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July 8, 2014

Via Email and Federal Express

Mr. John Villarreal
Research Analyst
Economic Analysis
Local Government Assistance and Economic Development Division
Texas Comptroller of Public Accounts
LBJ State Office Building
111 E. 17th Street
Austin, TX 78774

Re: App. No. 390 – Dimmitt ISD-Easter Renewable Energy Project, LLC

Dear Mr. Villareal:

Enclosed please find hard copies of a fully executed copy of the Limited Assessed Valuation Agreement between the above-noted parties along with the District's Findings of Fact. A CD containing these documents is also enclosed.

Please feel free to contact us if you require anything further.

Sincerely,

Fred A. Stormer

Fred Stormer

FS/ph
Encl.
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LIMITATION ON APPRAISED VALUE AGREEMENT FOR PROPERTY SUBJECT TO SCHOOL DISTRICT MAINTENANCE AND OPERATIONS TAXES

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by and between

DIMMITT INDEPENDENT SCHOOL DISTRICT

and

EASTER RENEWABLE ENERGY PROJECT, LLC

(*Texas Taxpayer ID # 32047607927)*

TEXAS COMPTROLLER'S APPLICATION NO. 390

Dated

July 7, 2014

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

STATE OF TEXAS §

COUNTY OF CASTRO §

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, ("Agreement") is executed and delivered by and between **DIMMITT INDEPENDENT SCHOOL DISTRICT** (the "District"), with its central administrative office located in Castro County, Texas ("County"), a lawfully created independent school district of the State of Texas operating under and subject to the TEXAS EDUCATION CODE ("TEC"), and **EASTER RENEWABLE ENERGY PROJECT, LLC**, a Texas limited liability company, Texas Taxpayer Identification Number 32047607927 ("Applicant") and relates to a limitation of the Appraised Value of property for the District's maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the "Code"). The District and Applicant are collectively referred to herein as the "Parties" and each individually as a "Party."

RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District's Board of Trustees ("Board of Trustees"), timely received from Applicant an Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053 ("Application"), on or about December 2, 2013; and,

WHEREAS, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL), and agreed to consider the Application on or about December 2, 2013, the date it was determined to be complete by the District (the "Completed Application Date"); and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts ("Comptroller") on or about December 3, 2013, for its review pursuant to §313.025(a-1) and (b) of the Code. The Comptroller deemed the Application complete and thereafter began its analysis of the Application on December 12, 2013 (the "Application Review Start Date"). Thereafter, the District, on behalf of Applicant, submitted Supplement No. 001 (reinvestment zone documents) on or about January 14, 2014; and,

WHEREAS, pursuant to 34 TEXAS ADMIN. CODE §9.1054, the Application was delivered for review to the Castro County Appraisal District established in Castro County, Texas (the "Castro County Appraisal District"), pursuant to Section 6.01 of the TEXAS TAX CODE;

WHEREAS, the Comptroller conducted an economic impact evaluation of the Application pursuant to Section 313.025(b) of the TEXAS TAX CODE; and,

WHEREAS, pursuant to Section 313.025(d) of the TEXAS TAX CODE, the Board of Trustees timely received the March 10, 2014 recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code Sections 313.001, *et seq.*, and that the Application be approved (the "Recommendation"); and,

WHEREAS, District's Board of Trustees, by resolution dated April 14, 2014, granted Applicant's request to extend the statutory deadline by which the District must consider its Application until July 11, 2014, and the Comptroller was provided notice of such extension as set out under 34 Texas Administrative Code §9.1054(d); and,

WHEREAS, on July 7, 2014, the Board of Trustees conducted a public hearing on the Application at which it solicited input into its deliberations on the Application from all interested parties within the District;

WHEREAS, on July 7, 2014, the Board of Trustees made factual findings pursuant to Section 313.025(f) of the TEXAS TAX CODE, including, but not limited to findings that: (i) the information in the Application is true and correct; (ii) Applicant is eligible for the Limitation on Appraised Value of Applicant's Qualified Property; (iii) the limitation on appraised value is a determining factor in Applicant's decision to invest capital and construct the project in this state; and (iv) this Agreement is in the best interest of District and the State of Texas;

WHEREAS, on July 7, 2014, pursuant to the provisions of Section 313.025(f-1) of the TEXAS TAX CODE, the Board of Trustees waived the job creation requirement set forth in Section 313.051(b) of the TEXAS TAX CODE based on a factual finding that if the number of jobs required by law was applied in this project, given its size and scope as described in the Application and **EXHIBIT 4**, the number of jobs will exceed the industry standard of the number of employees reasonably necessary for the operation of the project;

WHEREAS, on May 30, 2014, the Texas Comptroller's Office approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes; and

WHEREAS, on July 7, 2014, the Board of Trustees approved the form of this Agreement for a Limitation on Appraised Value of Property for School District Maintenance and Operations Taxes, and authorized the Trustees whose signatures appear below to execute and deliver such Agreement to the Applicant; and

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

ARTICLE I
DEFINITIONS

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

"*Act*" means the Texas Economic Development Act set forth in Chapter 313 of the TEXAS TAX CODE, as amended, and as applicable to Applicant's Application, which was filed before January 1, 2014.

"*Agreement*" means this Agreement, as the same may be modified, amended, restated, or supplemented as approved pursuant to Section 11.2 of this Agreement.

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

"*Applicant*" means Easter Renewable Energy Project, LLC *(Texas Taxpayer ID #32047607927)*, the company listed in the Preamble of this Agreement and that is listed as the Applicant on the Application, as of the Application Approval Date. The term "Applicant" shall also include Applicant's permitted assigns and successors-in-interest as approved according to Section 11.2 of this Agreement.

"*Applicant's Qualified Investment*" means the Qualified Investment of the Applicant during the Qualifying Time Period and as more fully described in Section 3.3 of this Agreement.

"*Application*" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, of the Texas Tax Code) filed with District by Applicant on December 2, 2013. The term includes all forms required by Comptroller, the schedules attached thereto, and all other documentation submitted by Applicant for the purpose of obtaining an Agreement with District. The term also includes all amendments and supplements thereto submitted by Applicant.

"*Application Approval Date*" means the date that the Application is approved by the

Board of Trustees of District and as further identified in Section 2.3.B of this Agreement.

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

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

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

"Board of Trustees" means the Board of Trustees of the Dimmitt Independent School District.

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

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

"County" means Castro County, Texas.

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

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

"*Land*" means the real property described on **EXHIBIT 3**, which is attached hereto and incorporated herein by reference for all purposes.

"Maintain Viable Presence" means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the applicable term of this Agreement, as defined in Section 2.3 below, of not fewer than the number of Qualifying Jobs required by the Code, or as found by the District's Board of Trustees if the number of such jobs required by the Texas Tax Code exceeds the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence

following an event of force majeure that halts facility operations so long as Applicant commences repairs and/or reconstruction of the damage within one hundred eighty (180) days after the event of force majeure. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

"*M&O Amount*" shall have the meaning assigned to such term in Section 4.2 of the Agreement.

