



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

Economic Development  
and Analysis  
**Form 50-296-A**

**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 hard copy of the completed application to the Comptroller in a three-ring binder with tabs, as indicated on page 9 of this application, separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

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

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

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. Pursuant to 9.1053(a)(1)(C), requested information shall be provided within 20 days of the date of the request. 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, issue a certificate for a limitation on appraised value 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 not later than the 150th 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 issue a certificate, complete the economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's website to find out more about the program at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/). There are links to the Chapter 313 statute, rules, guidelines and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

## SECTION 1: School District Information

### 1. Authorized School District Representative

December 10, 2014  
Date Application Received by District

Johnny  
First Name

Johnson  
Last Name

Interim Superintendent  
Title

Kenedy County Wide CSD  
School District Name

150 East La Parra Street  
Street Address

P.O. Box 100  
Mailing Address

Sarita  
City

TX 78385  
State ZIP

361-294-5381  
Phone Number

361-294-5718  
Fax Number

Mobile Number (optional)

jjohnson@saritaschool.net  
Email Address

2. Does the district authorize the consultant to provide and obtain information related to this application?  Yes  No

**SECTION 1: School District Information (continued)**

**3. Authorized School District Consultant (If Applicable)**

George E. \_\_\_\_\_ Grimes \_\_\_\_\_  
 First Name Last Name

\_\_\_\_\_

Title  
 Walsh, Anderson, Gallegos, Green & Trevino, P.C. \_\_\_\_\_

Firm Name

210-979-6633 \_\_\_\_\_ 210-979-7024 \_\_\_\_\_  
 Phone Number Fax Number

\_\_\_\_\_ ggrimes@wabsa.com \_\_\_\_\_  
 Mobile Number (optional) Email Address

4. On what date did the district determine this application complete? .....
5. Has the district determined that the electronic copy and hard copy are identical? .....  Yes  No

**SECTION 2: Applicant Information**

**1. Authorized Company Representative (Applicant)**

Paul \_\_\_\_\_ Bowman \_\_\_\_\_  
 First Name Last Name

Senior Vice President \_\_\_\_\_ EC&R Development, LLC \_\_\_\_\_  
 Title Organization

701 Brazos Street, Suite 1400 \_\_\_\_\_  
 Street Address

\_\_\_\_\_

Mailing Address

Austin \_\_\_\_\_ TX \_\_\_\_\_ 78701 \_\_\_\_\_  
 City State ZIP

512-477-7024 \_\_\_\_\_ 512-494-9581 \_\_\_\_\_  
 Phone Number Fax Number

\_\_\_\_\_ paul.bowman@eon.com \_\_\_\_\_  
 Mobile Number (optional) Business Email Address

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

2a. If yes, please fill out contact information for that person.

Rich \_\_\_\_\_ Saunders \_\_\_\_\_  
 First Name Last Name

Development Manager \_\_\_\_\_ EC&R Development, LLC \_\_\_\_\_  
 Title Organization

701 Brazos Street, Suite 1400 \_\_\_\_\_  
 Street Address

\_\_\_\_\_

Mailing Address

Austin \_\_\_\_\_ TX \_\_\_\_\_ 78701 \_\_\_\_\_  
 City State ZIP

512-482-4006 \_\_\_\_\_ 512-494-9581 \_\_\_\_\_  
 Phone Number Fax Number

\_\_\_\_\_ richard.saunders@eon.com \_\_\_\_\_  
 Mobile Number (optional) Business Email Address

3. Does the applicant authorize the consultant to provide and obtain information related to this application? .....  Yes  No

**SECTION 2: Applicant Information (continued)**

**4. Authorized Company Consultant (If Applicable)**

\_\_\_\_\_  
First Name

\_\_\_\_\_  
Last Name

\_\_\_\_\_  
Title

\_\_\_\_\_  
Firm Name

\_\_\_\_\_  
Phone Number

\_\_\_\_\_  
Fax Number

\_\_\_\_\_  
Business Email Address

**SECTION 3: Fees and Payments**

1. Has an application fee been paid to the school district?  Yes  No

The total fee shall be paid at time of the application is submitted to the school district. Any fees not accompanying the original application shall be considered supplemental payments.

1a. If yes, attach in **Tab 2** proof of application fee paid to the school district.

For the purpose of questions 2 and 3, "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.

2. 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  N/A
3. 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  N/A

**SECTION 4: Business Applicant Information**

1. What is the legal name of the applicant under which this application is made? Stella Wind Farm II, LLC
2. List the Texas Taxpayer I.D. number of entity subject to Tax Code, Chapter 171 (11 digits) 32052353979
3. List the NAICS code 221115
4. Is the applicant a party to any other pending or active Chapter 313 agreements?  Yes  No
- 4a. If yes, please list application number, name of school district and year of agreement

**SECTION 5: Applicant Business Structure**

1. Identify Business Organization of Applicant (corporation, limited liability corporation, etc) LIMITED LIABILITY CORPORATION
2. Is applicant a combined group, or comprised of members of a combined group, as defined by Tax Code §171.0001(7)?  Yes  No
- 2a. If yes, attach in **Tab 3** a copy of Texas Comptroller Franchise Tax Form No. 05-165, No. 05-166, or any other documentation from the Franchise Tax Division to demonstrate the applicant's combined group membership and contact information.
3. Is the applicant current on all tax payments due to the State of Texas?  Yes  No
4. Are all applicant members of the combined group current on all tax payments due to the State of Texas?  Yes  No  N/A
5. If the answer to question 3 or 4 is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (If necessary, attach explanation in **Tab 3**)

**SECTION 6: Eligibility Under Tax Code Chapter 313.024**

1. Are you an entity subject to the tax under Tax Code, Chapter 171?  Yes  No
2. The property will be used for 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
  - (9) a Texas Priority Project, as defined by 313.024(e)(7) and TAC 9.1051  Yes  No
3. Are you requesting that any of the land be classified as qualified investment?  Yes  No
4. Will any of the proposed qualified investment be leased under a capitalized lease?  Yes  No
5. Will any of the proposed qualified investment be leased under an operating lease?  Yes  No
6. Are you including property that is owned by a person other than the applicant?  Yes  No
7. 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

**SECTION 7: Project Description**

1. In **Tab 4**, attach 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.
2. Check the project characteristics that apply to the proposed project:
 

<input checked="" type="checkbox"/> Land has no existing improvements	<input type="checkbox"/> Land has existing improvements ( <i>complete Section 13</i> )
<input type="checkbox"/> Expansion of existing operation on the land ( <i>complete Section 13</i> )	<input type="checkbox"/> Relocation within Texas

**SECTION 8: Limitation as Determining Factor**

1. Does the applicant currently own the land on which the proposed project will occur?  Yes  No
2. Has the applicant entered into any agreements, contracts or letters of intent related to the proposed project?  Yes  No
3. Does the applicant have current business activities at the location where the proposed project will occur?  Yes  No
4. Has the applicant made public statements in SEC filings or other documents regarding its intentions regarding the proposed project location?  Yes  No
5. Has the applicant received any local or state permits for activities on the proposed project site?  Yes  No
6. Has the applicant received commitments for state or local incentives for activities at the proposed project site?  Yes  No
7. Is the applicant evaluating other locations not in Texas for the proposed project?  Yes  No
8. Has the applicant provided capital investment or return on investment information for the proposed project in comparison with other alternative investment opportunities?  Yes  No
9. Has the applicant provided information related to the applicant's inputs, transportation and markets for the proposed project?  Yes  No
10. Are you submitting information to assist in the determination as to whether the limitation on appraised value is a determining factor in the applicant's decision to invest capital and construct the project in Texas?  Yes  No

**Chapter 313.026(e) states "the applicant may submit information to the Comptroller that would provide a basis for an affirmative determination under Subsection (c)(2)." If you answered "yes" to any of the questions in Section 8, attach supporting information in Tab 5.**

For more information, visit our website: [www.TexasAhead.org/tax\\_programs/chapter313/](http://www.TexasAhead.org/tax_programs/chapter313/)

# Application for Appraised Value Limitation on Qualified Property



## SECTION 9: Projected Timeline

1. Application approval by school board ..... December 10, 2014
  2. Commencement of construction ..... April 1, 2017
  3. Beginning of qualifying time period ..... January 1, 2017
  4. First year of limitation ..... January 1, 2018
  5. Begin hiring new employees ..... October 1, 2017
  6. Commencement of commercial operations ..... December 31, 2017
  7. 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.
8. When do you anticipate the new buildings or improvements will be placed in service? ..... December 31, 2017

## SECTION 10: The Property

1. Identify county or counties in which the proposed project will be located Kenedy County (100%)
2. Identify Central Appraisal District (CAD) that will be responsible for appraising the property Kenedy CAD
3. Will this CAD be acting on behalf of another CAD to appraise this property? .....  Yes  No
4. List all taxing entities that have jurisdiction for the property, the portion of project within each entity and tax rates for each entity:
 

County: <u>Kenedy County (100%)(.556454)</u> <small>(Name, tax rate and percent of project)</small>	City: <u>N/A</u> <small>(Name, tax rate and percent of project)</small>
Hospital District: _____ <small>(Name, tax rate and percent of project)</small>	Water District: <u>Kenedy Co. GW Con. District (100%)(.0153)</u> <small>(Name, tax rate and percent of project)</small>
Other (describe): <u>Kenedy Cty ESD #1 (100%)(.051615)</u> <small>(Name, tax rate and percent of project)</small>	Other (describe): _____ <small>(Name, tax rate and percent of project)</small>
5. Is the project located entirely within the ISD listed in Section 1? .....  Yes  No
  - 5a. If no, attach in **Tab 6** additional information on the project scope and size to assist in the economic analysis.
6. Did you receive a determination from the Texas Economic Development and Tourism Office that this proposed project and at least one other project seeking a limitation agreement constitute a single unified project (SUP), as allowed in §313.024(d-2)? .....  Yes  No
  - 6a. If yes, attach in **Tab 6** supporting documentation from the Office of the Governor.

## SECTION 11: 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 Subchapter B or Subchapter C, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's website at [www.texasahead.org/tax\\_programs/chapter313/](http://www.texasahead.org/tax_programs/chapter313/).

1. At the time of application, what is the estimated minimum qualified investment required for this school district? ..... 30,000,000.00
  2. What is the amount of appraised value limitation for which you are applying? ..... 30,000,000.00
- Note:** The property value limitation amount is based on property values available at the time of application and may change prior to the execution of any final agreement.
3. Does the qualified investment meet the requirements of Tax Code §313.021(1)? .....  Yes  No
  4. Attach a description of the qualified investment [See §313.021(1).] The description must include:
    - a. 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 (**Tab 7**);
    - b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your minimum qualified investment (**Tab 7**); and
    - c. a detailed map of the qualified investment showing location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period, with vicinity map (**Tab 11**).
  5. Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or §313.053 for Subchapter C school districts) for the relevant school district category during the qualifying time period? .....  Yes  No

**SECTION 12: Qualified Property**

1. Attach a detailed description of the qualified property. [See §313.021(2)] (If qualified investment describes qualified property exactly, you may skip items a, b and c below.) The description must include:
  - 1a. 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 (Tab 8);
  - 1b. a description of any new buildings, proposed new improvements or personal property which you intend to include as part of your qualified property (Tab 8); and
  - 1c. a map of the qualified property showing location of new buildings or new improvements with vicinity map (Tab 11).
2. Is the land upon which the new buildings or new improvements will be built part of the qualified property described by §313.021(2)(A)? .....  Yes  No
  - 2a. If yes, attach complete documentation including:
    - a. legal description of the land (Tab 9);
    - b. each existing appraisal parcel number of the land on which the new improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property (Tab 9);
    - c. owner (Tab 9);
    - d. the current taxable value of the land. Attach estimate if land is part of larger parcel (Tab 9); and
    - e. a detailed map showing the location of the land with vicinity map (Tab 11).
3. Is the land on which you propose new construction or new 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
  - 3a. If yes, attach the applicable supporting documentation:
    - a. evidence that the area qualifies as a enterprise zone as defined by the Governor's Office (Tab 16);
    - b. legal description of reinvestment zone (Tab 16);
    - c. order, resolution or ordinance establishing the reinvestment zone (Tab 16);
    - d. guidelines and criteria for creating the zone (Tab 16); and
    - e. a map of the reinvestment zone or enterprise zone boundaries with vicinity map (Tab 11)
  - 3b. If no, submit detailed description of proposed reinvestment zone or enterprise zone with a map indicating the boundaries of the zone on which you propose new construction or new improvements to the Comptroller's office within 30 days of the application date. What is the anticipated date on which you will submit final proof of a reinvestment zone or enterprise zone? .....

