article III under this Agreement.

"*New Jobs*" means the total number of jobs, defined by 34 Tex. Admin. Code § 9.1051, which Applicant will create in connection with the project which is the subject of its Application. In accordance with the requirements of Tex. Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"*Qualifying Jobs*" means the number of New Jobs Applicant will create in connection with the project which is the subject of its Application, which meet the requirements of Tex. Tax Code 313.021(3).

"*Qualified Property*" has the meaning set forth in Chapter 313 of the Texas Tax Code, as interpreted by the Comptroller's Rules and the Texas Attorney General, as these provisions existed on the date of this Agreement, applying any specific requirements for rural school districts imposed by Subchapter C of Chapter 313 of the Texas Tax Code and by the Comptroller's Rules.

"*Qualifying Time Period*" means the period that begins on the date of approval of this Agreement by the District's Board of Trustees and ends on December 31st of the second Tax Year that begins after such date of approval as is defined in Texas Tax Code § 313.021(4)(A).

"*Revenue Protection Amount*" means the amount calculated pursuant to Section 3.2 of this Agreement.

"*State*" means the State of Texas.

"*Substantive Document*" means a document or other information or data in electronic media determined by the Comptroller to substantially involve or include information or data significant to an application, the evaluation or consideration of an application, or the agreement or implementation of an agreement for limitation of appraised value pursuant to Tax Code, Chapter 313. The term includes, but is not limited to, any application requesting a limitation on appraised value and any amendments or supplements, any economic impact evaluation made in connection with an application, any agreement between applicant and the school district and any subsequent amendments or assignments, any school district written finding or report filed with the comptroller as required under this subchapter, and any application requesting school tax credits under Tax Code, §313.103.

"*Tax Credit*" means the tax credit, either to be paid by the District to Applicant, or to be applied against any taxes that the school district imposes in Qualified Property, as computed under the provisions of Subchapter D of the Act, and rules adopted by the Comptroller and/or the Texas Education Agency, provided that Applicant complies with the requirements under such

provisions, including the timely filing of a completed application under Texas Tax Code § 313.103 and the duly adopted administrative rules.

"*Tax Limitation Amount*" means the maximum amount which may be placed as the Appraised Value on Qualified Property/Qualified Investment for years three (3) through ten (10) of this Agreement pursuant to Texas Tax Code § 313.054. That is, for each of the eight (8) Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed, and the Tax Limitation Amount shall be, the lesser of:

(a) the Market Value of the Applicant's Qualified Investment; or

(b) Ten Million Dollars ($10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or §313.052.

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

"*Taxable Value*" shall have the meaning assigned to such term in Section 1.04(10) of the Texas Tax Code.

"*Texas Education Agency Rules*" means the applicable rules and regulations adopted by the Texas Commissioner of Education in relation to the administration of Chapter 313, Texas Tax Code, which are set forth at Title 19 – Part 2, Texas Administrative Code, together with any court or administrative decisions interpreting same.

ARTICLE II

PROPERTY DESCRIPTION

Section 2.1. Location Within a Qualified Reinvestment or Enterprise Zone

The Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is within an area designated as a reinvestment zone under Chapter 311 or 312 of the Texas Tax Code. The legal description of the reinvestment zone in which the Applicant's Qualified Property is located is attached to this Agreement as **Exhibit 1** and is incorporated herein by reference for all purposes.

Section 2.2. Location of Qualified Property

The location of the Applicant's Qualified Property upon which the Applicant's Qualified Investment will be located is described in the legal description which is attached to this

Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 2** without the express authorization of each of the Parties.

Section 2.3. DESCRIPTION OF QUALIFIED INVESTMENT AND QUALIFIED PROPERTY

The Qualified Investment and/or Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes ("Applicant's Qualified Investment"). Qualified Investment shall be that property, described in **EXHIBIT 3** which is placed in service under the terms of the Application, during the Qualifying Time Period described in Section 1.2, above. Qualified Property shall be all property, described in **EXHIBIT 3**, including, but not limited to Applicant's Qualified Investment used by Applicant in connection with the activities described in the Application. Property which is not specifically described in **EXHIBIT 3** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Investment or Qualified Property for purposes of this Agreement, unless pursuant to Texas Tax Code § 313.027(e) and Section 8.3 of this Agreement, the Board of Trustees, by official action, provides that such other property is a part of the Applicant's Qualified Investment for purposes of this Agreement.

Property owned by Applicant which is not described on **EXHIBIT 3** may not be considered to be Qualified Property unless the Applicant:

(a) submits to the school district and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply;

(b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and,

(c) provides any additional information reasonably requested by the District or the Comptroller necessary to re-evaluate the economic impact analysis for the new or changed conditions.

Section 2.4. APPLICANT'S OBLIGATIONS TO PROVIDE CURRENT INVENTORY OF QUALIFIED PROPERTY

At the end of the Qualifying Time Period; at any other time when there is a material change in the Qualified Property located on the land described in **EXHIBIT 2**; or, upon a reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value limitation applies including maps or surveys of sufficient detail and

description to locate all such described property within the boundaries of the real property which is subject to the agreement;

Section 2.5. Qualifying Use

The Applicant's Qualified Investment described above in Section 2.3 qualifies for a tax limitation agreement under Texas Tax Code § 313.024(b)(5) as a renewable energy electric generation facility.