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

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

"*Net Tax Savings*" means an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for all years during the term of this Agreement if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for all years during the term of this Agreement, plus (B) any and all payments due to the District under Article IV of this Agreement. For clarification, Net Tax Savings in respect of a particular year pursuant to Section 6.2 shall mean an amount equal to (but not less than zero): (i) the sum of (A) the amount of maintenance and operations ad valorem taxes which the Applicant would have paid to the District for such year if this Agreement had not been entered into by the Parties; plus (B) any Tax Credits received by Applicant under this Agreement for such year; minus, (ii) an amount equal to the sum of (A) all maintenance and operations ad valorem school taxes actually due to the District or any other governmental entity, including the State of Texas for such year, plus (B) any and all payments due to the District under Article IV of this Agreement for such year.

"*New Jobs*" means the jobs defined by 34 TEX. ADMIN. CODE §9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under the applicable provisions of TEXAS TAX CODE, Chapter 313, effective as of the Application Review Start Date, Eighty Percent (80%), of all New Jobs created by Applicant on the project

shall also be Qualifying Jobs, as defined below.

"*New Qualifying Jobs*" means the total number of jobs to be created and maintained by Applicant after the Application Approval Date in connection with the project which is the subject of its Application that meet the criteria of a Qualifying Job as defined in the applicable provisions of Chapter 313 of the TEXAS TAX CODE, and as interpreted by the Comptroller's rules effective as of the Application Review Start Date.

"*Qualified Investment*" has the meaning set forth in Chapter 313 of the TEXAS TAX CODE, as interpreted by Comptroller's Rules, applicable as of the Application Review Start Date.

"*Qualified Property*" has the meaning set forth in Chapter 313 of the Texas Tax Code and as interpreted by Comptroller's Rules and the Texas Attorney General, as these provisions existed as of the Application Review Start Date.

"*Qualifying Time Period*" means the period that begins on the date of approval of this Agreement by District's Board of Trustees and ends on December 31st of the second Full Tax Year that begins after such date of approval as is defined in Section 313.021(4)(A) of the Texas Tax Code and during which Applicant shall make investment on the land where the Qualified Property is to be located in the amount required by the Act, the Comptroller's rules, and this Agreement and as further identified in Section 2.3.C of this Agreement.

"*Reinvestment Zone*" means the District's Reinvestment Zone created pursuant to Section 312.0025 of the TEXAS TAX CODE by action of the Board of Trustees or by the County and as further described by the description and/or depiction of said Reinvestment Zone attached hereto as **EXHIBIT 2**, which is incorporated herein by reference for all purposes.

"*Revenue Protection Amount*" means the amount calculated pursuant to Section 4.2 of this Agreement.

"*State*" means the State of Texas.

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

"*Supplemental Payment*" has the meaning as set forth in Article VI of this Agreement.

"*Tax Credit*" means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 TEX. ADMIN. CODE §9.1056 applicable as of the Application Review Start Date, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under Section 313.103 of the TEXAS TAX CODE and 34 TEX. ADMIN. CODE §9.1054.

"*Tax Limitation Amount*" means the maximum amount which may be placed as the Appraised Value on Applicant's Qualified Property for each tax year of the Tax Limitation Period of this Agreement pursuant to Section 313.054 of the TEXAS TAX CODE, applicable as of the Application Review Start Date.

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

"*Tax Year*" shall have the meaning assigned to such term in Section 1.04(13) of the TEXAS TAX CODE (*i.e.*, the calendar year), and as set out in **EXHIBIT 1** attached hereto.

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

ARTICLE II
AUTHORITY, PURPOSE AND LIMITATION AMOUNTS

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

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

Section 2.3. TERM OF THE AGREEMENT.

A. The Application Review Start Date for this Agreement is December 12, 2013, which will determine Applicant's Qualified Property, the applicable wage standard and the applicable provisions of the Texas Tax Code.

B. The Application Approval Date for this Agreement is July 7, 2014, which will determine the start of Applicant's Qualifying Time Period.

C. The Qualifying Time Period for this Agreement:

1. Starts on July 7, 2014, the Application Approval Date; and,
2. Ends on December 31, 2016.

D. The Tax Limitation Period for this Agreement:

1. Starts on January 1, 2017; and,
2. Ends on December 31, 2024, the tenth full calendar year of this Agreement, as set out in **Exhibit 1** attached hereto.

E. The Final Termination Date for this Agreement is December 31, 2027.

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

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

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

B. Ten Million Dollars ($10,000,000).

This Tax Limitation Amount is based on the limitation amount for the category that applies to the District, set out in Chapter 313 of the TEXAS TAX CODE, as of the Application Review Start Date.

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

A. Have completed the Qualified Investment in the amount of $10,000,000 by the end of the Qualifying Time Period;

B. Have created and maintained the number of Qualifying Jobs specified in, and in the time period specified on Schedule C of the Application; and

C. Be paying the applicable weekly wage for such Qualifying Jobs, as required by Chapter 313 of the TEXAS TAX CODE effective as of the Application Review Start Date.

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

A. Provide payments to District sufficient to protect the future District M&O Revenues through payment of revenue offsets and other mechanisms as set out in Article IV;

B. Provide payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V;

C. Provide such supplemental payments as set out in Article VI; and

D. Create and Maintain Viable Presence and perform additional obligations as set out in Article VII of this Agreement.

ARTICLE III
QUALIFIED PROPERTY

Section 3.1. LOCATION WITHIN ENTERPRISE OR REINVESTMENT ZONE. At the time of making the Qualified Investment and during the period starting with the Application Approval Date and ending on the Final Termination Date, the Land is and shall be within an area designated at the time of this Agreement either as an enterprise zone, pursuant to Chapter 2303 of the TEXAS GOVERNMENT CODE, or a reinvestment zone, pursuant to Chapter 311 or 312 of the TEXAS TAX CODE. The legal description of such zone is attached to this Agreement as **EXHIBIT 2** and is incorporated herein by reference for all purposes.

Section 3.2. LOCATION OF QUALIFIED PROPERTY AND INVESTMENT. The Land on which the Qualified Property shall be located and on which the Qualified Investment shall be made is described on **EXHIBIT 3,** which is attached hereto and incorporated herein by reference for all purposes. The Parties expressly agree that the boundaries of the Land may not be materially changed from its configuration described in **EXHIBIT 3** unless amended pursuant to the provisions of Section 11.2 of this Agreement.

Section 3.3. DESCRIPTION OF QUALIFIED PROPERTY. The Qualified Property that is subject to the Tax Limitation Amount is described in **EXHIBIT 4**, which is attached hereto and incorporated herein by reference for all purposes. Property which is not specifically described in **EXHIBIT 4** shall not be considered by the District or the Appraisal District to be part of the Applicant's Qualified Property for purposes of this Agreement, unless by official action the Board of Trustees provides that such other property is a part of the Applicant's Qualified Property for purposes of this Agreement in compliance with Section 313.027(e) of the TEXAS TAX CODE and the Comptroller's rules (applicable as of the Application Review Start Date), and Section 11.2 of this Agreement.

Section 3.4. **CURRENT INVENTORY OF QUALIFIED PROPERTY.** If at any time after the

Application Approval Date there is a material change in the Qualified Property described in **EXHIBIT 4** and located on the Land described in **EXHIBIT 3**, or, upon a reasonable request of District, Comptroller, the Appraisal District, or the State Auditor's Office, Applicant shall provide to District, Comptroller, the Appraisal District or the State Auditor's Office a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Land to which the value limitation applies including maps or surveys of sufficient detail and description to locate all such described property on the Land.

Section 3.5. QUALIFYING USE. Applicant's Qualified Property described above in Section 2.3 qualifies for a tax limitation agreement under Section 313.024(b)(5) of the TEXAS TAX CODE as a renewable energy electric generation facility.