**SECTION 13: Information on Property Not Eligible to Become Qualified Property**

1. In Tab 10, attach a specific and detailed description of all **existing property**. This includes buildings and improvements existing as of the application review start date (the date the application is determined to be complete by the Comptroller). The description must provide sufficient detail to locate all existing property on the land that will be subject to the agreement and distinguish existing property from future proposed property.
2. In Tab 10, attach a specific and detailed description of all **proposed new property that will not become new improvements** as defined by TAC 9.1051. This includes proposed property that: functionally replaces existing or demolished/removed property; is used to maintain, refurbish, renovate, modify or upgrade existing property; or is affixed to existing property; or is otherwise ineligible to become qualified property. The description must provide sufficient detail to distinguish existing property (question 1) and all proposed new property that cannot become qualified property from proposed qualified property that will be subject to the agreement (as described in Section 12 of this application).
3. For the property not eligible to become qualified property listed in response to questions 1 and 2 of this section, provide the following supporting information in Tab 10:
  - a. maps and/or detailed site plan;
  - b. surveys;
  - c. appraisal district values and parcel numbers;
  - d. inventory lists;
  - e. existing and proposed property lists;
  - f. model and serial numbers of existing property; or
  - g. other information of sufficient detail and description.
4. Total estimated market value of existing property (that property described in response to question 1): ..... \$ 0.00
5. In Tab 10, include an appraisal value by the CAD of all the buildings and improvements existing as of a date within 15 days of the date the application is received by the school district.
6. Total estimated market value of proposed property not eligible to become qualified property (that property described in response to question 2): ..... \$ 0.00

**Note:** Investment for the property listed in question 2 may count towards qualified investment in Column C of Schedules A-1 and A-2, if it meets the requirements of 313.021(1). Such property cannot become qualified property on Schedule B.

**SECTION 14: Wage and Employment Information**

1. 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
2. What is the last complete calendar quarter before application review start date:  
 First Quarter     Second Quarter     Third Quarter     Fourth Quarter of 2014  
(year)
3. 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 Texas Workforce Commission (TWC)? ..... 0  
**Note:** For job definitions see TAC §9.1051 and Tax Code §313.021(3).
4. What is the number of new qualifying jobs you are committing to create? ..... 5
5. What is the number of new non-qualifying jobs you are estimating you will create? ..... 0
6. Do you intend to request that the governing body waive the minimum new qualifying job creation requirement, as provided under Tax Code §313.025(f-1)? .....  Yes     No
  - 6a. If yes, attach evidence in **Tab 12** documenting that the new qualifying job creation requirement above exceeds the number of employees necessary for the operation, according to industry standards.
7. Attach in **Tab 13** the four most recent quarters of data for each wage calculation below, including documentation from the TWC website. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(21) and (22).
  - a. Average weekly wage for all jobs (all industries) in the county is ..... 1,126.00
  - b. 110% of the average weekly wage for manufacturing jobs in the county is ..... 0.00
  - c. 110% of the average weekly wage for manufacturing jobs in the region is ..... 1,505.35
8. Which Tax Code section are you using to estimate the qualifying job wage standard required for this project? .....  §313.021(5)(A) or  §313.021(5)(B)
9. What is the minimum required annual wage for each qualifying job based on the qualified property? ..... 58,565.00
10. What is the annual wage you are committing to pay for each of the new qualifying jobs you create on the qualified property? ..... 58,565.00
11. Will the qualifying jobs meet all minimum requirements set out in Tax Code §313.021(3)? .....  Yes     No
12. Do you intend to satisfy the minimum qualifying job requirement through a determination of cumulative economic benefits to the state as provided by §313.021(3)(F)? .....  Yes     No
  - 12a. If yes, attach in **Tab 12** supporting documentation from the TWC, pursuant to §313.021(3)(F).
13. Do you intend to rely on the project being part of a single unified project, as allowed in §313.024(d-2), in meeting the qualifying job requirements? .....  Yes     No
  - 13a. If yes, attach in **Tab 6** supporting documentation including a list of qualifying jobs in the other school district(s).

**SECTION 15: Economic Impact**

1. Complete and attach Schedules A1, A2, B, C, and D in **Tab 14**. Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.
2. Attach an Economic Impact Analysis, if supplied by other than the Comptroller's Office, in **Tab 15**. (*not required*)
3. If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, attach a separate schedule showing the amount for each year affected, including an explanation, in **Tab 15**.

**SECTION 16: Authorized Signatures and Applicant Certification**

After the application and schedules are complete, an authorized representative from the school district and the business should review the application documents and complete this authorization page. Attach the completed authorization page in **Tab 17**. **NOTE:** If you amend your application, you will need to obtain new signatures and resubmit this page, Section 16, with the amendment request.

**1. Authorized School District Representative Signature**

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.

**print here** → Johnny Johnson Interim Superintendent  
Print Name (Authorized School District Representative) Title

**sign here** → *Johnny Johnson* Dec. 10, 2014  
Signature (Authorized School District Representative) Date

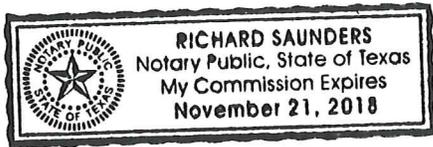
**2. Authorized Company Representative (Applicant) Signature and Notarization**

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 and schedules 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.

**print here** → PAUL BOWMAN Sr VP  
Print Name (Authorized Company Representative (Applicant)) Title

**sign here** → *Paul Bowman* 8 DEC 2014  
Signature (Authorized Company Representative (Applicant)) Date



(Notary Seal)

GIVEN under my hand and seal of office this, the

8TH day of DECEMBER, 2014

*Richard Saunders*  
 Notary Public in and for the State of Texas

My Commission expires: \_\_\_\_\_

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 Section 37.10.

APPLICATION TAB ORDER FOR REQUESTED ATTACHMENTS

TAB	ATTACHMENT
1	Pages 1 through 11 of Application
2	Proof of Payment of Application Fee
3	Documentation of Combined Group membership under Texas Tax Code 171.0001(7), history of tax default, delinquencies and/or material litigation <i>(if applicable)</i>
4	Detailed description of the project
5	Documentation to assist in determining if limitation is a determining factor
6	Description of how project is located in more than one district, including list of percentage in each district and, if determined to be a single unified project, documentation from the Office of the Governor <i>(if applicable)</i>
7	Description of Qualified Investment
8	Description of Qualified Property
9	Description of Land
10	Description of all property not eligible to become qualified property <i>(if applicable)</i>
11	<p>Maps that clearly show:</p> <ul style="list-style-type: none"> <li>a) Project vicinity</li> <li>b) Qualified investment including location of tangible personal property to be placed in service during the qualifying time period and buildings to be constructed during the qualifying time period</li> <li>c) Qualified property including location of new buildings or new improvements</li> <li>d) Existing property</li> <li>e) Land location within vicinity map</li> <li>f) Reinvestment or Enterprise Zone within vicinity map, showing the actual or proposed boundaries and size</li> </ul> <p><b>Note:</b> Electronic maps should be high resolution files. Include map legends/markers.</p>
12	Request for Waiver of Job Creation Requirement and supporting information <i>(if applicable)</i>
13	Calculation of three possible wage requirements with TWC documentation
14	Schedules A1, A2, B, C and D completed and signed Economic Impact <i>(if applicable)</i>
15	Economic Impact Analysis, other payments made in the state or other economic information <i>(if applicable)</i>
16	<p>Description of Reinvestment or Enterprise Zone, including:</p> <ul style="list-style-type: none"> <li>a) evidence that the area qualifies as a enterprise zone as defined by the Governor's Office</li> <li>b) legal description of reinvestment zone*</li> <li>c) order, resolution or ordinance establishing the reinvestment zone*</li> <li>d) guidelines and criteria for creating the zone*</li> </ul> <p><b>* To be submitted with application or before date of final application approval by school board</b></p>
17	Signature and Certification page, signed and dated by Authorized School District Representative and Authorized Company Representative <i>(applicant)</i>

TAB 2

Proof of payment of filing fee received by the  
Comptroller of Public Accounts per TAC Rule  
§9.1054 (b)(5)

*(Page Inserted by Office of Texas Comptroller of Public  
Accounts)*

TAB 3



05-164  
(Rev 9-11/0)

Texas Franchise Tax Extension Affiliate List

Code 13208 Franchise

Reporting entity taxpayer number: 1 2 0 0 0 7 5 1 6 8 0  
 Report year: 2 0 1 4  
 Reporting entity taxpayer name: E.ON Climate & Renewables North America, LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE HEKUS IN TEXAS
1. EC&R SERVICES, LLC	3 2 0 4 2 2 0 6 6 1 8	<input type="radio"/>
2. EC&R ENERGY MARKETING, LLC	3 2 0 4 1 7 0 8 3 4 1	<input type="radio"/>
3. EC&R DEVELOPMENT, LLC	3 2 0 3 9 4 5 1 5 3 2	<input type="radio"/>
4. MUNNSVILLE INVESTCO, LLC	3 0 0 5 4 3 4 7 1	<input checked="" type="radio"/>
5. FOREST CREEK INVESTCO, INC.	1 7 1 0 9 9 2 4 7 2 4	<input checked="" type="radio"/>
6. EC&R INVESTCO MGMT II, LLC	9 0 0 5 4 4 2 4 8	<input checked="" type="radio"/>
7. EC&R NA SOLAR PV, LLC	3 2 0 4 3 7 1 6 9 8 7	<input checked="" type="radio"/>
8. CORDOVA WIND FARM, LLC	2 0 0 0 7 5 1 6 8	<input checked="" type="radio"/>
9. EC&R ASSET MANAGEMENT	3 2 0 3 3 6 2 0 9 0 0	<input checked="" type="radio"/>
10. EC&R INVESTCO MGMT, LLC	2 7 1 7 6 8 9 4 3	<input checked="" type="radio"/>
11. EC&R O&M, LLC	3 2 0 3 0 3 5 4 8 4 2	<input type="radio"/>
12. PAPALOTE CREEK I, LLC	3 2 0 3 7 1 3 2 7 2 0	<input type="radio"/>
13. PAPALOTE CREEK II, LLC	3 2 0 3 7 1 3 2 6 6 2	<input type="radio"/>
14. EC&R PANTHER CREEK WIND FARM I&II, LLC	3 2 0 3 3 8 2 6 2 4 2	<input type="radio"/>
15. EC&R PANTHER CREEK WIND FARM III, LLC	3 2 0 3 7 4 3 1 6 6 8	<input type="radio"/>
16. EC&R QSE, LLC	3 2 0 3 3 7 5 9 0 2 1	<input type="radio"/>
17. EC&R SHERMAN, LLC	3 2 0 3 7 1 3 2 8 1 1	<input checked="" type="radio"/>
18. FLATLANDS WIND FARM, LLC	2 0 0 0 7 5 1 6 8	<input checked="" type="radio"/>
19. PANTHER CREEK SOLAR, LLC	8 0 0 9 4 7 3 0 2	<input type="radio"/>
20. INADALE WIND FARM, LLC	3 2 0 3 3 8 2 6 0 6 9	<input type="radio"/>
21. MAGIC VALLEY WIND FARM I, LLC	3 2 0 4 2 8 4 5 6 4 7	<input type="radio"/>

Note: To file an extension request for a reporting entity and its affiliates, Form 05-164 (Texas Franchise Tax Extension Request) must be submitted with this affiliate list. The filing of this list by itself does not constitute a properly filed Extension Request.

Do not file this form when requesting a second extension.

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05-165  
(Rev. 9-11/13)

### Texas Franchise Tax Extension Affiliate List

Code 13298 Franchise

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

1 2 0 0 0 7 5 1 6 8 0

2 0 1 4

E.ON Climate & Renewables North America, LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (If none, enter FEI number)										BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE NEXUS IN TEXAS	
	1	2	3	4	5	6	7	8	9	0		
1. MUNNSVILLE WF HOLDCO, LLC	2	6	1	9	5	2	0	7	7			<input checked="" type="checkbox"/>
2. MUNNSVILLE WIND FARM, LLC	2	6	1	9	5	2	0	7	7			<input checked="" type="checkbox"/>
3. PIONEER TRAIL WIND FARM, LLC	8	0	0	6	4	2	2	8	0			<input checked="" type="checkbox"/>
4. EC&R SOLAR DEVELOPMENT, LLC	8	0	0	9	4	7	3	0	2			<input type="checkbox"/>
5. PYRON WIND FARM, LLC	3	2	0	3	3	8	2	6	0	9	3	<input type="checkbox"/>
6. SETTLERS TRAIL WIND FARM, LLC	2	7	2	3	0	1	2	4	5			<input checked="" type="checkbox"/>
7. STONY CREEK WF HOLDCO, LLC	2	0	0	0	7	5	1	6	8			<input checked="" type="checkbox"/>
8. STONY CREEK WIND FARM, LLC	2	0	0	0	7	5	1	6	8			<input checked="" type="checkbox"/>
9. VENADO WIND FARM, LLC	3	2	0	3	8	4	0	5	9	0	1	<input checked="" type="checkbox"/>
10. ANACACHO WIND FARM, LLC	3	2	0	4	4	5	5	9	1	2	1	<input type="checkbox"/>
11. E.ON CARBON SOURCING NORTH AMERICA	2	0	0	0	7	5	1	6	8			<input checked="" type="checkbox"/>
12. WILDCAT WIND FARM I, LLC	3	0	0	7	2	0	8	5	8			<input checked="" type="checkbox"/>
13. WILDCAT WIND FARM II, LLC	2	7	1	7	6	8	9	4	3			<input checked="" type="checkbox"/>
14. PATRIOT WIND FARM, LLC	3	2	0	4	8	3	9	8	8	8	0	<input type="checkbox"/>
15. MARICOPA WEST SOLAR PV, LLC	9	0	0	6	4	1	8	6	0			<input checked="" type="checkbox"/>
16. TECH PARK SOLAR, LLC	4	5	1	1	7	7	9	1	3			<input checked="" type="checkbox"/>
17. TIPTON WIND, LLC	2	7	1	7	6	8	9	4	3			<input checked="" type="checkbox"/>
18. VALENCIA SOLAR, LLC	3	0	0	6	2	9	7	4	9			<input checked="" type="checkbox"/>
19. ALAMOS SOLAR, LLC	9	0	0	6	4	1	8	6	0			<input checked="" type="checkbox"/>
20. MARICOPA EAST SOLAR PV I, LLC	9	0	0	6	4	1	8	6	0			<input checked="" type="checkbox"/>
21. MARICOPA EAST SOLAR PV 2, LLC	9	0	0	6	4	1	8	6	0			<input checked="" type="checkbox"/>