Section 2.6. Limitation on Appraised Value

So long as Applicant makes a Qualified Investment in the amount of Ten Million Dollars ($10,000,000.00), or greater, during the Qualifying Time Period; and unless this Agreement has been terminated as provided herein before such Tax Year, for each of the eight (8) Tax Years 2013, 2014, 2015, 2016, 2017, 2018, 2019, and 2020, the Appraised Value of the Applicant's Qualified Investment for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of:

(a) the Market Value of the Applicant's Qualified Investment; or

(b) Ten Million Dollars ($10,000,000.00).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District on the effective date of this Agreement, as set out by Tax Code, §313.022(b) or § 313.052.

ARTICLE III

PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 3.1. Intent of the Parties

Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Tex. Tax Code, §§313.027(f)(1), be compensated by the Applicant for any loss that the District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement, after taking into account any payments to be made under this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Article IV. , Subject to the limitations contained in this Agreement (including Section 5.1), it is the intent of the Parties that the risk of any negative financial consequence to the District in making the decision to enter into this Agreement will be borne by the Applicant and not by the District.

Section 3.2. Calculating the Amount of Loss of Revenues by the District

Subject to the provisions of Sections 5.1 and 5.2, the amount to be paid by the Applicant to compensate the District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of this Agreement (the "M&O

Amount") shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

The M&O Amount owed by the Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue;

Where:

i. "Original M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property and/or Qualified Investment been subject to the ad valorem maintenance & operations tax.

ii. "New M&O Revenue" means the total State and local Maintenance & Operations Revenue that the District actually received for such school year.

In making the calculations required by this Section 3.2:

i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.

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

iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 3.2 results in a negative number, the negative number will be considered to be zero.

iv. All calculations made for years three (3) through ten (10) of this Agreement under Section 3.2, Subsection *ii* of this Agreement will reflect the Tax Limitation Amount for such year.

v. All calculations made under this Section 3.2 shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.

Section 3.3. Compensation for Loss of Other Revenues

In addition to the amounts determined pursuant to Section 3.2 above, and to the extent provided in Section 6.3, the Applicant, on an annual basis, shall also indemnify and reimburse the District for the following:

(a) all non-reimbursed costs incurred by the District in paying or otherwise crediting to the account of Applicant, any applicable tax credit to which Applicant may be entitled pursuant to Chapter 313, Subchapter D of the Texas Tax Code, and for which the District does not receive reimbursement from the State pursuant to Texas Educ. Code § 42.2515, or other similar or successor statute.

(b) all non-reimbursed costs, certified by the District's external auditor to have been incurred by the District for extraordinary education-related expenses related to the project that are not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project.

(c) any other loss of District revenues which are, or may be attributable to the payment by Applicant to or on behalf of any other third party beneficiary.

Section 3.4. Calculations to Be Made by Third Party

All calculations under this Agreement shall be made annually by an independent third party (the "Third Party") jointly approved each year by the District and the Applicant. If the Parties cannot agree on the Third Party, then the Third Party shall be selected by the mediator provided in Section 7.9 of this Agreement.

Section 3.5. Data Used for Calculations

The calculations for payments under this Agreement shall be initially based upon the valuations placed upon the Applicant's Qualified Investment and/or the Applicant's Qualified Property by the Pecos County Appraisal District in its annual certified tax roll submitted to the District pursuant to Texas Tax Code § 26.01 on or about July 25 of each year of this Agreement. Immediately upon receipt of the valuation information by the District, the District shall submit the valuation information to the Third Party selected under Section 3.4. The certified tax roll data shall form the basis of the calculation of any and all amounts due under this Agreement. All other data utilized by the Third Party to make the calculations contemplated by this Agreement shall be based upon the best available current estimates. The data utilized by the Third Party shall be adjusted from time to time by the Third Party to reflect actual amounts, subsequent adjustments by the Pecos County Appraisal District to the District's certified tax roll or any other changes in student counts, tax collections, or other data.

Section 3.6. DELIVERY OF CALCULATIONS

On or before November 1 of each year for which this Agreement is effective, the Third Party appointed pursuant to Section 3.4 of this Agreement shall forward to the Parties a certification containing the calculations required under Sections 3.2 and/or 3.3 of this Agreement in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Third Party shall simultaneously submit his, her or its invoice for fees for services rendered to the Parties, if any fees are being claimed. Upon reasonable prior notice, the employees and agents of the Applicant shall have access, at all reasonable times, to the Third Party's offices, personnel, books, records, and correspondence pertaining to the calculation and fee for the purpose of verification. The Third Party shall maintain supporting data consistent with generally accepted accounting practices, and the employees and agents of the Applicant shall have the right to reproduce and retain for purpose of audit, any of these documents. The Third Party shall preserve all documents pertaining to the calculation and fee for a period of three (3) years after payment. The Applicant shall not be liable for any of Third Party's costs resulting from an audit of the Third Party's books, records, correspondence, or work papers pertaining to the calculations contemplated by this Agreement or the fee paid by the Applicant to the Third Party pursuant to Section 3.7, if such fee is timely paid.

Section 3.7. PAYMENT BY APPLICANT

The Applicant shall pay any amount determined to be due and owing to the District under this Agreement on or before the January 31 next following the tax levy for each year for which this Agreement is effective. By such date, the Applicant shall also pay any amount billed by the Third Party plus any reasonable and necessary legal expenses paid by the District to its attorneys, auditors, or financial consultants for the preparation and filing of any financial reports, disclosures, or tax credit or other reimbursement applications filed with or sent to the State of Texas which are, or may be required under the terms or because of the execution of this Agreement. In no year shall the Applicant be responsible for the payment of any total expenses under this Section in excess of Ten Thousand Dollars ($10,000.00).