ARTICLE IV
PROTECTION AGAINST LOSS OF FUTURE DISTRICT REVENUES

Section 4.1. INTENT OF THE PARTIES. Subject to the limitations contained in this Agreement (including Section 7.1), it is the intent of the Parties that the District shall, in accordance with the provisions of Section 313.027(f)(1) of the TEXAS TAX CODE, be compensated by Applicant for any loss that District incurs in its Maintenance and Operations Revenue as a result of, or on account of, entering into this Agreement. Such payments shall be independent of, and in addition to such other payments as set forth in Articles V and VI in this Agreement. Subject to the limitations contained in this Agreement (including Section 7.1), **IT IS THE INTENT OF THE PARTIES THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO DISTRICT IN MAKING THE DECISION TO ENTER INTO THIS AGREEMENT WILL BE BORNE SOLELY BY APPLICANT AND NOT BY DISTRICT.** Applicant recognizes and acknowledges the calculations relating to the District's loss of Maintenance and Operations Revenue under this Agreement will be affected by changes to the timing of construction of the Project and any change to the Qualified Investment/Qualified Property. As such, Applicant acknowledges that it will bear any and all losses of Maintenance and Operations Revenue suffered by the District as a result of the Agreement, including without limitation any increase in the hold harmless payment to the District for losses in Maintenance and Operations Revenue resulting from any change in the timing of construction and/or any change to the Qualified Investment/Qualified Property.

Section 4.2. CALCULATING THE AMOUNT OF LOSS OF REVENUES BY THE DISTRICT. Subject to the provisions of Sections 7.1 and 7.2, the amount to be paid by Applicant to compensate District for loss of Maintenance and Operations Revenue resulting from, or on account of, this Agreement for each year during the term of his Agreement (the "M&O Amount"), shall be determined in compliance with the Applicable School Finance Law in effect for such year and according to the following formula:

A. The M&O Amount owed by Applicant to District means the Original M&O Revenue *minus* the New M&O Revenue; based on the following definitions:

i. "Original M&O Revenue" means the Maintenance and Operations Revenue that District would have received for the school year under the Applicable School Finance Law had this Agreement not been entered into by the Parties and the Qualified Property had been subject to the full ad valorem maintenance and operations tax without any limitation on value.
ii. "New M&O Revenue" means the Maintenance and Operations Revenue that District actually received for such school year.

B. In making the calculations for the M&O Amount required by this Section 4.2 of this Agreement:

i. The Taxable Value of property for each school year will be determined under the Applicable School Finance Law.
ii. For purposes of this calculation, the tax collection rate on the Applicant's Qualified Property will be presumed to be one hundred percent (100%).
iii. If, for any year of this Agreement, the difference between the Original M&O Revenue and the New M&O Revenue as calculated under this Section 4.2 of this Agreement results in a negative number for the M&O Amount, the negative number will be considered to be zero.
iv. All calculations made for the New M&O Revenue during the Tax Limitation Period under Section 4.2.A.ii of this Agreement will reflect the Tax Limitation Amount for such year.
v. All calculations for the M&O Amount made under this Section 4.2 of this Agreement shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse District for other revenue losses created by other agreements or any other factors.

Section 4.3. STATUTORY CHANGES AFFECTING M&O REVENUE. Notwithstanding any other provision in this Agreement, but subject to the limitations contained in Section 7.1 of this Agreement, in the event that, by virtue of statutory changes to the Applicable School Finance Law, administrative interpretations by Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other reason attributable to statutory change, District will receive less Maintenance and Operations Revenue, or, if applicable, will be required to increase its reimbursement payment of funds to the State or another school district, pursuant to Chapter 41 of the TEXAS EDUCATION CODE, because of its participation in this Agreement, Applicant shall make payments to District, up to the revenue protection amount limit set forth in Section 7.1, that are necessary to offset any negative impact on District as a result of its participation in this Agreement. Such calculation shall take into account any adjustments to the amount calculated for the current fiscal year that should be made in order to reflect the actual impact on District.

Section 4.4. COMPENSATION FOR LOSS OF OTHER REVENUES. To the extent not included in the amounts calculated pursuant to Section 4.2 above, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled

pursuant to Chapter 313 of the TEXAS TAX CODE for which the District does not receive reimbursement from the State, whether pursuant to Section 42.2515 of the TEXAS EDUCATION CODE or otherwise; (b) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (c) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense, enforcement or interpretation of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly, including any costs paid to the Appraisal District caused by increased appraised values arising solely from the Qualified Property, subject to the limitation provided in Section 2.4 herein.

Section 4.5. THIRD PARTY CALCULATIONS. All calculations made pursuant to this Agreement shall be verified annually by one or more independent third parties ("Consultant") selected by the District. Applicant will be solely responsible for the payment of Consultant's fees up to Six Thousand Five Hundred Dollars, ($6,500.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

Section 4.6. DATA FOR CALCULATIONS. The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to Section 26.01 of the TEXAS TAX CODE in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District's tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time-to-time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Castro County Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections.

Section 4.7. DELIVERY OF CALCULATIONS.

A. All calculations required under Articles IV, V, or VI shall be made by the Consultant on or before December 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

B. In the event the District receives the Consultant's invoice for services rendered, the District shall forward to Applicant such invoice, which Applicant shall pay within thirty (30) days of receipt.

Section 4.8. PAYMENT BY APPLICANT. On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 7.1, the Applicant shall pay all amounts determined to be due and owing to the District (subject to final settle up), all amounts billed by the Consultant pursuant to Section 4.5, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement. Provided that the District, upon request of Applicant, provides supporting documentation to substantiate such reasonable and necessary expenses to the extent such supporting documentation is not excepted from disclosure as attorney-client privilege or otherwise under the Texas Public Information Act (GOVERNMENT CODE Section 552.001 *et seq*).

Section 4.9. CHALLENGING CALCULATION RESULTS. The Applicant may appeal the Consultant's results, in writing, within fifteen (15) days of receipt of such results. The Consultant will issue a final determination of the calculations within 15 days of receiving Applicant's appeal. The Applicant may appeal the final determination of the Consultant to the District within 15 days of its receipt, pursuant to District Policy GK (LOCAL).

Section 4.10. EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT. In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article IV of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

Section 4.11. EFFECT STATUTORY OR OTHER LEGAL CHANGES. If the District will receive less M&O Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas, or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limit on the revenue protection amount set forth in Article VII below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of M&O Revenue not less than that which the District would have received had the District not entered into this Agreement.

ARTICLE V
PAYMENT OF EXTRAORDINARY EDUCATION RELATED EXPENSES

Section 5.1. EXTRAORDINARY EXPENSES. In addition to the amounts determined pursuant to Article IV or Article VI of this Agreement, Applicant on an annual basis shall also indemnify and reimburse District for the following:

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

B. Any other loss of District revenues or funds which are, or may be attributable to the payment by Applicant to or on behalf any other third party beneficiary; and,

C. Payments of amounts due under this Article shall be made as set forth in Section 4.8 above.

ARTICLE VI
SUPPLEMENTAL PAYMENTS

Section 6.1. SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS. In addition to payment of the amounts set forth under Articles IV and V of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for supplemental payments, as set forth in this Article VI. Any and all obligations for any supplemental payments shall be separate and independent of Applicant's obligations under Articles IV and V of this Agreement.

Section 6.2. CALCULATION OF SUPPLEMENTAL PAYMENTS.