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05-164  
(Rev. 9-11/03)

**Texas Franchise Tax Extension Affiliate List**

Tcode 13288 Franchise

Reporting entity taxpayer number

Report year

Reporting entity taxpayer name

1 2 0 0 0 7 5 1 6 8 0

2 0 1 4

E.ON Climate & Renewables North America, LLC

LEGAL NAME OF AFFILIATE	AFFILIATE'S TEXAS TAXPAYER NUMBER (if none, enter FEI number)	BLACKEN CIRCLE IF AFFILIATE DOES NOT HAVE HERES IN TEXAS
1. BEACON SOLAR PV, LLC	8 0 0 9 4 7 3 0 2	<input checked="" type="checkbox"/>
2. WEST OF THE PECOS SOLAR, LLC	8 0 0 9 4 7 3 0 2	<input type="checkbox"/>
3. ROBE ROCK WIND FARM, LLC	2 7 1 7 6 9 6 3 1	<input checked="" type="checkbox"/>
4. WILDCAT WIND FARM III, LLC	2 7 1 7 6 8 9 4 3	<input checked="" type="checkbox"/>
5. MAGIC VALLEY WIND FARM II, LLC	2 7 1 7 6 8 9 4 3	<input type="checkbox"/>
6. GRANDVIEW WIND FARM, LLC	2 7 1 7 6 8 9 4 3	<input type="checkbox"/>
7. SNOW SHOE WIND FARM, LLC	2 7 1 7 6 8 9 4 3	<input checked="" type="checkbox"/>
8. STELLA WIND FARM, LLC	2 7 1 7 6 8 9 4 3	<input type="checkbox"/>
9. CARDINAL WIND FARM, LLC	2 7 1 7 6 8 9 4 3	<input checked="" type="checkbox"/>
10. GRANDVIEW WIND FARM II, LLC	2 7 1 7 6 9 6 3 1	<input type="checkbox"/>
11. GRANDVIEW WIND FARM III, LLC	2 7 1 7 6 9 6 3 1	<input type="checkbox"/>
12. MAGIC VALLEY WIND FARM III, LLC	2 7 1 7 6 9 6 3 1	<input type="checkbox"/>
13. STELLA WIND FARM II, LLC	2 7 1 7 6 9 6 3 1	<input type="checkbox"/>
14. VICI WIND FARM, LLC	2 7 1 7 6 9 6 3 1	<input checked="" type="checkbox"/>
15. TWIN FORKS WIND FARM, LLC	2 7 1 7 6 9 6 3 1	<input checked="" type="checkbox"/>
16. EC&R INVESTCO EPC MGMT, LLC	2 7 1 7 6 8 9 4 3	<input type="checkbox"/>
17.		<input type="checkbox"/>
18.		<input type="checkbox"/>
19.		<input type="checkbox"/>
20.		<input type="checkbox"/>
21.		<input type="checkbox"/>

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Stella Wind Farm II, LLC, Texas tax payer identification number 32052353979, is a limited liability corporation first organized and registered with the Secretary of State on June 13, 2013. As of the date of this letter, the Stella Wind Farm II, LLC has not been required to file a franchise tax report. As of the first applicable filing period, Stella Wind Farm II, LLC will be a member of a combined group as defined by Texas Tax Code 171.0001 (7). The reporting entity taxpayer name is E.ON Climate & Renewables North America, LLC, Texas tax payer identification number 12000751680.

With kind regards,

A handwritten signature in black ink, appearing to read 'PB', with a long horizontal flourish extending to the right.

Paul Bowman  
Senior Vice President

TAB 4

**Stella Wind Farm II, LLC**  
**Application for Appraised Value Limitations on Qualified Property**

**Tab 4**

**Section 7 — Project Description**

The proposed Project will consist of a facility designed to use wind power to generate electricity, including wind 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. The Project may consist of 83 - 125 wind turbine generators, with a capacity of 1.6 megawatts to 2.4 megawatts per generator, with an approximate total capacity of 200 MW. The Project layout is not finalized at this time and we are unable to precisely pinpoint the final location of the wind turbine generators as stated above. Applicant anticipates completing construction by fourth quarter of 2017. All of the property for which the applicant is seeking a limitation on appraised value is leased by the applicant.

The Project will be located within Kenedy County. It will be within the Kenedy County-Wide Common School District. Current land use for the private property consists of hunting, ranching, and oil and gas production (note that these uses can continue, as the Project is designed to be compatible with such activities).

The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 83 -112 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kv transmission line approximately miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables

TAB 5

**Stella Wind Farm II, LLC**  
**Application for Appraised Value Limitations on Qualified Property**  
**Tab 5**

**Section 8 – Limitation as Determining Factor**

- 1) N/A
- 2) **Stella Wind Farm II, LLC has entered into contracts for work for preliminary land work.**
- 3) N/A
- 4) N/A
- 5) N/A
- 6) **Stella Wind Farm II, LLC is located in Kenedy County. The property is in a Reinvestment Zone. The project has received a property tax abatement for 10 years from Kenedy County.**
- 7) **The Company is considering several projects in Texas, Oklahoma, Indiana, and Illinois. The Company has received tax incentives on several projects which are considered favorably in the analysis of the investment.**
- 8) N/A
- 9) N/A
- 10) N/A

**TAX ABATEMENT AGREEMENT**

*between*

**KENEDY COUNTY and STELLA WIND FARM, LLC**

***(Phase II Wind Farm)***

*State of Texas*        )*(*

*County of Kenedy*    )*(*

This Tax Abatement Agreement (the "Agreement") is made and entered into by and between Kenedy County, Texas ("County"), acting through its duly elected officers and Stella Wind Farm, LLC, and its owners and assigns, ("Owner"), as owner of Eligible Property (as hereinafter defined) to be located on the tract of land comprising the Kenedy County Reinvestment Zone Number Two, more specifically described in ATTACHMENT A to this Agreement. This Agreement becomes effective upon final signature by both parties. The Agreement remains in effect until fulfillment of the obligations described in Section IV(d) herein, unless terminated earlier as provided herein.

**I.  
Authorization**

This Agreement is authorized and governed by Chapter 312 of the Texas Tax Code, as in effect on the date hereof, and by the Kenedy County Guidelines and Criteria for Granting Tax Abatements.

**II.  
Definitions**

As used in this Agreement, the following terms shall have the meaning set forth below:

- a. "*Abatement*" means the full or partial exemption from ad valorem taxes on property in a Reinvestment Zone as provided herein.
- b. "*Calendar Year*" means each year beginning January 1 and ending on December 31.
- c. "*Certificate*" means a letter, provided by the Owner to the County, certifying that Owner has completed construction of the wind power project described herein, outlining the Improvements and stipulating the overall Turbine Nameplate Capacity of the project. Upon receipt of the Certificate, the County, with seventy-

two (72) hours' notice, may inspect the property in accordance with this Agreement to determine that the Improvements are in place as certified.

- d. "*Certified Appraised Value*" means the appraised value, for property tax purposes, of the property within Kenedy County Reinvestment Zone Number Two, as certified by the Kenedy County Appraisal District for each taxable year.
- e. "*Eligible Property*" means property eligible for Abatement under the Kenedy County Guidelines and Criteria for Granting Tax Abatements.
  - 1. Eligible Property includes: new, expanded or modernized buildings and structures; fixed machinery and equipment; Site improvements; related fixed improvements; other tangible items necessary to the operation and administration of the project or facility; and all other real and tangible personal property permitted by Chapter 312 of the Texas Tax Code and the Kenedy County Guidelines and Criteria for Granting Tax Abatements. Taxes on Real Property may be abated only to the extent the property's value for a given year exceeds its value for the year in which the Agreement is executed. Tangible personal property located on the Real Property at any time before the period covered by the Agreement is not eligible for Abatement. Tangible personal property eligible for Abatement shall not include inventory or supplies.
  - 2. Eligible Property shall not include: property (or a portion thereof if applicable) of Owner which was in place prior to the approval of this agreement and/or real property identified by the Kenedy County Appraisal District as being contained within the descriptions of property identified in Kenedy County Reinvestment Zone Number Two.
- f. "*Improvements*" means Eligible Property meeting the definition for improvements provided by Chapter 1 of the Texas Tax Code and includes, but is not limited to, any building, structure or fixture erected on or affixed to the land. Improvements specifically include the Owner's wind turbines and towers, foundations, roads, pad mount transformers, collection system, operations and maintenance buildings, meteorological towers, substations, generator transmission tie line, communications equipment and switching station that will be located in Kenedy County.
- g. "*Owner*" means Stella Wind Farm, LLC, the entity that owns or leases the Real Property for which Abatement is being granted, and any assignee or successor in interest of Stella Wind Farm, LLC. The term "Stella Wind Farm, LLC" means and includes the Owner.
- h. "*Real Property*" means Eligible Property meeting the description for real property provided by Chapter 1 of the Texas Tax Code.

- i. "*Reinvestment Zone*" means Kenedy County Reinvestment Zone Number Two, the reinvestment zone (as that term is defined in Chapter 312 of the Texas Tax Code) created by Kenedy County and described in Attachment A to this Agreement.
- j. "*Site*" means the portion of the Reinvestment Zone on which Owner makes the Improvements for which the Abatement is granted hereunder.
- k. "*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).
- l. "*Turbine Nameplate Capacity*" means the generating capacity of an individual wind turbine as designated by the manufacturer(s) of the turbines to be constructed as Improvements hereunder and where appropriate may refer to the total or overall generating capacity.

### **III. Improvements in Reinvestment Zone**

Owner contemplates making the following Improvements in consideration for the Abatement set forth in Section IV of the Agreement:

- a. Owner agrees to use commercially reasonable efforts to construct Improvements on the Site consisting of a wind power electric generation facility of approximately 25-100 wind turbine generators with an approximate capacity of 50-200 megawatts (MW) of overall Turbine Nameplate Capacity located in the Reinvestment Zone. The Certified Appraised Value will depend upon annual appraisals by the Kenedy County Appraisal District. The number of turbines and total MW will vary depending on the types of turbines used and the size of the wind power facility.
- b. Improvements also shall only include property in the Reinvestment Zone meeting the definition of "Eligible Property" that is used to produce wind power and perform other functions related to, or in support of, the production or transmission of wind generated electrical power within *Kenedy County Reinvestment Zone Number Two*.
- c. Owner shall commence construction of the Improvements by no later than July 1, 2017, and shall use commercially reasonable efforts to complete construction by no later than December 31, 2017.

### **IV. Term and Portion of Tax Abatement; Taxability of Property**

- a. The County and Owner specifically agree and acknowledge that the property in the Reinvestment Zone shall be taxable in the following ways before and during the Term of this Agreement:
  1. Property not eligible for Abatement, if any, shall be fully taxable at all times;
  2. The Certified Appraised Value of property existing in the Reinvestment Zone prior to execution of this Agreement shall be fully taxable at all times;
  3. Prior to commencement of the abatement period designated in Section IV (B), 100% of property taxes levied on the Certified Appraised Value of Owner's real and personal property located in the Reinvestment Zone will be owed and payable by Owner;
  4. 100% of County property taxes on the Certified Appraised Value of Eligible Property shall be abated for the periods and in the amounts as provided for by Section IV(B) below; and
  5. 100% of the Certified Appraised Value of Eligible Property existing in the Reinvestment Zone shall be fully taxable after expiration of the abatement period designated in Section IV (b).
  
- b. The County and Owner specifically agree and acknowledge that this Agreement shall provide for tax Abatement, under the conditions set forth herein, of ad valorem property taxes levied by Kenedy County, Texas (not including school district taxes) as follows:
  1. Beginning on the January 1st of the Tax Year immediately following the Calendar Year during which the Owner provides the Certificate to the County and ending upon the conclusion of ten (10) full Tax Years, an Abatement equal to One Hundred Percent (100%) of taxable value of the Improvements.
  2. 100% of property taxes on the Certified Appraised Value of all Improvements described in the Certificate (and actually in place in the Reinvestment Zone) are abated in the respective period designated above.
  3. 100% of property taxes on the Certified Appraised Value of any and all otherwise taxable personal property owned by Owner and located in the Reinvestment Zone are abated in the respective period designated above.
  
- c. A portion of all the Improvements may be eligible for complete or partial exemption from ad valorem taxes as a result of existing law or future legislation.

This Agreement is not to be construed as evidence that such exemptions shall not apply to the Improvements.