Section 3.8. RESOLUTION OF DISPUTES

Pursuant to Section 3.4 and Section 3.6, should the Applicant disagree with the certification containing the calculations, the Applicant may appeal the findings, in writing, to the Third Party within fifteen (15) days of receipt of the certification. Within fifteen (15) days of receipt of the Applicant's appeal, the Third Party will issue, in writing, a final determination of the certification containing the calculations. Thereafter, the Applicant may appeal the final determination of certification containing the calculations to the District. Any appeal by the Applicant of the final determination of the Third Party may be made, in writing, to the Buena Vista Independent School District Board of Trustees within fifteen (15) days of the final determination of certification containing the calculations.

Section 3.9. Effect of Property Value Appeal or Other Adjustment

In the event that, at the time the Third Party selected under Section 3.4 makes its calculations under this Agreement, Applicant has appealed the taxable values placed by the County Appraisal District on the Qualified Property, and the appeal of the appraised values are unresolved, the Third Party shall base its calculations upon the values placed upon the Qualified Property by the County Appraisal District.

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

Section 3.10. Effect of Statutory Changes

Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 5.1, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, the District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its payment of funds to the State, because of its participation in this Agreement, Applicant shall make payments to the District, up to the revenue protection amount limit set forth in Section 5.1, that are necessary to offset any negative impact on the District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on the District.

ARTICLE IV

Section 4.1. Intent of Parties with Respect to Supplemental Payments

(a) Amounts Exclusive of Indemnity Amounts

In addition to undertaking the responsibility for the payment of all of the amounts set forth under Article III, and as further consideration for the execution of this Agreement by the District, the Applicant shall also be responsible for the Supplemental Payments set forth in this Article IV. Applicant shall not be responsible to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, unless it is explicitly set

forth in this Agreement. It is the express intent of the Parties that the obligation for Supplemental Payments under this Article IV are separate and independent of the obligation of the Applicant to pay the amounts described in Article III; provided, however, that all payments under Articles III and IV are subject to the limitations contained in Section 5.1, and that all payments under Article IV are subject to the separate limitations contained in Section 4.4.

(b) Adherence to Statutory Limits on Supplemental Payments

It is the express intent of the Parties that any Supplemental Payments made to or on behalf of the District by Applicant, under this Article IV, shall not exceed the limit imposed by the provisions of Texas Tax Code 313.027(i). The Parties acknowledge that the limit imposed by Texas Tax Code 313.027(i) is subject to change by the Legislature at a future date.

Section 4.2. STIPULATED SUPPLEMENTAL PAYMENT AMOUNT - SUBJECT TO AGGREGATE LIMIT

During the term of this Agreement, the District shall not be entitled to receive Supplemental Payments that exceed the lesser of:

(a) Applicant's Stipulated Supplemental Payment Amount, defined as forty percent (40%) of the Net Tax Benefit received by Applicant as a result of this Agreement, as the term is defined in Section 1.3, above; or,

(b) the Aggregate Limit, as the term is defined in Section 1.3, above.

Section 4.3. ANNUAL CALCULATION OF STIPULATED SUPPLEMENTAL PAYMENT AMOUNT

The Parties agree that for each Tax Year of this Agreement, beginning with the third full year (Tax Year 2013) the Stipulated Supplemental Payment amount, described in Section 4.2 will annually be calculated based upon the then most current estimate of tax savings to the Applicant, which will be made, based upon assumptions of student counts, tax collections, and other applicable data, in accordance with the following formula:

Taxable Value of the Applicant's Qualified Property for such Tax Year had this Agreement not been entered into by the Parties (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's interest and sinking fund tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Minus,

The Taxable Value of the Applicant's Qualified Property for such Tax Year after giving effect to this Agreement (i.e., the Taxable Value of the Applicant's Qualified Property used for the District's maintenance and operations tax purposes for such Tax Year, or school taxes due to any other governmental entity, including the State of Texas, for such Tax Year);

Multiplied by,

The District's maintenance and operations tax rate for such Tax Year, or the school tax rate of any other governmental entity, including the State of Texas, for such Tax Year;

Plus,

Any Tax Credit received by the Applicant with respect to such Tax Year;

Minus,

Any amounts previously paid to the District under Article III;

Multiplied by,

The number 0.4;

Minus,

Any amounts previously paid to the District under Sections 4.2 and 4.3 with respect to such Tax Year.

In the event that there are changes in the data upon which the calculations set forth herein are made, the Third Party described in Section 3.4, above, shall adjust the Stipulated Supplemental Payment amount calculation to reflect any changes in the data.

Section 4.4. CALCULATION OF ANNUAL SUPPLEMENTAL PAYMENTS TO THE DISTRICT AND APPLICATION OF AGGREGATE LIMIT

For each year of, for each year of this Agreement, beginning with year three (Tax Year 2013) and continuing thereafter through year thirteen (Tax Year 2023), the District, or its Successor Beneficiary should one be designated under Section 4.6, below, shall not be entitled to receive Supplemental Payments, computed under Sections 4.2 and 4.3, above, that exceed the Aggregate Limit, defined in Section 1.3, above.

If, for any year of this Agreement the payment of Applicant's Stipulated Supplemental Payment amount, calculated under sections 4.2 and 4.3. above, exceeds the Aggregate Limit for that year, the difference between the Stipulated Supplemental Payment amount and the Aggregate Limit, shall be carried forward from year-to-year into subsequent years of this Agreement, and to the extent not limited by the Aggregate Limit in any subsequent year of this Agreement, shall be paid to the District.