A. Notwithstanding the foregoing, the total annual supplemental payment made pursuant to this Article shall:

i. be in an amount equal to the greater of One Hundred Dollars ($100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year in average daily attendance, as defined by Section 42.005 of the TEXAS EDUCATION CODE, or such other higher amount as permitted by applicable provisions of Texas Tax Code Sec. 313.027(i); and

ii. only be made during the period starting with the first year of the Qualifying Time Period and ending December 31 of the third year following the end of the Tax Limitation Period.

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

C. In the event Chapter 313 is modified or amended to allow the District to receive supplemental payments in excess of the foregoing limitation, Applicant agrees to cooperate with District to amend this Agreement to allow District to receive the maximum amount of supplemental payments as allowed by law; provided however, the total supplemental payments for any given year of this Agreement shall not exceed the greater of forty percent (40%) of Applicant's Net Tax Savings under this Agreement in such year or the amount calculated as set out in Section 6.2.A.i above, as determined for that school year. This Section shall only apply if Chapter 313 of the TEXAS TAX CODE is amended so that the District is permitted to receive payments in lieu of taxation greater than as described in Section 6.2.A.i. above; otherwise, Section 6.2.A.i shall apply.

D. Payment of amounts due under this Article shall be made as set forth in Section 4.8 of this Agreement and is subject to the limitations contained in Section 7.1.

ARTICLE VII
ANNUAL LIMITATION OF PAYMENTS BY APPLICANT

Section 7.1. ANNUAL LIMITATION. Notwithstanding anything contained in this Agreement to the contrary, and with respect to years four (4) through ten (10) of this Agreement, in no event shall (i) the sum of the maintenance and operations ad valorem taxes paid by Applicant to District for such Tax Year, plus the sum of all payments otherwise due from Applicant to District under Articles IV, V, and VI of this Agreement with respect to such Tax Year, exceed (ii) the amount of the maintenance and operations ad valorem taxes that Applicant would have paid to District for such Tax Year (determined by using District's actual maintenance and operations tax rate for such Tax Year) if the Parties had not entered into this Agreement. The calculation and comparison of the amounts described in clauses (i) and (ii) of the preceding sentence shall be included in all calculations made pursuant to Section 6.2 of this Agreement, and in the event the sum of the amounts described in said clause (i) exceeds the amount described in said clause (ii), then the payments otherwise due from Applicant to District under Articles IV, V, and VI shall be reduced until such excess is eliminated.

Section 7.2. OPTION TO TERMINATE AGREEMENT. In the event that any payment otherwise due from Applicant to District during years four through ten under Articles IV, V, and VI of this Agreement with respect to a Tax Year is subject to reduction in accordance with the provisions of Section 7.1 above, then the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option to terminate this Agreement by notifying District of its election in writing not later than the July 31 of the year next following the Tax Year with respect to which a reduction under Section 7.1 is applicable. Any termination of this Agreement under the foregoing provisions of this Section 7.2 shall be effective immediately prior to the second Tax Year next following the Tax Year in which the reduction giving rise to the option occurred.

Section 7.3. EFFECT OF OPTIONAL TERMINATION. Upon the exercise of the option to

terminate pursuant to Section 7.2, this Agreement shall terminate and be of no further force or effect; provided, however, that:

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

B. the provisions of this Agreement regarding payments, records and dispute resolution shall survive the termination or expiration of this Agreement.

ARTICLE VIII
TAX CREDITS

Section 8.1. TAX CREDIT DESCRIPTION AND ELIGIBILITY.

A. Upon the Applicant's compliance with all requirements of Chapter 313 of the TEXAS TAX CODE and the Comptroller's rules applicable as of the Application Review Start Date, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Section 2.4 above, the Applicant shall be entitled to pursue a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period, subject to any limitation or reduction required by law.

B. The application for a Tax Credit as described in this Article VIII shall be made in accordance with Section 313.103 of the TEXAS TAX CODE effective as of the Application Review Start Date, and is solely the Applicant's responsibility.

Section 8.2. DISTRICT OBLIGATIONS REGARDING TAX CREDITS.

A. The District shall timely comply with and, to the extent possible, cause the timely compliance by the Appraisal District of all District obligations regarding Tax Credits under the Code and Comptroller Rules.

B. The Board of Trustees shall grant Applicant's application for the tax credit as provided in Section 313.104 of the TEXAS TAX CODE effective as of the Application Review Start Date, as well as Comptroller and/or TEA rules.

Section 8.3. TAX CREDIT PROTECTION REVENUE LOSS. If the District does not receive aid pursuant to §42.2515 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article VIII, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice,

pay to the District the amount of such aid the District did not receive. Conversely, the District shall refund to the Applicant the amount of state aid the District received that was solely attributable to any portion of such state aid paid by Applicant to the District.

ARTICLE IX
ADDITIONAL OBLIGATIONS OF APPLICANT

Section 9.1. APPLICANT'S OBLIGATION TO MAINTAIN VIABLE PRESENCE. In order to receive and maintain the limitation authorized by Section 2.4 in addition to the other obligations required by this Agreement, Applicant shall Maintain Viable Presence in District commencing at the start of the Tax Limitation Period through the Final Termination Date of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, Applicant shall not be in breach of, and shall not be subject to any liability for failure to Maintain Viable Presence to the extent such failure is caused by force majeure, provided Applicant makes commercially reasonable efforts to preserve and maintain a viable presence at the conclusion of such force majeure.

Section 9.2. REPORTS. In order to receive and maintain the limitation authorized by Section 2.4, and in addition to the other obligations required by this Agreement, Applicant shall submit the following reports completed by Applicant to the satisfaction of Comptroller on the dates indicated on the form and starting on the first such due date after the Application Approval Date:

A. The Annual Eligibility Report, Form 50-772 located at Comptroller website http://www.window.state.tx.us/taxinfo/taxforms/50-772.pdf;

B. The Biennial Progress Report, Form 50-773, located at Comptroller website http://www.window.state.tx.us/taxinfo/taxforms/50-773.pdf; and

C. The Job Creation Compliance Report, Form 50-825, located at the Comptroller website http://www.texasahead.org/tax_programs/chapter313/forms.php.

Section 9.3. COMPTROLLER'S ANNUAL REPORT ON CHAPTER 313 AGREEMENTS. During the term of this Agreement, both Parties shall provide Comptroller with all information reasonably necessary for Comptroller to assess performance under this Agreement for the purpose of issuing Comptroller's report, as required by Section 313.032 of the TEXAS TAX CODE.

Section 9.4. DATA REQUESTS. During the term of this Agreement, and upon the written request of District, the State Auditor's Office, or Comptroller, the Applicant shall provide the requesting party with all information reasonably necessary for the requesting party to determine whether the Applicant is in compliance with its obligations, including, but not limited to, any employment obligations which may arise under this Agreement.

Section 9.5. SITE VISITS AND RECORD REVIEW. Applicant shall allow authorized

employees of District, the Comptroller, the Appraisal District, and/or the State Auditor's Office to have access to Applicant's Qualified Property and/or business records, in accordance with Section 22.07 of the TEXAS TAX CODE, from the Application Review Start Date through the Final Termination Date, in order to inspect the project to determine compliance with the terms hereof or as necessary to properly appraise the Taxable Value of Applicant's Qualified Property.