- d. As additional consideration for this Abatement, Owner agrees to make an annual payment to the County of in an amount equal to Two Thousand Dollars per megawatt per year (\$2,000.00/MW/YR) of Turbine Nameplate Capacity included in the Certificate (and actually in place in the Reinvestment Zone) for each of the first five (5) Tax Years for which this abatement is in effect. Beginning with the sixth Tax Year for which this abatement is in effect, and continuing thereafter through the end of the tenth Tax Year for which this abatement is in effect, Owner agrees to make an annual payment to the County of in an amount equal to Two Thousand Five Hundred Dollars per megawatt per year (\$2,500.00/MW/YR) of Turbine Nameplate Capacity included in the Certificate (and actually in place in the Reinvestment Zone). The first payment due under this Section IV (d) shall be due October 1st of the Calendar Year immediately following the Calendar Year in which Owner provides the Certificate, with the remaining nine payments due annually (on October 1) thereafter.
- e. In no Tax Year for which payments calculated in accordance with the foregoing Section IV(d) shall payments due to the County under such Section exceed the full amount of taxes that would have been paid by Owner to the County in the absence of this agreement. For each Tax Year of this agreement the calculation required under this Section shall be made by multiplying the full taxable value which the Kenedy County Appraisal District would have placed upon the property subject to this agreement in the absence of this agreement times the tax rate for such year adopted by the Kenedy County Commissioners Court. In the event that the amount determined under this Section IV(e) is lower than the amount determined under the foregoing Section IV(d), Owner shall pay the lower amount to the County for that applicable Tax Year.

## V. Representations

The County and Owner make the following respective representations:

- a. Owner represents and agrees that if constructed, (i) Owner, its successors and/or assigns, will have a taxable interest with respect to Improvements to be placed on the property; (ii) construction of the proposed Improvements described in Section III will be performed by the Owner, its successors and/or assigns and/or their contractors or subcontractors, (iii) Owner's, its successors' and assigns' use of the property in the Reinvestment Zone is limited to that which is consistent with the general purpose of encouraging development or redevelopment of the area during the period of the Abatement, (iv) all representations made in this Agreement and in the Application for Abatement, if any, are true and correct to the best of Owner's knowledge, and (v) Owner will make required filings, if any, by Owner

with the Office of the Comptroller of Public Accounts and other governmental entities concerning this Agreement that may be required in the future.

- b. The County represents that (i) the Reinvestment Zone and this Agreement have been created in accordance with Chapter 312 of the Texas Tax Code and the Kenedy County Guidelines and Criteria for Granting Tax Abatements as both exist on the effective date of this Agreement; (ii) no member of the County Commissioners Court owns or leases any land which Improvements will be placed on as of the effective date of this Agreement, (iii) that the property on which the Improvements will be located within the Reinvestment Zone is located within the legal boundaries of the County and (iv) the County has made and will continue to make all required filings with the Office of the Comptroller of Public Accounts and other governmental entities concerning the Reinvestment Zone and this Agreement.

## **VI.**

### **Access to and Inspection of Property by County and Appraisal District Employees**

- a. Owner shall allow the County's and County Appraisal District employees access to the Improvements for the purpose of inspecting any Improvements erected to ensure that the same are conforming to the minimum specifications of this Agreement and to ensure that all terms and conditions of this Agreement are being met. All such inspections shall be made only after giving Owner seventy two (72) hour notice and shall be conducted in such a manner as to avoid any unreasonable interference with the construction and/or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Owner in accordance with all applicable safety standards.
- b. Owner shall, within ninety (90) days after the beginning of each Calendar Year, certify annually to the County its compliance with this Agreement by providing a written statement to the same to the County Judge.

## **VII.**

### **Default, Remedies and Limitations of Liability**

- a. The County may declare a default if Owner breaches any material term or condition of this Agreement, including the obligation to commence construction of the Improvements on the Site before July 1, 2017. If the County declares a default of this Agreement, this Agreement shall terminate, after notice and opportunity to cure, to the extent provided for below; or the County may modify the Agreement upon mutual agreement with Owner. In the event of default, the County may pursue the remedies provided for in Section VII(b) and VII(c) below, as applicable. The County shall not declare a default, and no default will be deemed to have occurred, 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 Owner, including, without limitation, acts of God or the public enemy, war, riot, civil commotion, insurrection, governmental or defacto governmental action (unless caused by acts or omissions of Owner), fires, explosions, floods, tornadoes and strikes.

- b. The County shall notify (i) Owner and (ii) any lender of record in the Real Property Records of Kenedy County of any default in writing in the manner prescribed herein. All contact information for purposes of a notice default shall be provided to the County Judge. The Notice shall specify the basis for the declaration of default, and Owner shall have ninety (90) days from the date of such notice to cure any default, except that where the default is incapable of being cured within ninety (90) days using reasonable business efforts, Owner shall commence performance of the cure within thirty (30) days after receipt of notice and diligently pursue those efforts until the default is cured. Owner and any lender of which the County has notice shall maintain the right to cure any defect, including any defect caused by an assignee or contractor of Owner during the same cure period identified in the foregoing sentence.
- c. As required by section 312.205 of the Texas Tax Code, if Owner fails to make the Improvements as provided for by this Agreement, the County shall be entitled to cancel the Agreement and recapture property tax revenue actually lost as a result of the Agreement (i.e. recapture for prior tax years only – no anticipatory / prospective recapture on future taxes), subject to the above provisions regarding notice and right to cure.
- d. **LIMITATION OF LIABILITY: CANCELLATION OF THE AGREEMENT (RESULTING IN A FORFEITURE OF ANY RIGHT TO ABATEMENT HEREUNDER BEYOND THE CANCELLATION DATE), RECAPTURE OF PROPERTY TAXES ABATED ONLY AS PROVIDED FOR AND ONLY UNDER THE CIRCUMSTANCES DEFINED IN SECTION VII(C) OF THIS AGREEMENT, ALONG WITH ANY REASONABLY INCURRED COSTS AND FEES, SHALL BE THE COUNTY'S SOLE REMEDY, AND OWNER'S SOLE LIABILITY, IN THE EVENT OWNER FAILS TO MAKE THE SPECIFIED IMPROVEMENTS OR TAKE OTHER ACTION REQUIRED BY THIS AGREEMENT, INCLUDING ANY FAILURE TO PAY AMOUNTS OWED UNDER THIS AGREEMENT. OWNER AND COUNTY AGREE THAT THE LIMITATIONS CONTAINED IN THIS PARAGRAPH ARE REASONABLE AND REFLECT THE BARGAINED FOR RISK ALLOCATION AGREED TO BY THE PARTIES. IN THE EVENT OF A BREACH OF THIS AGREEMENT, ANY TAXES DUE BY OWNER SHALL BE SUBJECT TO ANY AND ALL STATUTORY RIGHTS FOR THE PAYMENT AND COLLECTION OF TAXES IN ACCORDANCE WITH THE TEXAS TAX CODE.**

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

#### 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 NINETY DAYS OF NOTICE OR OTHERWISE CURE THE DEFAULT AS PROVIDED BY THE AGREEMENT SHALL RESULT IN TERMINATION OF THE TAX ABATEMENT AGREEMENT AND PAYMENT OF LIQUIDATED DAMAGES AS PROVIDED IN THE AGREEMENT.

#### VIII.

##### **Compliance with State and Local Regulations**

Nothing in this Agreement shall be construed to alter or affect the obligations of Owner to comply with any order, rule, statute or regulation of the County, the State of Texas or the United States.

#### IX.

##### **Assignment of Agreement**

This agreement may be transferred and assigned in whole or in part by the holder to a new owner or lessee of the same or part of the same facility upon the specific approval of the Kenedy County Commissioners Court which shall base its review upon to the financial capacity of the assignee and the ability to ensure that all conditions and obligations in this agreement will continue to be met. Approval by the Commissioners Court shall not be unreasonably withheld so long as the conditions set forth in this Section are met.

No assignment or transfer shall be approved if either Owner or the prospective assignee are then liable to Kenedy County or any eligible taxing jurisdiction within Kenedy County, Texas for delinquent taxes or other delinquent obligations.

In the event that Owner seeks to assign this Agreement in whole or in part, Owner must provide the County with thirty (30) days written notice prior to any such assignment, and provides the County with a draft copy of the assignment. After the Kenedy County Commissioners Court's approval of such an assignment, the assignor shall no longer have any interest or liability with respect to the assigned rights and obligations that accrue after the date of approval by the Commissioners Court, and a new abatement agreement with the same terms and conditions as this Agreement but with respect only to such assigned rights and obligations shall be deemed to exist between the assignee and the County.

Notwithstanding anything herein, Owner may assign this Agreement in whole or in part to Owner's affiliate, i.e. an entity which is directly or indirectly controls, is controlled by or is under common control of Owner ("Affiliate Assignment") without the County's prior consent; provided however that Owner shall provide notice of such assignment and a copy or memorandum of the same within thirty (30) days of such assignment. Upon such Affiliate Assignment, the assignor shall no longer have any interest or liability with respect to the assigned rights and obligations that accrue after the date of such Affiliate Assignment and a new abatement agreement with the same terms and conditions as this Agreement but with respect only to such assigned rights and obligations shall be deemed to exist between the assignee and the County.

#### **X. Notice**

All notices, demands and other communications of any type (collectively, "Notices") given shall be given in accordance with this Section. All Notices shall be in writing and delivered, by commercial delivery service to the office of the person to whom the Notice is directed (provided that that delivery is confirmed by the courier delivery service); by United States Postal Service (USPS), postage prepaid, as a registered or certified item, return receipt requested in a proper wrapper and with proper postage; by recognized overnight delivery service as evidenced by a bill of lading. Notice delivered by commercial delivery service shall be deemed delivered on receipt or refusal; notices delivered by USPS shall be deemed to have been given upon deposit with the same. Regardless of the method of delivery, in no case shall notice be deemed delivered later than actual receipt. In the event of a notice of default given pursuant to Article VII, such notice shall be given by at least one of the methods of delivery consistent with Section VII(c). All Notices shall be mailed or delivered to the following addresses:

To the Owner: Stella Wind Farm, LLC  
Attn: Paul Bowman  
701 Brazos Street, Suite 1400  
Austin, TX 78701

To the County: Kenedy County Judge  
Kenedy County Courthouse  
Box 37  
Serita, TX 78385

Any party may designate a different address by giving the other party at least ten (10) days written notice in the manner prescribed above.

#### **XI. Severability**

In the event any section or other part of this Agreement is held invalid, illegal, factually insufficient or unconstitutional, the balance of this Agreement shall stand, shall be enforceable and shall be read as if the parties intended at all times to delete said invalid sections or other part. In the event that (i) the term of the Abatement with respect to any property is longer than allowed by law, or (ii) the Abatement applies to a broader classification of property than is allowed by law, then the Abatement shall be valid with respect to the classification of property not deemed overly broad, and for the portion of the term of the Abatement not deemed excessive. Any provision required by the Tax Code to be contained herein that does not appear herein is incorporated herein by reference.

**XII.  
Applicable Law**

This Agreement shall be construed under the laws of the State of Texas.

**XIII.  
Amendment**

Except as otherwise provided, this Agreement may be modified by the parties hereto upon mutual written consent to include other provisions which could have originally been included in this Agreement or to delete provisions that were not originally necessary to this Agreement pursuant to the procedures set forth in Chapter 312 of the Texas Tax Code.

**XIV.  
Guidelines and Criteria**

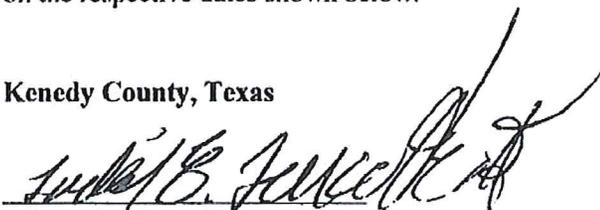
The Parties to this agreement acknowledge that this Agreement is entered into based upon Kenedy County Guidelines and Criteria for Granting Tax Abatements which were in effect as of the date of approval of this agreement. The Parties intend this agreement to be consistent with the Kenedy County Guidelines and Criteria for Granting Tax Abatements which were in effect as of the date of approval of this agreement. In the event of an irreconcilable conflict, the applicable adopted Guidelines and Criteria will prevail.

**XV.  
Entire Agreement**

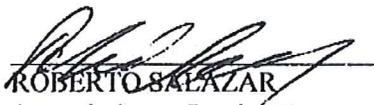
This Agreement contains the entire and integrated Tax Abatement Agreement between the County and Owner, and supersedes any and all other negotiations and agreements, whether written or oral, between the parties. This Agreement has not been executed in reliance upon any representation or promise except those contained herein.

**IN TESTIMONY OF WHICH, THIS AGREEMENT** has been executed by the County as authorized by the Kenedy County Commissioners Court and executed by the Owner on the respective dates shown below.

**Kenedy County, Texas**

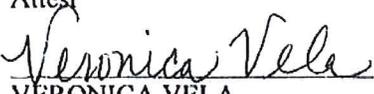
  
\_\_\_\_\_  
LOUIS E. TURCOTTE, III  
County Judge

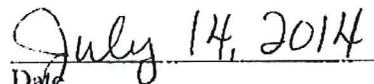
  
\_\_\_\_\_  
JOE RECIO  
Commissioner, Precinct 1

  
\_\_\_\_\_  
ROBERTO SALAZAR  
Commissioner, Precinct 2

\_\_\_\_\_  
SARITA ARMSTRONG HIXON  
Commissioner, Precinct 3

\_\_\_\_\_  
CINDY GONZALES  
Commissioner, Precinct 4

Attest  
  
\_\_\_\_\_  
VERONICA VELA  
Kenedy County Clerk

  
\_\_\_\_\_  
Date



## **Attachment A**

Attached is the Resolution creating *Kenedy County Reinvestment Zone Number Two*, For Commercial/Industrial Tax Abatement in Kenedy County, Texas, establishing the boundaries thereof, and designating the Reinvestment Zone dated July 14, 2014, duly passed on that date by action at a posted public meeting of the Kenedy County Commissioners Court.