Any Stipulated Supplemental Payment amount, which cannot be made to the District prior to the end of year thirteen (Tax Year 2023), because such payment would exceed the Aggregate Limit will be deemed to have been cancelled by operation of law.

Section 4.5. PROCEDURES FOR SUPPLEMENTAL PAYMENT CALCULATIONS

(a) All calculations required by this Article, including but not limited to: the calculation of the Stipulated Supplemental Payment amount; the determination of both the Annual Limit and the Aggregate Limit; the effect, if any, of the Aggregate Limit upon the actual amount of Supplemental Payments eligible to be paid to the District by the Applicant; and the carry forward and accumulation of any Stipulated Supplemental Payment amounts unpaid by Applicant due to the Aggregate Limit in previous years, shall be calculated by the Third Party selected pursuant to Section 3.4.

(b) The calculations made by the Third Party shall be made at the same time and on the same schedule as the calculations made pursuant to Section 3.6.

(c) The payment of all amounts due under this Article shall be made at the time set forth in Section 3.7.

Section 4.6. DISTRICT'S OPTION TO DESIGNATE SUCCESSOR BENEFICIARY

At any time during this Agreement, the District's Board of Trustees may, in its sole discretion, direct that Applicant's payment obligations under this Article IV be made to its educational foundation, or to a similar entity. The alternative entity may only use such funds received under this Article to support the educational mission of the District and its students. Any designation of an alternative entity must be made by recorded vote of the District's Board of Trustees at a properly posted public Board meeting. Any such designation will become effective after public vote and the delivery of notice of said vote in conformance with the provisions of Section 6.1, below. Such designation may be rescinded by the District's Board of Trustees, by Board action, at any time.

Any designation of a successor beneficiary under this Section shall not alter the Aggregate Limitation on Supplemental payments described in Section 4.4, above.

ARTICLE V

ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

SECTION 5.1. ANNUAL LIMITATION AFTER FIRST THREE YEARS

Notwithstanding anything contained in this Agreement to the contrary, and with respect to each Tax Year during the term of this Agreement after the 2013 Tax Year, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District for such Tax Year, plus the sum of all payments otherwise due from the Applicant to the District under Articles III and IV with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year (determined by using the District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 3.4, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from the Applicant to the District under Articles III and IV shall be reduced until such excess is eliminated.

Section 5.2. OPTION TO CANCEL AGREEMENT

In the event that any payment otherwise due from the Applicant to the District under Article III and/or Section 4.2 with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 5.1 above, then the Applicant shall have the option to terminate this Agreement. The Applicant may exercise such option to cancel this Agreement by notifying the District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 5.1 is applicable. Any cancellation of this Agreement under the foregoing provisions of this Section 5.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred. Upon such termination this Agreement shall terminate and be of no further force or effect; provided, however, that the Parties respective rights and obligations under this Agreement with respect to the Tax Year or Tax Years (as the case may be) through and including the Tax Year during which such notification is delivered to the District, shall not be impaired or modified as a result of such termination and shall survive such termination unless and until satisfied and discharged.

ARTICLE VI

TAX CREDITS

Section 6.1. APPLICANT'S ENTITLEMENT TO TAX CREDITS

The Applicant shall be entitled to tax credits from the District under and in accordance with the provisions of Subchapter D of the Act and Comptroller Rules, provided that the Applicant complies with the requirements under such provisions, including the filing of a completed Application under Section 313.103 of the Texas Tax Code and Comptroller Rules.

Section 6.2. DISTRICT'S OBLIGATIONS WITH RESPECT TO TAX CREDITS

The District shall timely comply and shall cause the District's collector of taxes to timely comply with their obligations under Subchapter D of the Act and Comptroller Rules, including, but not limited to, such obligations set forth in Section 313.104 of the Texas Tax Code and either Comptroller and/or Texas Education Agency Rules.

Section 6.3. COMPENSATION FOR LOSS OF TAX CREDIT PROTECTION REVENUES

If after the Applicant has actually received the benefit of a tax credit under Section 6.1, the District does not receive aid from the State pursuant to Texas Education Code § 42.2515 or other similar or successor statute with respect to all or any portion of such tax credit for reasons other than the District's failure to comply with the requirements for obtaining such aid, then the District shall notify the Applicant in writing thereof and the circumstances surrounding the State's failure to provide such aid to the District. The Applicant shall pay to the District the amount of such tax credit for which the District did not receive such aid within thirty (30) calendar days after receipt of such notice, and such payment shall be subject to the same provisions for late payment as are set forth in Section 7.4 and 7.5. If the District receives aid from the State for all or any portion of a tax credit with respect to which the Applicant has made a payment to the District under this Section 6.3, then the District shall pay to the Applicant the amount of such aid within thirty (30) calendar days after the District's receipt thereof.