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

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

Section 9.6. RIGHT TO AUDIT; SUPPORTING DOCUMENTS; INDEPENDENT AUDITS. This Agreement is subject to review and audit by the State Auditor pursuant to Section 2262.003 of the TEXAS GOVERNMENT CODE and Section 331.010(a) of the TEXAS TAX CODE, and the following requirements:

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

i. date of submission of the final payment;
ii. Final Termination Date; or
iii. date of resolution of all disputes or payment.

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

Section 9.7. FALSE STATEMENTS; BREACH OF REPRESENTATIONS. The Parties acknowledge that this Agreement has been negotiated, and is being executed, in reliance upon the information contained in the Application, and any Supplements or Amendments thereto (which are incorporated by reference in this Agreement, the same as if fully set forth herein), without which Comptroller would not have approved this Agreement and District would not have executed this Agreement. By signature to this Agreement, Applicant:

A. represents and warrants that all information, facts, and representations contained in the Application are true and correct; and

B. acknowledges that if Applicant submitted its Application with a false statement, signs this Agreement with a false statement, or submits a report with a false statement, or it is subsequently determined that Applicant has violated any of the representations, warranties, guarantees, certifications or affirmations included in the Application or this Agreement, Applicant shall have materially breached this Agreement and the Agreement shall be invalid and void except for the enforcement of the provisions required by 34 TEX. ADMIN. CODE § 9.1053(f)(2)(L), provided that changes to Applicant's development plans made subsequent to filing the Application to which the District has been informed and agreed to in writing shall not be governed by this provision.

ARTICLE X
MATERIAL BREACH OR EARLY TERMINATION

Section 10.1. EVENTS CONSTITUTING MATERIAL BREACH OF AGREEMENT. Applicant shall be in Material Breach of this Agreement if it commits one or more of the following acts or omissions:

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

B. Applicant failed to complete its Qualified Investment as required by Section 2.5 of this Agreement;

C. Applicant failed to create the number of Qualifying Jobs specified in Schedule C of its Application;

D. Applicant failed to make payments to District sufficient to protect the future District revenues through payment of revenue offsets and other mechanisms as set out in Article IV of this Agreement;

E. Applicant failed to make payments to the District that protect District from the payment of extraordinary education related expenses related to the project, as set out in Article V

of this Agreement;

F. Applicant failed to make such supplemental payments as set out in Article VI of this Agreement;

G. Applicant failed to create and Maintain Viable Presence on and/or with the qualified property as set out in Article VIII of this Agreement;

H. Applicant failed to submit the reports required to be submitted by Section 9.2 to the satisfaction of Comptroller on the dates indicated on the form;

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

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

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

L. Applicant has made any payments to the District or to any other person or persons in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of, or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the TEXAS TAX CODE, in excess of the amounts set forth in Articles IV, V and VI, of this Agreement. Voluntary donations made by Applicant to the District after the date of the execution of this Agreement, and not required by this Agreement, are not barred by this provision;

M. Applicant fails to comply in any material respect with any other term of this Agreement; or,

N. Applicant fails to meet its obligations under the applicable Comptroller's Rules or Chapter 313 of the Code.

Section 10.2. CONSEQUENCES OF EARLY TERMINATION OR OTHER BREACH BY APPLICANT.

A. In the event that Applicant terminates this Agreement without the consent of District, except as provided in Section 7.2 of this Agreement, or in the event that Applicant fails to

comply in any material way with the terms of this Agreement or to meet any material obligation under this Agreement, after the notice and cure period provided by Section 10.3, then District, as payment of damages for breach, shall be entitled to the recapture of all ad valorem tax revenue lost as a result of this Agreement together with the payment of penalty and interest, as calculated in accordance with Section10.2.C on such recaptured ad valorem tax revenue. For purposes of this recapture calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI of this Agreement.

B. Notwithstanding Section 10.2.A, in the event that District determines that Applicant has failed to Maintain Viable Presence and provides written notice of termination of the Agreement, then Applicant shall pay to District liquidated damages for such failure within thirty (30) days after receipt of such termination notice. The sum of liquidated damages due and payable shall be the sum total of District ad valorem taxes for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement prior to the year in which the default occurs that otherwise would have been due and payable by Applicant to District without the benefit of this Agreement, including penalty and interest, as calculated in accordance with Section 10.2.C. For purposes of this liquidated damages calculation, Applicant shall be entitled to a credit for all payments made to District pursuant to Articles IV, V, and VI. Upon payment of such liquidated damages, Applicant's obligations under this Agreement shall be deemed fully satisfied, and such payment shall constitute the District's sole remedy.

C. In determining the amount of penalty or interest, or both, due in the event of a breach of this Agreement, District shall first determine the base amount of recaptured taxes less all credits under Section 10.2.A owed for each Tax Year during the Tax Limitation Period. District shall calculate penalty or interest for each Tax Year during the Tax Limitation Period in accordance with the methodology set forth in Chapter 33 of the TEXAS TAX CODE, as if the base amount calculated for such Tax Year less all credits under Section 10.2.A had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(a) of the TEXAS TAX CODE, or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in Section 33.01(c) of the TEXAS TAX CODE, or its successor statute.

Section 10.3. LIMITED STATUTORY CURE OF MATERIAL BREACH. In accordance with the provisions of Section 313.0275 of the TEXAS TAX CODE, for any full tax year which commences after the project has become operational, Applicant may cure the Material Breaches of this Agreement defined in Sections 10.1.C. or 10.1.D, above, without the termination of the remaining term of this Agreement. In order to cure its non-compliance with Sections 10.1.C. or 10.1.D for the particular Tax Year of non-compliance only, Applicant may make the liquidated damages payment required by Section 313.0275(b) of the TEXAS TAX CODE, in accordance with the provisions of Section 313.0275(c) of the TEXAS TAX CODE.

Section 10.4. DETERMINATION OF MATERIAL BREACH AND TERMINATION OF AGREEMENT.

A. Prior to making a determination that the Applicant has committed a material breach of this Agreement, such as making a misrepresentation in the Application, failing to Maintain Viable Presence in District as required by Section 9.1 of this Agreement, failing to make any payment required under this Agreement when due, or has otherwise committing a material breach of this Agreement, District shall provide Applicant with a written notice of the facts which it believes have caused the material breach of this Agreement, and if cure is possible, the cure proposed by District. After receipt of the notice, Applicant shall be given thirty (30) days to present any facts or arguments to the Board of Trustees showing that it is not in material breach of its obligations under the Agreement, or that it has cured or undertaken to cure any such material breach.

B. If the Board of Trustees is not satisfied with such response and/or determines that such breach has not been cured, then the Board of Trustees shall, after reasonable notice to Applicant, conduct a hearing called and held for the purpose of determining whether such breach has occurred and, if so, whether such breach has been cured. At any such hearing, Applicant shall have the opportunity, together with its counsel, to be heard before the Board of Trustees in accordance with District Policy GF (LOCAL). At the hearing, the Board of Trustees shall make findings as to whether or not a material breach of this Agreement has occurred, the date such breach occurred, if any, and whether or not any such breach has been cured. In the event that the Board of Trustees determines that such a breach has occurred and has not been cured, it shall also terminate the Agreement and determine the amount of recaptured taxes under Section 10.2.A and B (net of all credits under Section 10.2.A and B), and the amount of any penalty and/or interest under Section 10.2.C that are owed to District.

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

Section 10.5. DISPUTE RESOLUTION.