ATTACHMENT B

Project Specification Summary

1. The Owner of the project is Stella Wind Farm, LLC.
2. The initial project value to be abated is estimated to be between Fifty Million Dollars (\$50,000,000) and Two Hundred Million Dollars (\$200,000,000)
3. The abatement commencement date is January 1<sup>st</sup> of the Tax Year immediately following the Calendar Year during which the Owner provides the Certificate to the County
4. The abatement termination date is December 31<sup>st</sup> of the tenth Tax Year after but including the commencement date.
5. The percentage of value to be abated each year is one hundred percent (100%) each year for ten (10) years after commencement date.
6. The proposed use of the facilities for which the abatement is being granted is for a wind farm of between fifty (50) and two hundred (200) megawatt nameplate generating capacity.
7. The total investment in the project is estimated to be between ~~Fifty~~ <sup>Sixty</sup> Two and One-Half Million Dollars (\$62,500,000) and Two Hundred Fifty Million Dollars (\$250,000,000.)
8. The number of new permanent jobs to be created in the site for the period of abatement is five (5).
9. The map and legal description of the site is within *Kenedy County Reinvestment Zone Number Two* which is attached as **EXHIBIT 1** and **EXHIBIT 2**.

**RESOLUTION OF THE COMMISSIONERS COURT  
OF KENEDY COUNTY, TEXAS**

**CREATING KENEDY COUNTY REINVESTMENT ZONE NUMBER TWO, FOR  
COMMERCIAL/INDUSTRIAL TAX ABATEMENT IN KENEDY COUNTY, TEXAS,  
ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN  
EFFECTIVE DATE**

**PREAMBLE**

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

**WHEREAS**, Section 312.401 of the Texas Tax Code permits a County Commissioners Court to designate a reinvestment zone if that designation is reasonably likely to contribute to the retention or expansion of primary employment, or attract major investment in the reinvestment zone that would contribute to the economic development of the County; and,

**WHEREAS**, none of the area, described below in **EXHIBIT 1** and **EXHIBIT 2**, for which application for the creation of a reinvestment zone has been made, is within the taxing jurisdiction of any municipality; and,

**WHEREAS**, on July 14, 2014, a hearing before the Commissioners Court of Kenedy County, Texas was held, such date being at least seven (7) days after the date of publication of the notice of such public hearing in the *Kingsville Record* and the delivery of written notice to the respective presiding officers of each taxing entity that it includes within its boundaries real property that is to be included in the proposed reinvestment zone; and,

**WHEREAS**, the Commissioners Court of Kenedy County, Texas at such public hearing, held in accordance with the procedural requirements of Chapter 312, of the Texas Tax Code, and Chapter 551 of the Texas Government Code, invited any interested person to appear and speak for or against the creation of the reinvestment zone and whether all or part of the territory described should be included in the proposed reinvestment zone; and,

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

**WHEREAS**, the improvements set forth in the application by Stella Wind Farm, LLC for a tax abatement agreement are feasible and of benefit to the county after expiration of the tax abatement; and,

**WHEREAS**, the Kenedy County Commissioners Court wishes to create a reinvestment zone within the boundaries of Kenedy County as shown on the map attached as **EXHIBIT 1** and further described by the legal description set forth in **EXHIBIT 2** of this Resolution;

**NOW THEREFORE, BE IT RESOLVED BY THE COMMISSIONERS COURT OF KENEDY COUNTY, TEXAS:**

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

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

- (a) That the public hearing on adoption of the *Kenedy County Reinvestment Zone Number Two* has been properly called, held and conducted and that notice of such hearing has been published as required by law and mailed to the respective presiding officers of the governing bodies of all taxing units overlapping the territory inside the proposed reinvestment zone; and
- (b) That the boundaries of *Kenedy County Reinvestment Zone Number Two* should be the area depicted in the plat map indicating the boundaries thereof, attached hereto as **EXHIBIT 1**, and further described in the legal description of the boundaries described in **EXHIBIT 2**, both of which are incorporated herein by reference for all intents and purposes; and,
- (c) That creation of *Kenedy County Reinvestment Zone Number Two* with boundaries as described in **EXHIBIT 1** and **EXHIBIT 2** will result in benefits to the Kenedy County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and
- (d) The *Kenedy County Reinvestment Zone Number Two*, as described in **EXHIBIT 1** and **EXHIBIT 2** meets the criteria set forth in Texas Property Tax Code Chapter 312 for the creation of a reinvestment zone as set forth in the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, in that it is reasonably likely as a result of the designation to contribute to the retention or expansion of primary employment or to attract investment in the zone that would be a benefit to the property and that would contribute to the economic development of Kenedy County, Texas, and that the entire tract of land is located

entirely within an unincorporated area of Kenedy County, Texas.

**SECTION 3.** That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines and Criteria adopted by the Kenedy County Commissioners Court, the Kenedy County Commissioners Court hereby creates *Kenedy County Reinvestment Zone Number Two*, as a reinvestment zone for commercial-industrial tax abatement encompassing only the area within the boundaries described in **EXHIBIT 1** and **EXHIBIT 2**, and such reinvestment zone is hereby designated and shall hereafter be referred to as *Kenedy County Reinvestment Zone Number Two*.

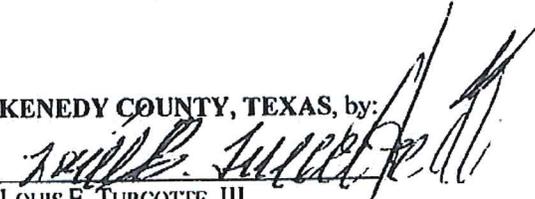
**SECTION 4.** *Kenedy County Reinvestment Zone Number Two* shall take effect on July 14, 2014 and shall remain designated as a commercial-industrial reinvestment zone for a period of five (5) years from such date of designation, and may be renewed for an additional five (5) year period thereafter.

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

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

PASSED, APPROVED AND ADOPTED on this 14<sup>th</sup> day of July 2014.

KENEDY COUNTY, TEXAS, by:

  
LOUIS E. TURCOTTE, III  
County Judge

Attest:

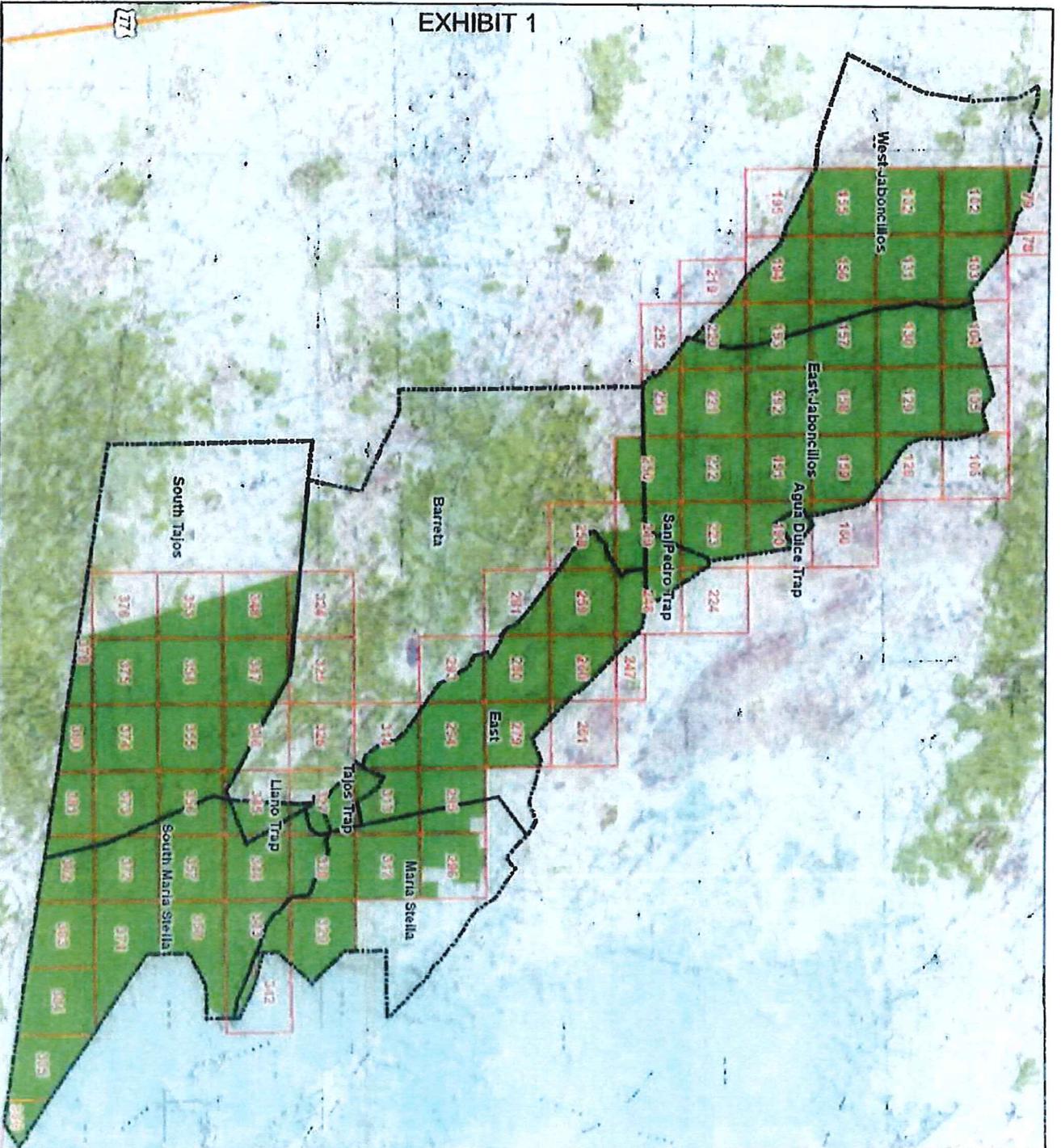
KENEDY COUNTY COMMISSIONERS COURT  
Resolution creating *Kenedy County Reinvestment Zone Number Two*  
July 14, 2014  
Page 3

Veronica Vela  
VERONICA VELA  
Kenedy County Clerk

July 14, 2014  
Date

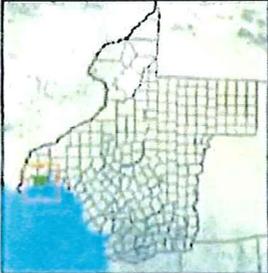
[COUNTY SEAL]

EXHIBIT 1



**Statewide  
Reinvestment  
Zone**

Kenedy County,  
Texas



Date: November 06, 2013  
 Map Scale 1:126,600  
 Projection: UTM 14  
 Datum: North American 1983

-  Grid
-  Master Pastures
-  Project Boundary



**E-001**  
 Kenedy County, Texas  
 Statewide Reinvestment Zone  
 Exhibit 1  
 Project Boundary

**EXHIBIT 2**

***Kenedy County Reinvestment Zone Two***

Stella Reinvestment Zone No. 2 to include the following real property in Kenedy County, Texas:

<b>SECTION</b>	<b>PASTURE</b>	<b>LAND GRANT</b>
78	West Jaboncillos	Los Finados
79	West Jaboncillos	Los Finados
104	West Jaboncillos	El Palmito
103	West Jaboncillos	El Palmito
103	West Jaboncillos	Los Finados
102	West Jaboncillos	Los Finados
130	West Jaboncillos	El Palmito
131	West Jaboncillos	El Palmito
131	West Jaboncillos	Los Finados
132	West Jaboncillos	Los Finados
130	West Jaboncillos	Little Barreta
131	West Jaboncillos	Little Barreta
157	West Jaboncillos	Little Barreta
156	West Jaboncillos	Little Barreta
156	West Jaboncillos	Los Finados
155	West Jaboncillos	Los Finados
193	West Jaboncillos	Little Barreta
194	West Jaboncillos	Little Barreta
194	West Jaboncillos	Los Finados
195	West Jaboncillos	Los Finados
220	West Jaboncillos	Little Barreta
219	West Jaboncillos	Little Barreta
106	East Jaboncillos	El Palmito
105	East Jaboncillos	El Palmito
104	East Jaboncillos	El Palmito
128	East Jaboncillos	El Palmito
129	East Jaboncillos	El Palmito
130	East Jaboncillos	El Palmito
128	East Jaboncillos	Little Barreta
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221	East Jaboncillos	Little Barreta
220	East Jaboncillos	Little Barreta

249	East Jaboncillos	Little Barreta
250	East Jaboncillos	Little Barreta
251	East Jaboncillos	Little Barreta
252	East Jaboncillos	Little Barreta
160	Agua Dulce Trap	Little Barreta
190	Agua Dulce Trap	Little Barreta
224	San Pedro Trap	Little Barreta
223	San Pedro Trap	Little Barreta
248	San Pedro Trap	Little Barreta
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248	Barreta	Little Barreta
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249	Barreta	Barreta
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250	Barreta	Barreta
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258	Barreta	Barreta
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325	South Tajos	Barreta
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324	South Tajos	Barreta
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314	East	Barreta
		Big (La)
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314	Tajos Trap	Barreta
		Big (La)
327	Tajos Trap	Barreta
		Big (La)
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327	Llano Trap	Barreta
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344	Llano Trap	Barreta
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312	Maria Stella	Barreta

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342	Maria Stella	Big (La) Barreta
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386	South Maria Stella	Big (La) Barreta

TAB 7

Stella Wind Farm II, LLC  
Application for Appraised Value Limitations on Qualified Property  
Tab 7

Section 11— Investment

Description of Qualified Investment

4a. & 4b. Stella Wind Farm II, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 200 megawatts (the "Project"). The exact number of wind turbines and the size of each turbine will vary depending upon the wind turbines selected and the megawatt generating capacity of the project completed, but presently our plans are to install approximately 100 Vestas 2.0 megawatt turbines on property in Kenedy County.