ARTICLE VII

ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1. DATA REQUESTS

During the term of this Agreement, and upon the written request of one Party or by the Comptroller (the "Requesting Party"), the other Party shall provide the Requesting Party with all information reasonably necessary for the Requesting Party to determine whether the other Party is in compliance with its obligations, including any employment obligations which may arise under this Agreement. The Applicant shall allow authorized employees of the District, the

Comptroller, and/or the Pecos County Appraisal District to have access to the Applicant's Qualified Property and/or business records, in accordance with Texas Tax Code Section 22.07, during the term of this Agreement, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of the Applicant's Qualified Property. All inspections will be made at a mutually agreeable time after the giving of not less that forty-eight (48) hours prior written notice, and will be conducted in such a manner so as not to unreasonably interfere with either the construction or operation of the Applicant's Qualified Property. All inspections may be accompanied by one or more representatives of the Applicant, and shall be conducted in accordance with the Applicant's safety, security, and operational standards. Notwithstanding the foregoing, nothing contained in this Agreement shall require the Applicant to provide the District, the Comptroller, or the Pecos County Appraisal District with any technical or business information that is private personnel data, proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party.

Section 7.2. Reports to Other Governmental Agencies

Applicant shall timely make any and all reports that are or may be required under the provisions of law or administrative regulation, including but not limited to the annual report or certifications that may be required to be submitted by the Applicant to the Texas Comptroller of Public Accounts under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District contemporaneously with the filing thereof. The obligation to make all such required filings shall be a material obligation under this Agreement.

Section 7.3. Applicant's Obligation to Maintain Viable Presence

By entering into this Agreement, the Applicant warrants that:

(a) it will abide by all of the terms of the Agreement;

(b) it will Maintain Viable Presence in the District through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by Force Majeure (as hereinafter defined), provided the Applicant makes commercially reasonable efforts to remedy the cause of such Force Majeure; and,

(c) it will meet minimum eligibility requirements under Tax Code, Chapter 313 throughout the value limitation and tax-credit settle-up periods.

Section 7.4. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT

(a) In the event that the Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or in the event that the Applicant or its successor-in-interest fails to comply in any material respect with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 7.8, then the District shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section 7.5, on that recaptured ad valorem tax revenue. For purposes of this recapture calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV.

(b) Notwithstanding Section 7.4(a), in the event that the District determines that the Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then the Applicant shall pay to the District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of the District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by the Applicant to the District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 7.5. For purposes of this liquidated damages calculation, the Applicant shall be entitled to a credit for all payments made to the District pursuant to Article III. The Applicant shall also be entitled to a credit for any amounts paid to the District pursuant to Article IV. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

Section 7.5. CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, the District shall first determine the base amount of recaptured taxes owed less all credits under Section 7.4 for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Year less all credits under Section 7.4 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(a), or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Texas Tax Code § 33.01(c), or its successor statute.

Section 7.6 MATERIAL BREACH OF AGREEMENT

Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

(a.) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application as is required by Section 8.13, below.

(b.) Applicant fails to Maintain Viable Presence in the District, as required by Section 7.3 of this Agreement, through the Final Termination Date of this Agreement.

(c.) Applicant fails to make any payment required under Articles III or IV of this Agreement on or before its due date.

(d.) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column C of its Application.

(e.) Applicant fails to create and maintain at least the number of New Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.

(f.) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created by Applicant on the project as Qualifying Jobs.

(g.) Applicant makes any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313, Tex. Tax Code, in excess of the amounts set forth in Articles III and IV, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not mandated by this Agreement or made in recognition of consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 are not barred by this provision.

(h.) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's Rules, and under the Texas Economic Development Act.

Section 7.7 LIMITED STATUTORY CURE OF MATERIAL BREACH

In accordance with the provisions of Tex. Tax Code § 313.0275, for any full tax year which commences after the project has become operational, Applicant shall may cure the Material Breaches of this Agreement, defined in Sections 7.6(d) and 7.6(e) or 7.6(f), above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 7.6(d) and 7.6(e) or 7.6(f) for the particular Tax Year of non-

compliance only, Applicant may make the liquidated damages payment required by Tex. Tax Code § 313.0275(b), in accordance with the provisions of Tex. Tax Code § 313.0275(c).

Section 7.8. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT

Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in the District as required by Section 7.3 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by the District. After receipt of the notice, Applicant shall be given ninety (90) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

If the Board of Trustees is not satisfied with such response and/or that such breach has been cured, then the Board of Trustees shall, after reasonable notice to the Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, the Applicant shall have the opportunity, together with their counsel, to be heard before the Board of Trustees. At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 7.4 (net of all credits under Section 7.4), and the amount of any penalty and/or interest under Section 7.5 that are owed to the District.

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

Section 7.9. DISPUTE RESOLUTION

After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 7.8, the Applicant shall have ninety (90) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to the District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within ninety (90) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 7.8, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing in Pecos County, Texas. The Parties agree to sign a document that provides the mediator and the mediation will

be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. With respect to such mediation, (i) the District shall bear one-half of such mediator's fees and expenses and the Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 7.8 as are set forth in Texas Tax Code Chapter 33, Subchapters B and C, for the collection of delinquent taxes. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to Texas Tax Code § 33.07 to the attorneys representing the District pursuant to Texas Tax Code § 6.30.