A. After receipt of notice of the Board of Trustee's Determination of Breach and Notice of Contract Termination under Section 10.4, Applicant shall have thirty (30) days in which either to tender payment or evidence of its efforts to cure, or to initiate mediation of the dispute by written notice to District, in which case the District and the Applicant shall be required to make a good faith effort to resolve, without resort to litigation and within sixty (60) days after the Applicant's receipt of notice of the Board of Trustee's determination of breach under Section 10.4, such dispute through mediation with a mutually agreeable mediator and at a mutually convenient time and place for the mediation. If the Parties are unable to agree on a mediator, a mediator shall be selected by the senior state district court judge then residing the county where the District's central administrative office is located. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of

the TEXAS CIVIL PRACTICE AND REMEDIES CODE and such other rules as the mediator shall prescribe. With respect to such mediation, (i) District shall bear one-half of such mediator's fees and expenses and Applicant shall bear one-half of such mediator's fees and expenses, and (ii) otherwise each Party shall bear all of its costs and expenses (including attorneys' fees) incurred in connection with such mediation.

B. In the event that mediation is not successful in resolving the dispute or that payment is not received before the expiration of such sixty (60) days, District shall have the remedies for the collection of the amounts determined under Section 10.2 and as are set forth in Chapter 33, Subchapters B and C, of the TEXAS TAX CODE for the collection of delinquent taxes. In the event that District successfully prosecutes legal proceedings under this Section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on Applicant's Qualified Property and Applicant's Qualified Investment pursuant to Section 33.07 of the TEXAS TAX CODE to the attorneys representing District pursuant to Section 6.30 of the TEXAS TAX CODE.

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

Section 10.6. LIMITATION OF OTHER DAMAGES. Notwithstanding anything contained in this Agreement to the contrary, in the event of default or breach of this Agreement by the Applicant, District's damages for such a default or breach shall under no circumstances exceed the greater of either any amounts calculated under Sections 10.2 above, or the monetary sum of the difference between the payments and credits due and owing to Applicant at the time of such default and District taxes that would have been lawfully payable to District had this Agreement not been executed. In addition, District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement. The Parties further agree that the limitation of damages and remedies set forth in this Section 10.6 shall be the sole and exclusive remedies available to the District, whether at law or under principles of equity.

Section 10.7. BINDING ON SUCCESSORS. In the event of a merger or consolidation of District with another school district or other governmental authority, this Agreement shall be binding on the successor school district or other governmental authority.

ARTICLE XI.
MISCELLANEOUS PROVISIONS

Section 11.1. INFORMATION AND NOTICES.

A. Unless otherwise expressly provided in this Agreement, all notices required or

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

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

To the District:

Dimmitt Independent School District
Attn: Bryan Davis, Superintendent
(or the successor Superintendent)
608 W. Halsell
Dimmitt, TX 79027
Phone #: (806) 647-3101
Fax #: (806) 647-5433
Email: brdavis@dimmittisd.net

With a copy to:

Underwood Law Firm, P.C.
Attn: Fred Stormer
P.O. Box 9158
Amarillo, TX 79105-9158
Phone #: (806) 379-1306
Fax #: (806) 379-0316
Email: fred.stormer@uwlaw.com

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

Easter Renewable Energy Project, LLC
c/o Stephen Johns, Chief Legal Officer and General Counsel
Tri Global Energy, LLC
17300 North Dallas Parkway, Suite 2020
Dallas, TX 75248
Phone #: (972)290-0825
Email: sjohns@triglobalenergy.com

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

Section 11.2. AMENDMENTS TO AGREEMENT; WAIVERS.

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

other term, condition or provision of this Agreement.

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

i. Applicant shall submit to District, with notice to the Comptroller:
   a. a written request to amend the Application and this Agreement which shall specify the changes Applicant requests;
   b. any changes to the information that was provided in the Application that was approved by District and considered by Comptroller; and,
   c. and any additional information requested by District necessary for it to evaluate the Amendment or modification.

C. Any Amendment of the Agreement to add or replace Qualified Property pursuant to this Section 11.2 of this Agreement shall:

i. require that all property added by an Amendment be eligible property as defined by Section 313.024 of the TEXAS TAX CODE; and,
ii. clearly identify the property, investment, and employment information added by an Amendment from the property, investment, and employment information in the original Agreement.

D. This Agreement may not be amended to extend the value limitation time period beyond its statutory term.

Section 11.3. ASSIGNMENT. Any assignment of the interests of Applicant in this Agreement is considered an Amendment to the Agreement and Applicant may only assign this Agreement, or a portion of this Agreement, after complying with the provisions of Section 11.2 regarding Amendments to the Agreement.

Section 11.4. MERGER. This Agreement contains all of the terms and conditions of the understanding of the Parties relating to the subject matter hereof. All prior negotiations, discussions, correspondence, and preliminary understandings between the Parties and others relating hereto are superseded by this Agreement.

Section 11.5. MAINTENANCE OF COUNTY APPRAISAL DISTRICT RECORDS. When appraising the Applicant's Qualified Property and the Applicant's Qualified Investment subject to a limitation on Appraised Value under this Agreement, the Chief Appraiser of the Appraisal District where such Qualified Property is located shall determine the Market Value thereof and include both such Market Value and the appropriate limitation valuation under this Agreement in its appraisal records.

Section 11.6. GOVERNING LAW. This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law or rules that would direct the application of the laws of another jurisdiction. Venue in any legal proceeding shall be in state

district court in the judicial district where the District's central administrative office is located.

Section 11.7. AUTHORITY TO EXECUTE AGREEMENT. Each of the Parties represents and warrants that its undersigned representative has been expressly authorized to execute this Agreement for and on behalf of such Party.

Section 11.8. SEVERABILITY. If any term, provision or condition of this Agreement, or any application thereof, is held invalid, illegal or unenforceable in any respect under any Law (as hereinafter defined), this Agreement shall be reformed to the extent necessary to conform, in each case consistent with the intention of the Parties, to such Law, and to the extent such term, provision or condition cannot be so reformed, then such term, provision or condition (or such invalid, illegal or unenforceable application thereof) shall be deemed deleted from (or prohibited under) this Agreement, as the case may be, and the validity, legality and enforceability of the remaining terms, provisions and conditions contained herein (and any other application such term, provision or condition) shall not in any way be affected or impaired thereby. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, the Parties hereto shall negotiate in good faith to modify this Agreement in an acceptable manner so as to effect the original intent of the Parties as closely as possible to effectuate the transactions contemplated hereby are fulfilled to the extent possible. As used in this Section 11.8, the term "Law" shall mean any applicable statute, law (including common law), ordinance, regulation, rule, ruling, order, writ, injunction, decree or other official act of or by any federal, state or local government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, or judicial or administrative body having jurisdiction over the matter or matters in question.

Section 11.9. PAYMENT OF EXPENSES. Except as otherwise expressly provided in this Agreement, or as covered by the application fee, each of the Parties shall pay its own costs and expenses relating to this Agreement, including, but not limited to, its costs and expenses of the negotiations leading up to this Agreement, and of its performance and compliance with this Agreement.

Section 11.10. INTERPRETATION. When a reference is made in this Agreement to a Section, Article or Exhibit, such reference shall be to a Section or Article of, or Exhibit to, this Agreement, unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The words "include," "includes" and "including" when used in this Agreement shall be deemed in such case to be followed by the phrase ", but not limited to,". Words used in this Agreement, regardless of the number or gender specifically used, shall be deemed and construed to include any other number, singular, or plural, and any other gender, masculine, feminine, or neuter, as the context shall require. This Agreement is the joint product of the Parties and each provision of this Agreement has been subject to the mutual consultation, negotiation, and agreement of each Party and shall not be construed for or against any Party.