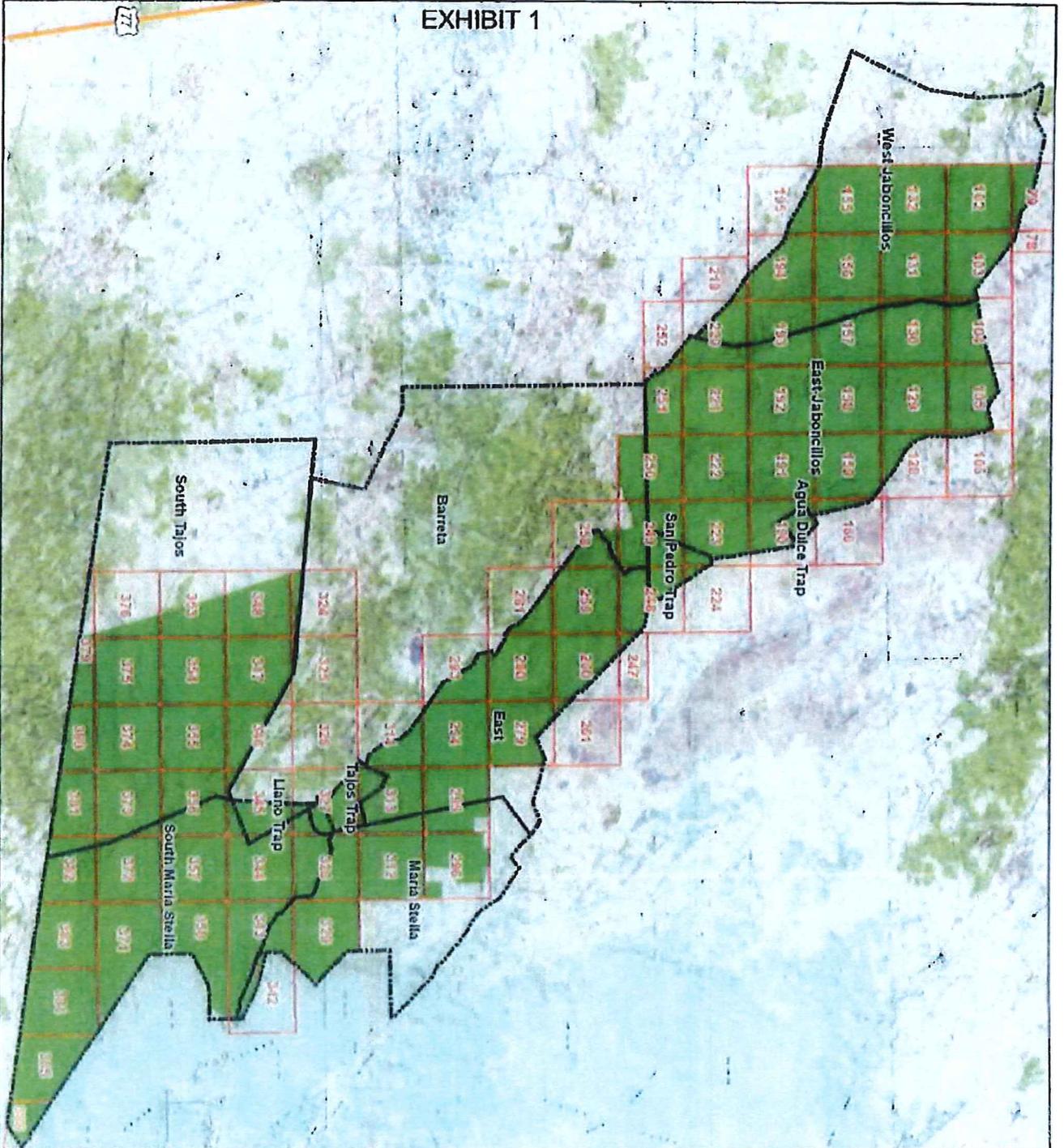
The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 112 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kv transmission line approximately \_\_\_\_\_ miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables

4c. Please see attached map. The specific locations of the roads, turbines and ancillary equipment is yet to be determined.

5. **Wind turbine obstruction lighting per FAA requirements**
6. **Telephone system**
7. **2 Substations, including a 138/34,5 kV utility interconnect substation, Including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers, 34.5 circuit breakers and reactive power compensation equipment.**
8. **Overhead transmission line, 138 kV between the substation and the utility interconnection**
9. **Underground power cables from, and various cable accessories, with grounding**
10. **O&M building with offices and warehouse, with standard utilities**
11. **Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.**
12. **Underground communications cables**

EXHIBIT 1



**Reinvestment Zone**

Kenedy County, Texas



Date: November 06, 2013  
 Map Scale 1:126,600  
 Projection: UTM 14  
 Datum: North American 1983

-  Grid
-  Master Pastures
-  Project Boundary



**e-on** CONSULTING  
 10000 West Loop South, Suite 1000  
 Houston, Texas 77042  
 Phone: 281.485.8800  
 Fax: 281.485.8801  
 Email: info@e-on.com

**EXHIBIT 2**

***Kenedy County Reinvestment Zone Two***

Stella Reinvestment Zone No. 2 to include the following real property in Kenedy County, Texas:

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TAB 8

Stella Wind Farm II, LLC  
Application for Appraised Value Limitations on Qualified Property  
Tab 8  
Section 12— Qualified Property

Description of Qualified Property

1a. & 1b. Stella Wind Farm II, LLC anticipates constructing a wind-powered electric generating facility with an operating capacity of approximately 200 megawatts (the "Project"). The exact number of wind turbines and the size of each turbine will vary depending upon the wind turbines selected and the megawatt generating capacity of the project completed, but presently our plans are to install approximately 100 Vestas 2.0 megawatt turbines on property in Kenedy County.

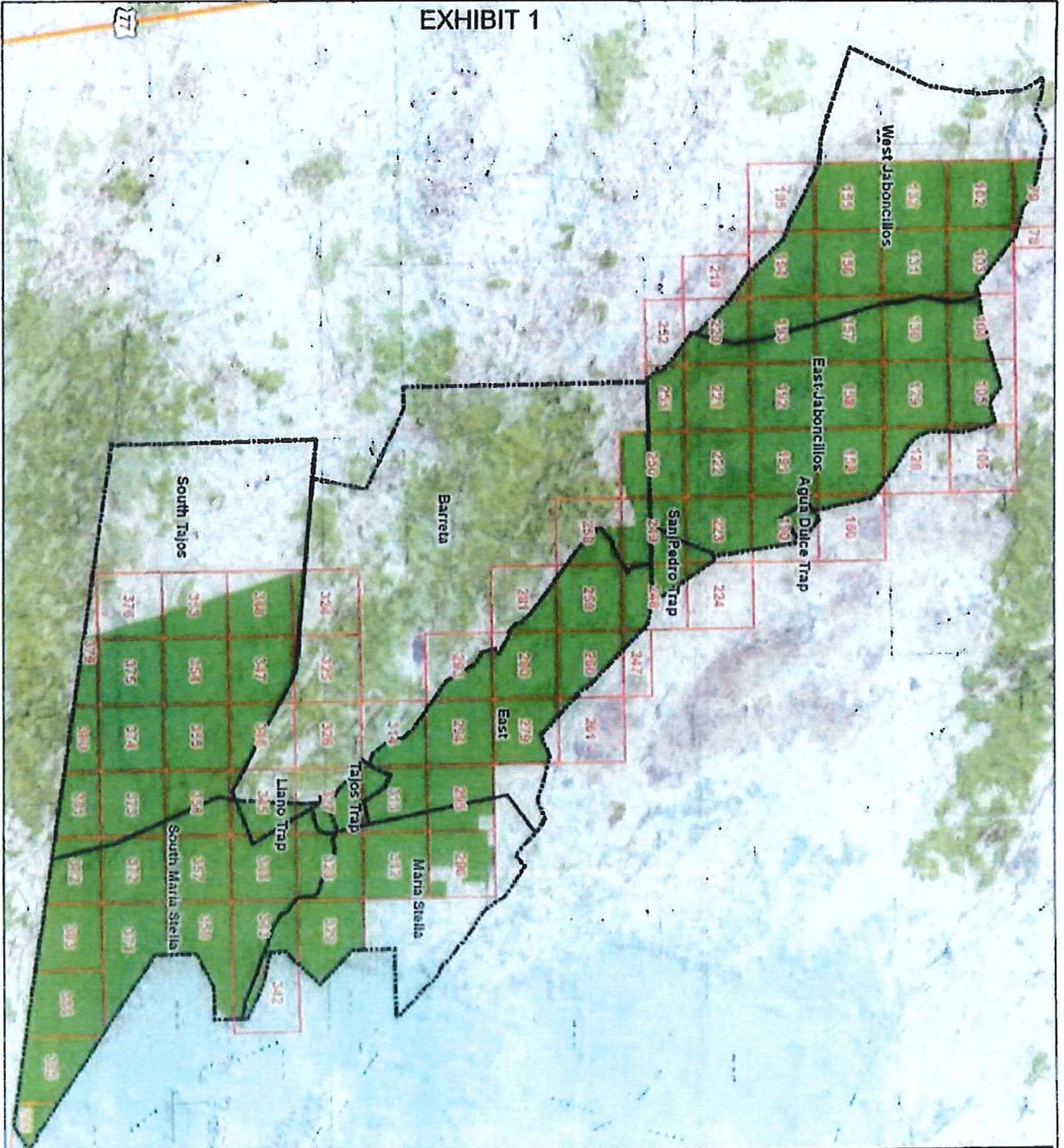
The additional improvements for the Project may include but are not limited to:

- Roadwork, sloped for drainage, with turnouts from public roads
- Fencing to control livestock and to protect substations and other equipment as needed for safety and security.
- 112 wind turbine generator foundations, with anchor bolt embeds and template rings
- Wind turbine obstruction lighting per FAA requirements
- Telephone system
- ECRNA will construct one 345:34.5kV collection substation, including two 140 MVA power transformers with OLTC's, as well as associated circuit breakers, switches, reactive power compensation equipment and control building.
- The collection substation will be connected to the utility interconnection through a single-circuit, double 795 ACSR conductor 345kv transmission line approximately       miles in length.
- Underground power cables from, and various cable accessories, with grounding.
- Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.
- Underground communication cables

1c. Please see attached map. The specific locations of the roads, turbines and ancillary equipment is yet to be determined.

5. **Wind turbine obstruction lighting per FAA requirements**
6. **Telephone system**
7. **2 Substations, including a 138/34,5 kV utility interconnect substation, Including a control building, two 140 MVA transformers with load tap changers, 138 kV circuit breakers,34.5 circuit breakers and reactive power compensation equipment.**
8. **Overhead transmission line, 138 kV between the substation and the utility interconnection**
9. **Underground power cables from, and various cable accessories, with grounding**
10. **O&M building with offices and warehouse, with standard utilities**
11. **Permanent meteorological towers, quantity and location of which to be determined by final turbine layout.**
12. **Underground communications cables**

EXHIBIT 1



**Reinvestment Zone**

Kenedy County, Texas



Date: November 06, 2013  
 Map Scale: 1:126,600  
 Projection: UTM 14  
 Datum: North American 1983

-  Grid
-  Master Pastures
-  Project Boundary



**e-OM** CONSULTING & REVENUES

10000 Highway 101, Suite 100, Houston, TX 77036  
 Phone: 281.460.0000  
 Fax: 281.460.0001  
 Email: info@e-om.com  
 Website: www.e-om.com

**EXHIBIT 2**

***Kenedy County Reinvestment Zone Two***

Stella Reinvestment Zone No. 2 to include the following real property in Kenedy County, Texas:

<b>SECTION</b>	<b>PASTURE</b>	<b>LAND GRANT</b>
78	West Jaboncillos	Los Finados
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TAB 9