In any event where a dispute between the District and the Applicant under this Agreement cannot be resolved by the Parties, after completing the procedures required above in this Section, either the District or the Applicant may seek a judicial declaration of their respective rights and duties under this Agreement or otherwise, in any judicial proceeding, assert any rights or defenses, or seek any remedy in law or in equity, against the other Party with respect to any claim relating to any breach, default, or nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

Section 7.10. Limitation of Other Damages

Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, the District's damages for such a default shall under no circumstances exceed the greater of either any amounts calculated under Sections 7.4 and 7.5 above, or the monetary sum of the difference between the payments and credits due and owing to the Applicant at the time of such default and the District taxes that would have been lawfully payable to the District had this Agreement not been executed. In addition, the District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

The Parties further agree that the limitation of damages and remedies set forth in this Section 7.10 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 7.11. Binding on Successors

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

ARTICLE VIII

MISCELLANEOUS PROVISIONS

Section 8.1. INFORMATION AND NOTICES

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

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

Superintendent Guy Birdwell
BUENA VISTA INDEPENDENT SCHOOL DISTRICT
P.O. Box 310
Imperial, Texas 79743
Fax: (432) 536-2436

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

Notices to the Applicant shall be addressed to:

Kerry Albright
c/o **BP WIND PROPERTY TAX**
501 Westlake Park Boulevard
Mail Code: 6.114A
Houston, Texas 77079
Fax: (713) 504-8593
E-mail: kerry.albright@bp.com

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

Section 8.2. EFFECTIVE DATE, TERMINATION OF AGREEMENT

(a) This Agreement shall be and become effective on the date of final approval of this Agreement by the District's Board of Trustees,

(b) The obligation to Maintain Viable Presence under this Agreement shall remain in full force and effect through the termination in full date established in Section 1.2 of this Agreement.

(c) In the event that Applicant fails to make a Qualified Investment in the amount of Ten Million Dollars ($10,000,000.00), or greater, during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2012.

Section 8.3. AMENDMENTS TO AGREEMENT; WAIVERS

This Agreement may not be modified or amended except by an instrument or instruments in writing signed by all of the Parties. Waiver of any term, condition or provision of this Agreement by any Party shall only be effective if in writing and shall not be construed as a waiver of any subsequent breach of, or failure to comply with, the same term, condition or provision, or a waiver of any other term, condition or provision of this Agreement. By official action of the Board of Trustees, this Agreement may be amended to include, in the Applicant's Qualified Investment, additional or replacement Qualified Property not specified in **EXHIBIT 3**, provided that the Applicant reports to the District, the Comptroller, and the Appraisal District, in the same format, style, and presentation as the Application, all relevant investment, value, and employment information that is related to the additional property. Any amendment of the Agreement adding additional or replacement Qualified Property pursuant to this Section 8.3 shall, (1) require that all property added by amendment be eligible property as defined by Tax Code, §313.024; (2) clearly identify the property, investment, and employment information added by amendment from the property, investment, and employment information in the original Agreement; and (3) define minimum eligibility requirements for the recipient of limited value. This Agreement may not be amended to extend the value limitation time period beyond its eight year statutory term.

Section 8.4. ASSIGNMENT

The Applicant may assign this Agreement, or a portion of this Agreement, to an Affiliate or a new owner or lessee of all or a portion of the Applicant's Qualified Property and/or the Applicant's Qualified Investment, provided that the Applicant shall provide written notice of such assignment to the District. Upon such assignment, Applicant's assignee will be liable to the District for outstanding taxes or other obligations arising under this Agreement. A recipient of limited value under Tax Code, Chapter 313 shall notify immediately the District, the Comptroller, and the Appraisal District in writing of any change in address or other contract information for the owner of the property subject to the limitation agreement for the purposes of Tax Code §313.032. The assignee's or its reporting entity's Texas Taxpayer Identification Number shall be included in the notification.

Section 8.5. MERGER

This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence,

and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 8.6. Maintenance of County Appraisal District Records

When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Pecos County Appraisal District shall determine the Market Value thereof and include both such Market Value and the appropriate value thereof under this Agreement in its appraisal records.

Section 8.7. Governing Law

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in Pecos County, Texas.

Section 8.8. Authority to Execute Agreement

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

Section 8.9. Severability

If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to the end that the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 8.9, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 8.10. Payment of Expenses

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

Section 8.11. Interpretation

When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation and agreement of each Party and shall not be construed for or against any Party.

Section 8.12. Execution of Counterparts

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

Section 8.13. Accuracy of Representations Contained in Application

The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct. The parties further agree that the Application and all the attachments thereto are included by reference into this Agreement as if set forth herein in full.

In the event that the Board of Trustees, after completing the procedures required by Sections 7.8 and 7.9 of this Agreement, makes a written determination that the Application was either incomplete or inaccurate as to any material representation, information, or fact, the Agreement shall be invalid and void except for the enforcement of the provisions required by 34. Tex. Admin. Code § 9.1053(f)(2)(K).

Section 8.14. Publication of Documents

The Parties acknowledge that the District is requires to publish the Application and its required schedules, or any amendment thereto; all economic analyses of the proposed project

submitted to the District; the approved and executed copy of this Agreement or any amendment thereto; and each application requesting tax credits under Tex. Tax Code § 313.103, as follows:

a. Within seven days of such document, the school district shall submit a copy to the Comptroller for Publication on the Comptroller's Internet website.

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

c. This Section does not require the Publication of information that is confidential under Tex. Tax Code § 313.028.

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this ___ day of December 2010.

BP WIND ENERGY NORTH AMERICA INC.

By: _____
Its Authorized Representative

Name: DARREL THORSON

Title: VICE-PRESIDENT

BUENA VISTA INDEPENDENT SCHOOL DISTRICT

By: _____
CRUZ GOMEZ
President
Board of Trustees

ATTEST:

_____
~~WILL LANGLEY~~ PAUL IVEY
Secretary
Board of Trustees

EXHIBIT 1

DESCRIPTION OF QUALIFIED REINVESTMENT ZONE

The *BP Wind Energy North America Inc., Reinvestment Zone* was originally created on June 8, 2009 by action of the Pecos County Commissioner's Court. A map of the *BP Wind Energy North America, Inc., Reinvestment Zone* is attached as the last page of this **EXHIBIT 1**.