Section 11.11. EXECUTION OF COUNTERPARTS. This Agreement may be executed in

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

Section 11.12. PUBLICATION OF DOCUMENTS. The Parties acknowledge that District is required to publish the Application and its required schedules, or any Amendment thereto; all economic analyses of the proposed project submitted to District; and the approved and executed copy of this Agreement or any Amendment thereto, as follows:

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

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

C. This Section does not require the publication of information that is confidential under Section 313.028 of the Texas Tax Code.

Section 11.13. CONTROL; OWNERSHIP; LEGAL PROCEEDINGS. Applicant shall immediately notify District in writing of any actual or anticipated change in the control or ownership of Applicant and of any legal or administrative investigations or proceedings initiated against Applicant regardless of the jurisdiction from which such proceedings originate.

Section 11.14. DUTY TO DISCLOSE. If circumstances change or additional information is obtained regarding any of the representations and warranties made by Applicant in the Application or this Agreement, or any other disclosure requirements, subsequent to the date of this Agreement, Applicant's duty to disclose continues throughout the term of this Agreement.

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

IN WITNESS WHEREOF, this Agreement has been executed by the Parties in multiple originals on this 7th day of July, 2014.

EASTER RENEWABLE ENERGY PROJECT, LLC

BY: Cameron Betzen

NAME: Cameron Betzen

TITLE: President

DIMMITT INDEPENDENT SCHOOL DISTRICT

BY: Greg Odom

NAME: Greg Odom

TITLE: President

ATTEST:

BY: Mary Helen Flores

NAME: Mary Helen Flores

TITLE: Secretary

EXHIBIT 1

Year of Agreement	Date of Appraisal	School Year	Tax Year	Summary Description
0	January 1, 2014	2014-15	2014	No appraisal limitation.
1	January 1, 2015	2015-16	2015	No appraisal limitation.
2	January 1, 2016	2016-17	2016	No appraisal limitation.
3	January 1, 2017	2017-18	2017	$10 million appraisal limitation.
4	January 1, 2018	2018-19	2018	$10 million appraisal limitation. Possible tax credit for Applicant.
5	January 1, 2019	2019-20	2019	$10 million appraisal limitation. Possible tax credit for Applicant.
6	January 1, 2020	2020-21	2020	$10 million appraisal limitation. Possible tax credit for Applicant.
7	January 1, 2021	2021-22	2021	$10 million appraisal limitation. Possible tax credit for Applicant.
8	January 1, 2022	2022-23	2022	$10 million appraisal limitation. Possible tax credit for Applicant.
9	January 1, 2023	2023-24	2023	$10 million appraisal limitation. Possible tax credit for Applicant.
10	January 1, 2024	2024-25	2024	$10 million appraisal limitation. Possible tax credit for Applicant.
11	January 1, 2025	2025-26	2025	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
12	January 1, 2026	2026-27	2026	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.
13	January 1, 2027	2027-28	2027	No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence.

EXHIBIT 2

DESCRIPTION AND LOCATION OF ENTERPRISE OR REINVESTMENT ZONE

The Castro County Commissions Court created Castro County Reinvestment Zone Number 01-13-2014-2 on January 13, 2014, which is more particularly described as follows:

All of Sections 32, 33, 34, 35, 54, 79, 80, 97, 98, 99, 100, 101, and 102, Blk M-7, BS&F Survey, Castro County, Texas

All of Sections 75, 76, 77, and 78, Blk M-7, John H. Gibson Survey, Castro County, Texas

All of Sections 12, 13, 55, 56, 57, and 58, Blk M-7, WW&S Survey, Castro County, Texas

All of Sections 2 and 3, Blk M10A, H&W Survey, Castro County, Texas

All of League 1, Blk 1, Delta CSL Survey, Castro County, Texas

All of League 4, Blk 4, Delta CSL Survey, Castro County, Texas

All of League 5, Blk 5, Jose Maria Leal Survey, Castro County, Texas

All of Section 81, Blk M-7, BS&F Survey, Castro County, Texas; Save and Except an area out of the Northwest quarter, containing 117 acres, more or less

The West half (W/2) of Section 74, Blk M-7, John H. Gibson Survey, Castro County, Texas

The Southeast quarter (SE/4) of Section 103, Blk M-7, BS&F Survey, Castro County, Texas

The South half(S/2) of section 96, Blk M-7, BS&F Survey, Castro County, Texas

The North part (N/Pt) of the Northwest quarter (NW/4) of League 2, Delta CSL Survey, Castro County, Texas, containing of 452 acres, more or less

The North part (N/Pt) of the Northeast quarter (NE/4) of League 3, Delta CSL Survey, Castro County, Texas, containing of 220 acres, more or less