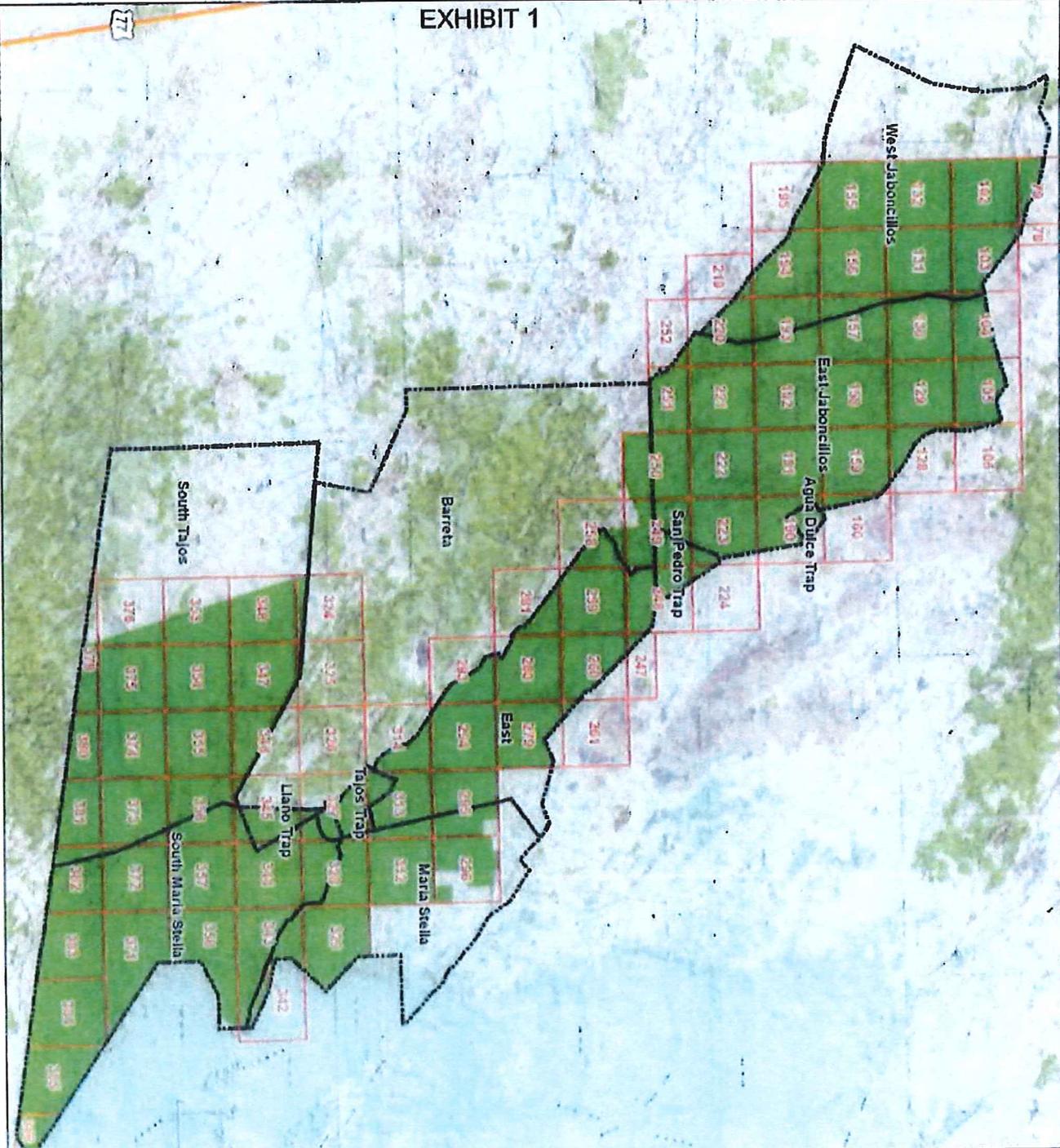
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**TAB 10**

N/A

**TAB 11**

EXHIBIT 1



**Reinvestment Zone**

Kenedy County, Texas



Date: November 06, 2013  
 Map Scale: 1:126,600  
 Projection: UTM 14  
 Datum: North American 1983

-  Grid
-  Master Pastures
-  Project Boundary



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**EXHIBIT 2**

***Kenedy County Reinvestment Zone Two***

Stella Reinvestment Zone No. 2 to include the following real property in Kenedy County, Texas:

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TAB 12



December 16, 2014

Mr. Johnny Johnson  
Interim Superintendent  
Kenedy County-Wide Common School District  
150 East La Parra Street  
Sarita, TX 78385

Re: Chapter 313 Job Waiver Request

Dear Mr. Johnson,

Stella Wind Farm II, LLC requests that the Kenedy County-Wide Common School District's Board of Trustees waive the job requirement provision as allowed by Section 313.025(f-1) of the tax code. This waiver would be based on the school district's board findings that the jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility attic property owner that is described in the application.

Stella Wind Farm II, LLC requests that the Kenedy County-Wide Common School District make such a finding and waive the job creation requirement for 10 permanent jobs. In line with industry standards for job requirements, Stella Wind Farm, LLC has committed to create 5 total jobs for the project.

Wind projects create a large number of full and part-time, but temporary jobs during the construction phase of the project, but require a relatively small number of highly skilled technicians to operate and maintain the project after commercial operation commences.

The industry standard for employment is typically one full-time employee for approximately every 15 turbines. This number may fluctuate depending on the operations and maintenance requirements of the turbine selected as well as the support and technical assistance offered by the turbine manufacturer. 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. In addition, to the onsite employees, there may be managers or technicians who support the project from offsite locations.

With kind regards,

A handwritten signature in black ink, appearing to read 'P. Bowman', with a long, sweeping horizontal line extending to the right.

**Paul Bowman**  
Sr. Vice President, Development

TAB 13

## CALCULATION OF WAGE REQUIREMENTS

### TOTAL REGION MANUFACTURING

Council of Government	Hourly	Weekly	Annual
1. Coastal Bend COG	\$23.78	\$951.04	\$49,454

$\$951.04 \times 1.10 = \mathbf{\$1046.14}$

$\$49,454 \times 1.10 = \mathbf{\$54,399.49}$

### TOTAL - MANUFACTURING

Year	Quarter	Average Weekly Wages	Annualized
2013	3Q	\$1,256	\$65,312
2013	4Q	\$1,354	\$70,408
2014	1Q	\$1,589	\$82,628
2014	2Q	\$1,275	\$66,300
		<hr/>	<hr/>
		\$1,368.5	\$71,162
		X <u>110% of Region Average Weekly Wage for all Jobs</u>	
		<b>\$1,505</b>	<b>\$78,278</b>

### TOTAL— ALL INDUSTRIES – Kenedy County

Year	Quarter	Average Weekly Wages	Annualized
2013	3Q	\$1,083	\$56,316
2013	4Q	\$1,164	\$60,528
2014	1Q	\$1,089	\$56,628
2014	2Q	\$1,169	\$60,788
		<hr/>	<hr/>
		\$1,126.25	<b>\$58,565</b>

## Quarterly Employment and Wages (QCEW) Kenedy County – All Industries

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	2nd Qtr	Kenedy County	Private	00	0	10	Total, All Industries	\$1,023
2013	4th Qtr	Kenedy County	Private	00	0	10	Total, All Industries	\$1,164

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Kenedy County	Private	00	0	10	Total, All Industries	\$1,099
2014	2nd Qtr	Kenedy County	Private	00	0	10	Total, All Industries	\$1,169

**Quarterly Employment and Wages (QCEW)  
Coastal Bend - Manufacturing**

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2013	3rd Qtr	Coastal Bend WDA	Private	31	2	31-33	Manufacturing	\$1,056
2013	4th Qtr	Coastal Bend WDA	Private	31	2	31-33	Manufacturing	\$1,354

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2014	1st Qtr	Coastal Bend WDA	Private	31	2	31-33	Manufacturing	\$1,559
2014	2nd Qtr	Coastal Bend WDA	Private	31	2	31-33	Manufacturing	\$1,275

**2013 Manufacturing Wages by Council of Government Region  
Wages for All Occupations**

COG	Wages	
	Hourly	Annual
<b>Texas</b>	<b>\$23.73</b>	<b>\$49,363</b>
<u>1. Panhandle Regional Planning Commission</u>	\$20.43	\$42,499
<u>2. South Plains Association of Governments</u>	\$16.53	\$34,380
<u>3. NORTEX Regional Planning Commission</u>	\$19.15	\$39,838
<u>4. North Central Texas Council of Governments</u>	\$25.00	\$51,997
<u>5. Ark-Tex Council of Governments</u>	\$17.45	\$36,298
<u>6. East Texas Council of Governments</u>	\$19.50	\$40,565
<u>7. West Central Texas Council of Governments</u>	\$18.64	\$38,779
<u>8. Rio Grande Council of Governments</u>	\$16.27	\$33,848
<u>9. Permian Basin Regional Planning Commission</u>	\$22.89	\$47,604
<u>10. Concho Valley Council of Governments</u>	\$17.20	\$35,777
<u>11. Heart of Texas Council of Governments</u>	\$19.44	\$40,444
<u>12. Capital Area Council of Governments</u>	\$27.31	\$56,805
<u>13. Brazos Valley Council of Governments</u>	\$17.20	\$35,770
<u>14. Deep East Texas Council of Governments</u>	\$16.48	\$34,287
<u>15. South East Texas Regional Planning Commission</u>	\$29.09	\$60,501
<u>16. Houston-Galveston Area Council</u>	\$26.13	\$54,350
<u>17. Golden Crescent Regional Planning Commission</u>	\$22.23	\$46,242
<u>18. Alamo Area Council of Governments</u>	\$18.91	\$39,329
<u>19. South Texas Development Council</u>	\$13.94	\$28,990
<u>20. Coastal Bend Council of Governments</u>	\$23.78	\$49,454
<u>21. Lower Rio Grande Valley Development Council</u>	\$15.82	\$32,907
<u>22. Texoma Council of Governments</u>	\$20.93	\$43,529
<u>23. Central Texas Council of Governments</u>	\$17.33	\$36,042
<u>24. Middle Rio Grande Development Council</u>	\$19.07	\$39,666

Source: Texas Occupational Employment and Wages

Data published: July 2014

Data published annually, next update will be July 31, 2015

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.

TAB 14

Schedule A1: Total Investment for Economic Impact (through the Qualifying Time Period)

PROPERTY INVESTMENT AMOUNTS									
(Estimated investment in each year. Do not put cumulative totals.)									
	Year	School Year (YYYY-YYYY)	Tax Year (File in actual tax year below)	Column A New investment (original cost) in tangible personal property placed in service during the year that will become Qualified Property	Column B New investment made during the year in buildings or permanent nonremovable components of buildings that will become Qualified Property	Column C Other new investment made during the year that will not become Qualified Property (SEE NOTE)	Column D Other new investment made during the year that may become Qualified Property (SEE NOTE)	Column E Total Investment (Sum of Columns A+B+C+D)	
Investment made before filing complete application with district	Year preceding the first complete tax year of the qualifying time period (assuming no deferrals of qualifying time period)	2015-2016	2016						
Investment made after filing complete application with district, but before final board approval of application									
Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period									
Complete tax years of qualifying time period	QTP1	2017-2018	2017	\$ 275,675,150.00	\$ -	\$ -	\$ -	\$ 275,675,150.00	
	QTP2	2018-2019	2018	\$ -	\$ -	\$ -	\$ -	\$ -	
<b>Total Investment through Qualifying Time Period [ENTER this row in Schedule A2]</b>				\$ 275,675,150.00	\$ -	\$ -	\$ -	\$ 275,675,150.00	
<b>Total Qualified Investment (sum of green cells)</b>				\$ 275,675,150.00					

For All Columns: List amount invested each year, not cumulative totals

Column A: This represents the total dollar amount of planned investment in tangible personal property that is specifically described in the application and can become qualified property.

Column B: The total dollar amount of planned investment each year in buildings or nonremovable components of buildings.

Column C: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that will not become qualified property include investment meeting the definition of 313.02111 but not creating a new improvement as defined by TAC 9.1051. This is proposed property that functionally replaces existing property, is used to maintain, refurbish, renovate, modify or upgrade existing property, or is affixed to existing property—described in SECTION 13, question #5 of the application.

Column D: Dollar value of other investment that may affect economic impact and total value. Examples of other investment that may result in qualified property are land or professional services.

Total Investment: Add together each cell in a column and enter the sum in the blue total investment row. Enter the data from this row into the first row in Schedule A2.

Qualified Investment: For the green qualified investment cell, enter the sum of all the green-shaded cells.