As a result of the action of the Pecos County Commissioner's Court, the *BP Wind Energy North America Inc., Reinvestment Zone* includes real property within unincorporated Pecos County, Texas, more specifically the following property and tracks.

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

BLOCK	SECTION	SURVEY	COMMENT
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	
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18	18	UL	
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18	20	UL	
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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	

BLOCK	SECTION	SURVEY	COMMENT
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	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	

BLOCK	SECTION	SURVEY	COMMENT
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	
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126	23	T&STL RR CO	
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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	
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126	36	T&STL RR CO	
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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	

BLOCK	SECTION	SURVEY	COMMENT
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	

Reinvestment Zone

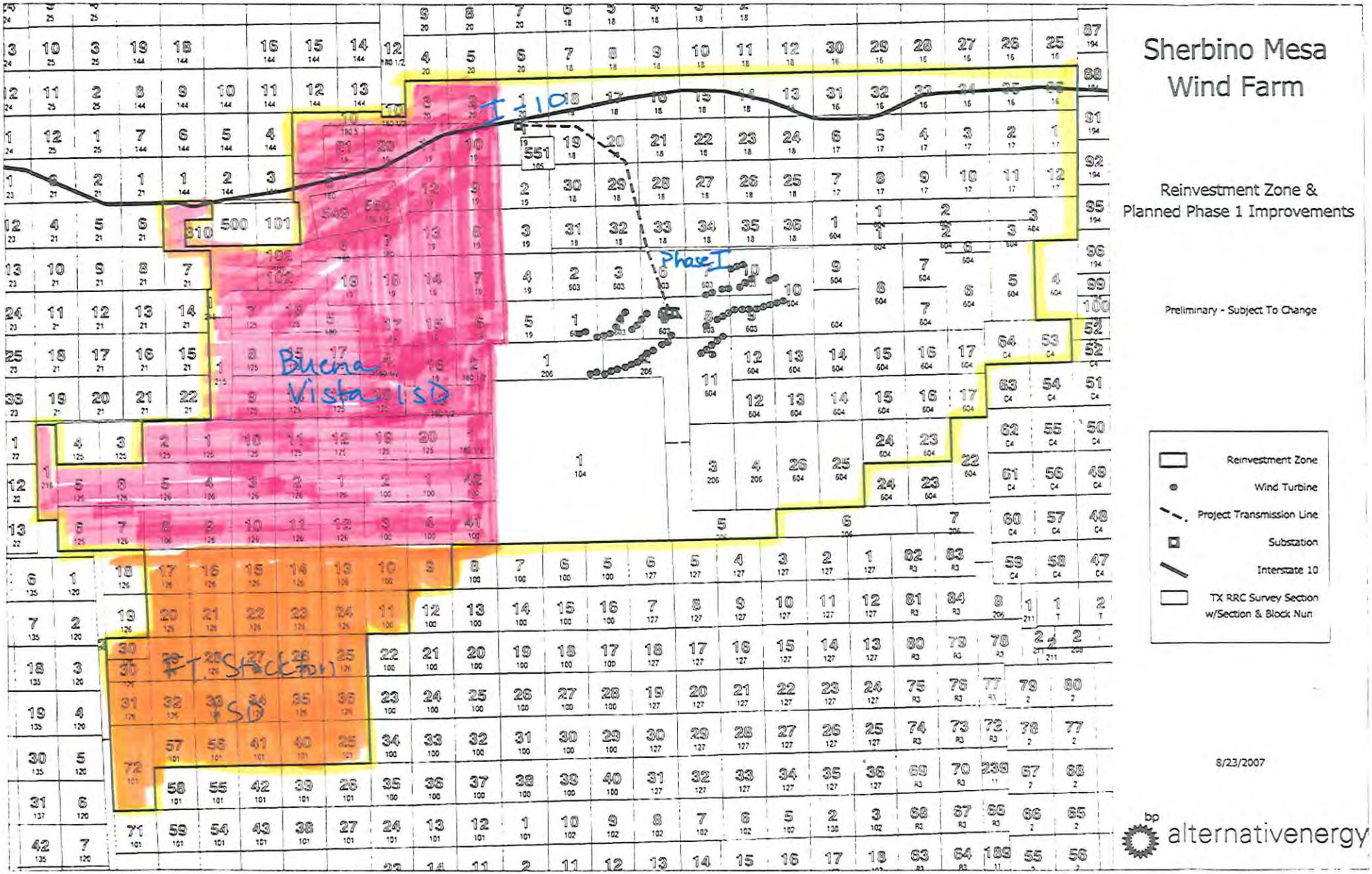

EXHIBIT 2

LOCATION OF QUALIFIED INVESTMENT/QUALIFIED PROPERTY

All Qualified Property owned by Applicant and located within the boundaries of both the Buena Vista Independent School District and *BP Wind Energy North America Inc., Reinvestment Zone* will be included in and subject to this Agreement. Specifically, all Qualified Property of Applicant located in the following sections of land is included, to wit:

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

BLOCK	SECTION	SURVEY	COMMENT
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	
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18	20	UL	
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18	22	UL	
18	23	UL	
18	24	UL	
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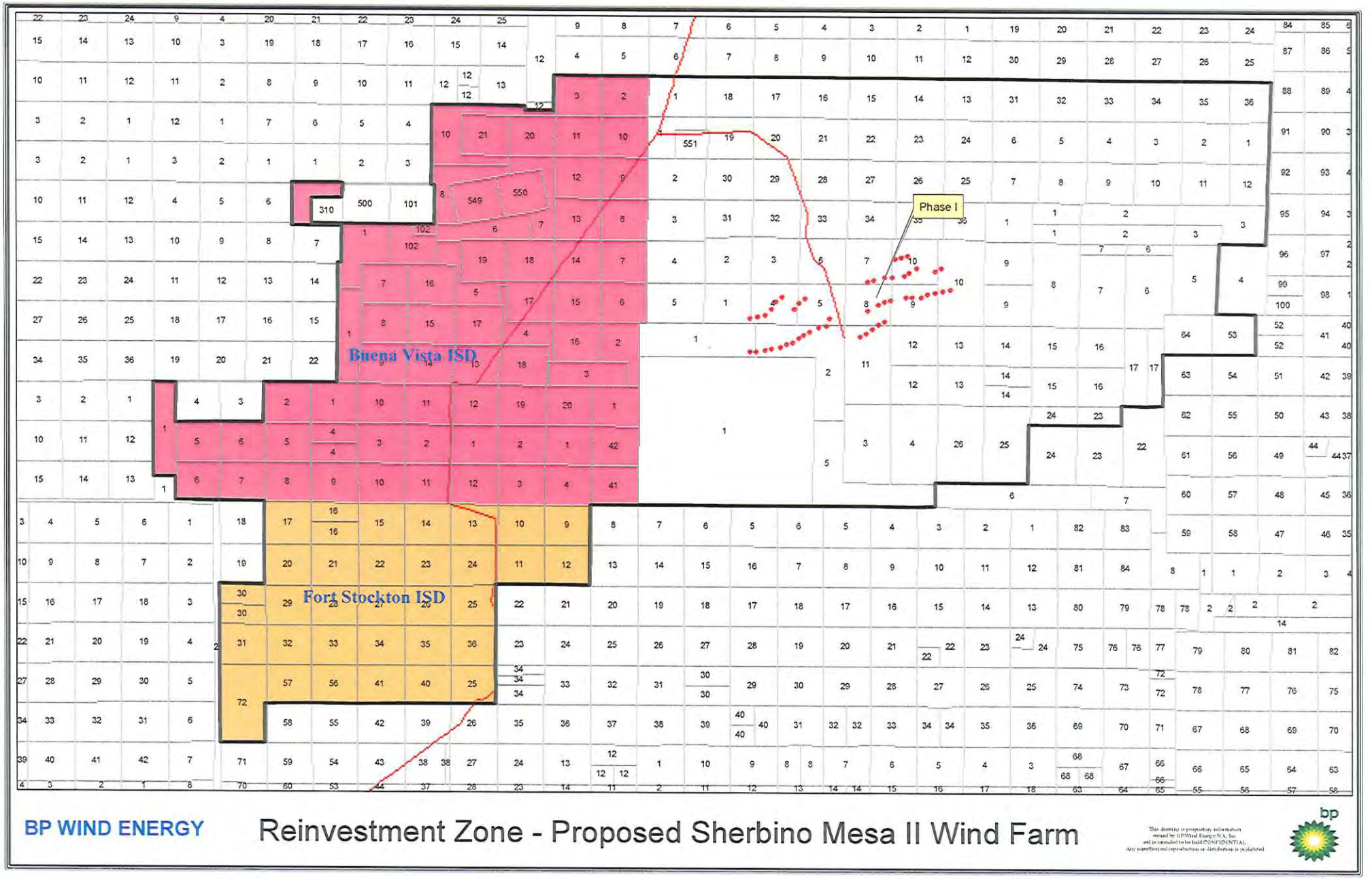
18	27	UL	
18	28	UL	
18	29	UL	
18	30	UL	
18	31	UL	
18	32	UL	
18	33	UL	
18	34	UL	
18	35	UL	
18	36	UL	
19	1	UL	
19	2	UL	
19	3	UL	
19	4	UL	
19	5	UL	
19	6	UL	

BLOCK	SECTION	SURVEY	COMMENT
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	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	

BLOCK	SECTION	SURVEY	COMMENT
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	

BLOCK	SECTION	SURVEY	COMMENT
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	



BP WIND ENERGY

Reinvestment Zone - Proposed Sherbino Mesa II Wind Farm

This drawing is proprietary information owned by BPWind Energy N.A. Inc and is intended to be held CONFIDENTIAL. Any unauthorized reproduction or distribution is prohibited.

EXHIBIT 3

DESCRIPTION OF THE APPLICANT'S QUALIFIED INVESTMENT/QUALIFIED PROPERTY

The proposed project will consist of a facility designed to use wind power to generate electricity (commonly referred to as a wind farm). The property will include, but is not limited to, the following: up to approximately 60 – 2.5 megawatt wind power turbine generators; or equivalent; a reinforced concrete slab supporting the weight of each turbine tower; equipment and towers used to gather meteorological data; buried and overhead electrical conductor cables (including poles) used to transport electricity from each turbine tower to an electrical substation; the electrical substation and electrical conductor cables used to transport electricity off of the project site; one or more buildings used to hold maintenance supplies, replacement parts, and related equipment; and various appurtenant equipment and small items related to the above. All of the property for which the Applicant is seeking a limitation on appraised value will be owned by the Applicant or a valid assignee pursuant to this Agreement. The facility will also require a relatively insubstantial amount of personal property.