Map of Castro County Reinvestment Zone Number 01-13-2014-2

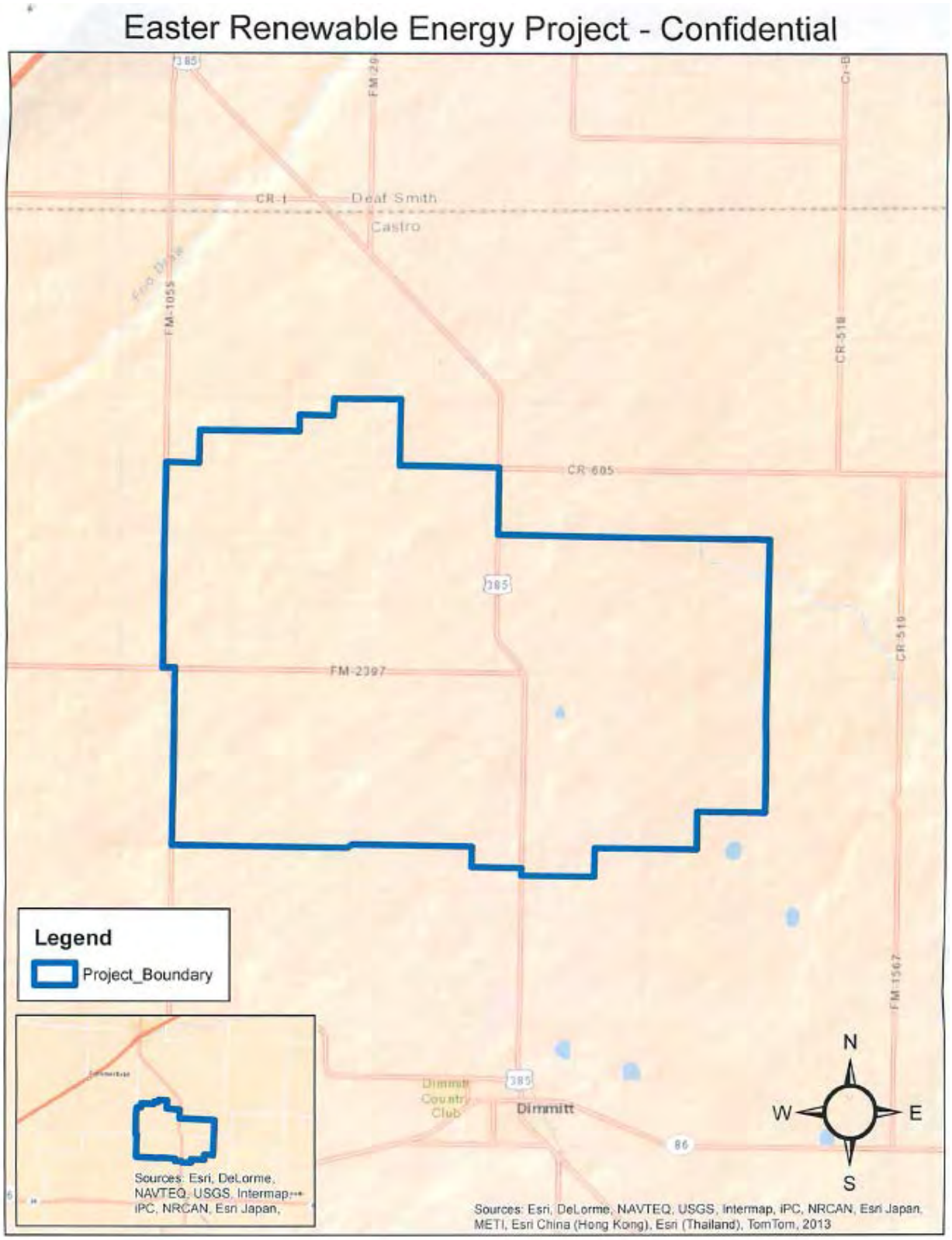


EXHIBIT 3

DESCRIPTION AND LOCATION OF THE APPLICANT'S QUALIFIED INVESTMENT

All Qualified Property owned by the Applicant is located within the boundaries of both the Dimmitt Independent School District and the Castro County Reinvestment Zone Number 01-13-2014-2. The Land associated with the Easter Renewable Energy Project is located on approximately 30,000 acres of leased land in the North Western area of Castro County. The legal description of the Land within the Castro County Reinvestment Zone Number 01-13-2014-2 can be found in Exhibit 2.

EXHIBIT 4

DESCRIPTION AND LOCATION OF QUALIFIED PROPERTY

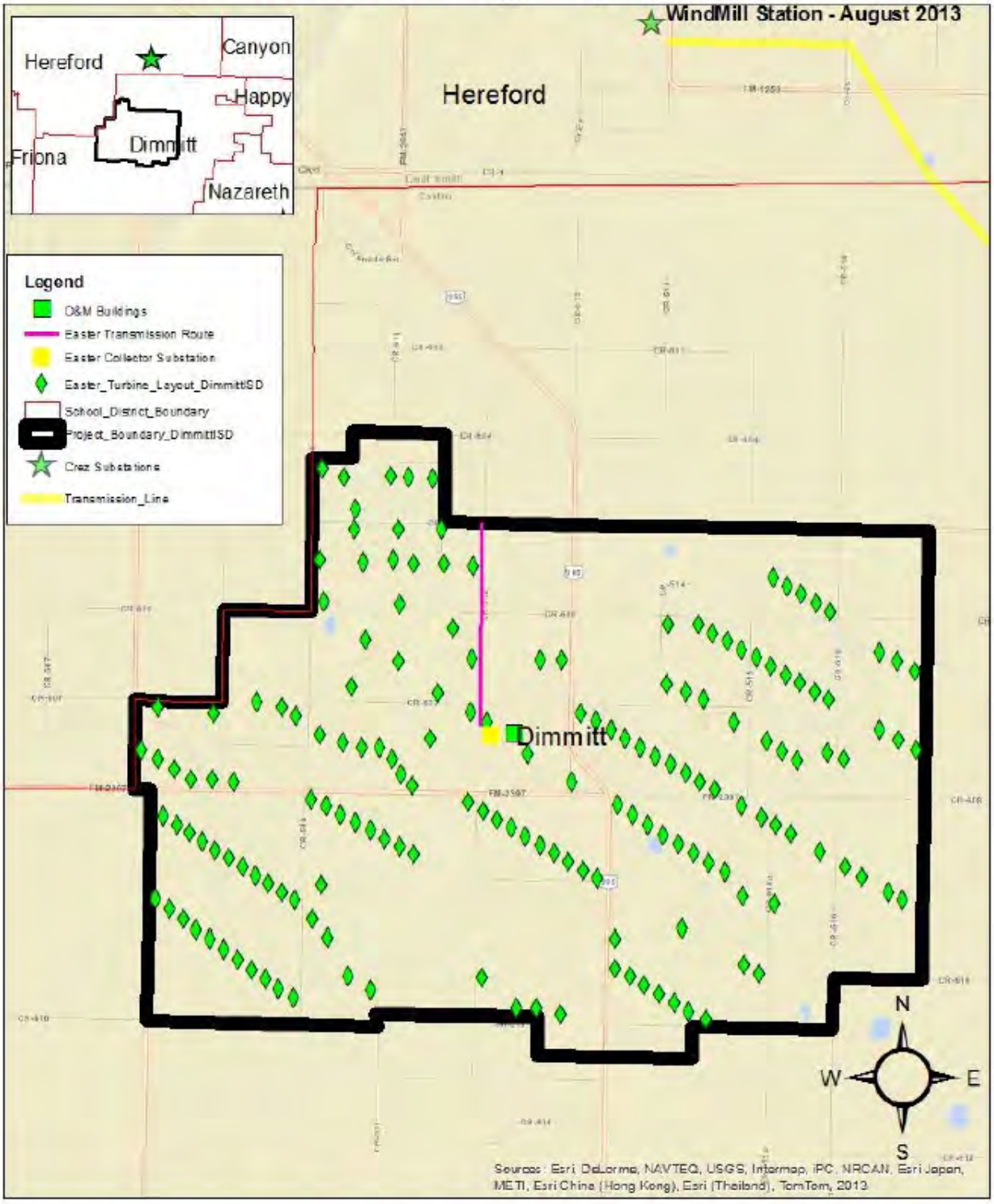
Easter Renewable Energy Project, LLC plans to construct a 300 MW wind farm in Castro County, located in Dimmitt ISD. Turbine selection and location determination is ongoing at this time and has not been finalized. For purposes of this application the project anticipates using 2 MW turbines, although final turbine selection and siting may change. Current plans are to install 150 turbines in one phase. The site layout has not been finalized, so the locations of the turbines and associated infrastructure is subject to change. Should the Easter Renewable Energy Project wind farm elect to install additional turbines, use larger nameplate capacity turbines, or greater off take demand develop in the marketplace, the Project's potential operation capacity could increase. The black line around the Project indicates the footprint boundary of the Project. Easter Renewable Energy Project intends to connect at a new point of interconnection to an existing 345kV WindMill Substation situated approximately 7 miles from the project boundary.

This application covers all qualified property necessary for the commercial operations of the wind farm.

Qualified Investment and Qualified Property includes, but is not limited to, turbines, towers, foundations, underground collection systems, interconnection and electrical substation(s) or any reactive power facilities, transmission lines, electrical interconnections, met towers, roads, operations and maintenance buildings, spare parts, and control systems necessary for commercial generation of electricity.

The map below shows the proposed project area with the proposed improvement locations. The exact placement of turbines is subject to ongoing planning, wind studies, engineering, and discussions with landowners and turbine manufacturers. The final number and location of turbines and supporting structures will be determined before construction begins.

Easter Renewable Energy Project - Confidential



Note : Location of Infrastructure may change but all will remain within Dimmitt ISD