**Schedule B: Estimated Market And Taxable Value (of Qualified Property Only)**

Applicant Name  
ISD Name

Stella Wind Farm II, LLC  
Kennedy County-Wide ISD

Form 50-296A  
Revised Feb 2014

Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Qualified Property			Estimated Taxable Value			
			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 buildings or in or on the new improvements*	Market Value less any exemptions (such as pollution control) and before limitation	Final taxable value for I&S after all reductions	Final taxable value for M&O after all reductions	
Each year prior to start of Value Limitation Period	0	2015-2016	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2016-2017	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	0	2017-2018	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Value Limitation Period	1	2018-2019	\$ -	\$ -	\$ 225,000,000.00	\$ 225,000,000.00	\$ 225,000,000.00	\$ 225,000,000.00	\$ 30,000,000.00
	2	2019-2020	\$ -	\$ -	\$ 216,000,000.00	\$ 216,000,000.00	\$ 216,000,000.00	\$ 216,000,000.00	\$ 30,000,000.00
	3	2020-2021	\$ -	\$ -	\$ 207,000,000.00	\$ 207,000,000.00	\$ 207,000,000.00	\$ 207,000,000.00	\$ 30,000,000.00
	4	2021-2022	\$ -	\$ -	\$ 198,000,000.00	\$ 198,000,000.00	\$ 198,000,000.00	\$ 198,000,000.00	\$ 30,000,000.00
	5	2022-2023	\$ -	\$ -	\$ 189,000,000.00	\$ 189,000,000.00	\$ 189,000,000.00	\$ 189,000,000.00	\$ 30,000,000.00
	6	2023-2024	\$ -	\$ -	\$ 180,000,000.00	\$ 180,000,000.00	\$ 180,000,000.00	\$ 180,000,000.00	\$ 30,000,000.00
	7	2024-2025	\$ -	\$ -	\$ 171,000,000.00	\$ 171,000,000.00	\$ 171,000,000.00	\$ 171,000,000.00	\$ 30,000,000.00
	8	2025-2026	\$ -	\$ -	\$ 162,000,000.00	\$ 162,000,000.00	\$ 162,000,000.00	\$ 162,000,000.00	\$ 30,000,000.00
	9	2026-2027	\$ -	\$ -	\$ 153,000,000.00	\$ 153,000,000.00	\$ 153,000,000.00	\$ 153,000,000.00	\$ 30,000,000.00
	10	2027-2028	\$ -	\$ -	\$ 144,000,000.00	\$ 144,000,000.00	\$ 144,000,000.00	\$ 144,000,000.00	\$ 30,000,000.00
	11	2028-2029	\$ -	\$ -	\$ 135,000,000.00	\$ 135,000,000.00	\$ 135,000,000.00	\$ 135,000,000.00	\$ 135,000,000.00
	12	2029-2030	\$ -	\$ -	\$ 126,000,000.00	\$ 126,000,000.00	\$ 126,000,000.00	\$ 126,000,000.00	\$ 126,000,000.00
	13	2030-2031	\$ -	\$ -	\$ 117,000,000.00	\$ 117,000,000.00	\$ 117,000,000.00	\$ 117,000,000.00	\$ 117,000,000.00
	14	2031-2032	\$ -	\$ -	\$ 108,000,000.00	\$ 108,000,000.00	\$ 108,000,000.00	\$ 108,000,000.00	\$ 108,000,000.00
	15	2032-2033	\$ -	\$ -	\$ 99,000,000.00	\$ 99,000,000.00	\$ 99,000,000.00	\$ 99,000,000.00	\$ 99,000,000.00
	16	2033-2034	\$ -	\$ -	\$ 90,000,000.00	\$ 90,000,000.00	\$ 90,000,000.00	\$ 90,000,000.00	\$ 90,000,000.00
	17	2034-2035	\$ -	\$ -	\$ 81,000,000.00	\$ 81,000,000.00	\$ 81,000,000.00	\$ 81,000,000.00	\$ 81,000,000.00
	18	2035-2036	\$ -	\$ -	\$ 72,000,000.00	\$ 72,000,000.00	\$ 72,000,000.00	\$ 72,000,000.00	\$ 72,000,000.00
	19	2036-2037	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00
	20	2037-2038	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00
	21	2038-2039	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00
	22	2039-2040	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00
	23	2040-2041	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00
	24	2041-2042	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00
	25	2042-2043	\$ -	\$ -	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00	\$ 63,000,000.00

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.  
Only include market value for eligible property on this schedule.

Additional years for  
25 year economic impact  
as required by  
313.026(c)(1)

**Schedule C: Employment Information**

	Year	School Year (YYYY-YYYY)	Tax Year (Actual tax year) YYYY	Construction		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 non-qualifying jobs applicant estimates it will create (cumulative)	Column D Number of new qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative)	Column E Average annual wage of new qualifying jobs
Each year prior to start of Value Limitation Period <i>Insert as many rows as necessary</i>	0	2015-2016	2015	0	\$ -	N/A	0	N/A
	0	2016-2017	2016	0	\$ -	N/A	0	N/A
	0	2017-2018	2017	155 FTE	\$ 78,278.20	N/A	0	N/A
	1	2018-2019	2018			N/A	5	\$ 78,278.20
	2	2019-2020	2019			N/A	5	\$ 78,278.20
	3	2020-2021	2020			N/A	5	\$ 78,278.20
	4	2021-2022	2021			N/A	5	\$ 78,278.20
	5	2022-2023	2022			N/A	5	\$ 78,278.20
	6	2023-2024	2023			N/A	5	\$ 78,278.20
	7	2024-2025	2024			N/A	5	\$ 78,278.20
Value Limitation Period <i>The qualifying time period could overlap the value limitation period.</i>	8	2025-2026	2025			N/A	5	\$ 78,278.20
	9	2026-2027	2026			N/A	5	\$ 78,278.20
	10	2027-2028	2027			N/A	5	\$ 78,278.20
Years Following Value Limitation Period	11 through 26	2028-2029	2028			N/A	5	\$ 78,278.20

Notes: See TAC 9.1051 for definition of non-qualifying jobs.  
Only include jobs on the project site in this school district.

- C1.** Are the cumulative number of qualifying jobs listed in Column D less than the number of qualifying jobs required by statute? (25)  Yes  No
- If yes, answer the following two questions:
- C1a.** Will the applicant request a job waiver, as provided under 313.025(f-1)?  Yes  No
- C1b.** Will the applicant avail itself of the provision in 313.021(3)(F)?  Yes  No

Schedule D: Other Incentives (Estimated)

Applicant Name: Stella Wind Farm II, LLC  
ISD Name: Kennedy County-Wide ISD

State and Local Incentives for which the Applicant intends to apply (Estimated)						
Incentive Description	Taxing Entity (as applicable)	Beginning Year of Benefit	Duration of Benefit	Annual Tax Levy without Incentive	Annual Incentive	Annual Net Tax Levy
Tax Code Chapter 311	County:					
	City:					
	Other:					
Tax Code Chapter 312	County: Kennedy County	2018	2027	\$ 1,026,658.00	100% w/1285mw payment-in-lieu	\$ 257,000.00
	City:					
	Other:					
Local Government Code Chapters 380/381	County:					
	City:					
	Other:					
Freepport Exemptions						
Non-Annexation Agreements						
Enterprise Zone/Project						
Economic Development Corporation						
Texas Enterprise Fund						
Employee Recruitment						
Skills Development Fund						
Training Facility Space and Equipment						
Infrastructure Incentives						
Permitting Assistance						
Other:						
Other:						
Other:						
Other:						
TOTAL \$				1,026,658.00		\$ 257,000.00

Additional information on incentives for this project:

**TAB 15**

N/A

**TAB 16**

Stella Wind Farm II, LLC  
Application for Appraised Value Limitations on Qualified Property  
Tab 16  
Section 12— Reinvestment Zone

3b., 3c. & 3e. Please find information in Tab 5

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3d. Guidelines follow this page.

**A RESOLUTION OF THE KENEDY COUNTY COMMISSIONERS  
COURT ESTABLISHING GUIDELINES AND CRITERIA  
GOVERNING THE GRANTING OF TAX ABATEMENT  
AGREEMENTS IN REINVESTMENT ZONES CREATED IN  
KENEDY COUNTY, TEXAS**

*County of Kenedy* ) (

*State of Texas* ) (

**WHEREAS**, the creation, retention and diversification of job opportunities to the present and future residents of Kenedy County, Texas is a high priority of the Commissioners Court; and,

**WHEREAS**, the purpose of a tax abatement is to provide an incentive offered by the Commissioners Court on behalf of the taxpayers of Kenedy County, manufacturing and other capital intensive investments, with high paying jobs, that lead to increased local commerce, better services, and a better quality of life; and,

**WHEREAS**, the wealth created by these enterprises leads to increased local service and retail businesses, which, in addition to improving the quality of life in Kenedy County, also increases the *ad valorem* property tax base; and,

**WHEREAS**, by giving a current incentive in the form of a tax abatement, the Commissioners Court, on behalf of the citizens of Kenedy County, Texas, agree to give up potential short-term tax benefits in exchange for long-term benefits for the community; and,

**WHEREAS**, the new jobs, investment and industrial/commercial diversification will benefit the area economy, provide new and needed opportunities, strengthen the real estate market, and generate additional tax revenue to support the provision of local services by local political subdivisions; and,

**WHEREAS**, Kenedy County must compete with other localities across both the state and nation which have or are currently offering tax inducements in various forms to attract new investments in their respective local economies; and,

**WHEREAS**, any tax incentives offered in Kenedy County, Texas, will in the short term , reduce potential new tax revenue unless strictly limited in application only to new investments in facilities that will bring new wealth to the County; and,

**WHEREAS**, the abatement of property taxes, when offered to attract capital investment and the creation of primary jobs in industries which bring in capital investment from outside of the County, has been consistently shown to be an effective method of enhancing and diversifying a local economy; and,

**WHEREAS**, Texas Tax Code Section 312.002 provides that no municipality or county may designate an area as a reinvestment zone, and that no taxing unit may execute a tax abatement agreement under Texas Tax Code chapter 312, unless it first (i) establishes guidelines and criteria for tax abatement agreements and (ii) adopts a resolution stating that the taxing unit elects to become eligible to participate in tax abatement; and,

**WHEREAS**, the Commissioners Court of Kenedy County, Texas, for all of the reasons set forth above, desires to be eligible to participate in tax abatement under certain circumstances; now therefore:

**BE IT RESOLVED BY THE COMMISSIONERS COURT OF KENEDY COUNTY, TEXAS THAT:**

#### **Section 1. DEFINITIONS**

**As used in these Guidelines and Criteria, the following italicized terms shall be defined as:**

- a. "Abatement"* means the full or partial exemption from ad valorem taxes on certain real property in a reinvestment zone designated by Kenedy County for economic development purposes.
- b. "Abatement Period"* means the period during which all or a portion of the value of real property or tangible personal property that is the subject of a tax abatement agreement is exempt from taxation.
- c. "Abated Facility Site"* (or *"Proposed Abated Facility Site"*) means the tract(s) or area of land underlying the proposed improvements to be abated.
- d. "Agreement"* means a contractual agreement between a property owner and/or lessee and Kenedy County, Texas for the purpose of granting a tax abatement pursuant to Chapter 312 of the Texas Tax Code.
- e. "Base year value"* means the assessed value of eligible property January 1 preceding the execution of the agreement, plus the agreed upon value of eligible property improvements made after January 1, but before the execution of the agreement.

f. *"Deferred Maintenance"* means the improvements necessary for continued operations which do not improve productivity or alter the process technology.

g. *"Economic Development"* means participation in or support of an organized program or entity which for the purpose of its mission, engages in activities designed to encourage employment opportunities development/commercial and manufacturing business/industry to locate and/or expand in Kenedy County, thus expanding and diversifying the tax base as well as increasing the economic strength and stability of Kenedy County.

h. *"Eligible Jurisdiction"* means Kenedy County and any municipality, school district, or other local taxing jurisdictions eligible to abate taxes according to Texas law, the majority of which is located in Kenedy County that levies ad valorem taxes upon and provides services to reinvestment zone designated by Kenedy County.

i. *"Employee"* for the purposes of the economic qualifications of Section 2(i)(2) of these Guidelines and Criteria shall include all persons directly employed by the owner of the planned improvement at the abated facility site/reinvestment zone together with any independent contractor or employee of independent contractors employed on a full-time (40 hours per week equivalent) basis at the facility site/reinvestment zone continuously for the duration of the abatement agreement.

j. *"Existing Facility"* is the facility described in Section 2(a), that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2 (i)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 5 employees or 50% of the employees of the existing facility, whichever is greater). For example, if an existing facility has 100 employees, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

k. *"Expansion"* means the addition of buildings, structures, machinery or equipment for purposes of increasing production capacity.

l. *"Facility"* means property improvements completed or in the process of construction which together comprise an integral whole.

m. *"Kenedy County Vendor and Services"* means a company that employs Kenedy County residents and pays Kenedy County taxes.

u. *"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.

o. *"Modernization"* means the replacement and upgrading 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.

p. *"New Facility"* means a property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.

q. *"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 Kenedy County.

r. *"Productive Life"* means the number of years a property improvement is expected to be in service. After a cessation of production, the productive life of property improvements may be deemed to end, at County's election, on the date of cessation of production either upon (1) a determination by the County that it is unlikely the improvement(s) will be reactivated as an integral part of a producing facility, and/or (2) the expiration of eighteen (18) continuous or non-consecutive months of non-production in any twenty-four (24) month period following the date the property improvement(s) cease to be in active service as part of a facility operating in a producing capacity. Upon cessation of production and for calculation of the recapture amount of taxes, the "productive life" will be determined to begin on the effective date of the tax abatement as set forth in the Agreement.

s. *"Qualified Vendors and Services"* means those vendors and services that meet the company's individual stated requirements, which can include but are not limited to: safety, financial condition, environmental record, quality or ability to perform.

t. *"Research Facility"* means buildings and structures, including 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.

u. *"Regional Service Facility"* means buildings and structures, including machinery and equipment, used or to be used to service goods where fifty percent (50%) of the goods being serviced originate outside of Kenedy County.

v. • *"Tangible Personal Property"* means tangible personal property classified as such under state law, but excludes inventory and/or supplies, ineligible property as defined herein, and tangible personal property that was located in the investment zone at any time before the period covered by the agreement with the County

## **Section 2. ABATEMENT AUTHORIZED**

**a. Authorized Facility.** A facility may be eligible for abatement if it is a: Manufacturing Facility, Research Facility, or Regional Service Facility, Other Basic Industry, or a Facility that Commissioners Court determines would enhance job creation and the economic future of Kenedy County.

**b. Applicable Only to New Value.** Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Kenedy County and the real property owner, tangible personal property owner, leasehold interest, and/or lessee, subject to such limitations as Kenedy County may require.

**c. Applicable New and Existing Facilities.** Abatement may be granted for new facilities and new improvements to existing facilities for purposes of modernization or expansion.

**d. Eligible Property.** Abatement may be extended to the value of buildings, structures, tangible personal property as defined in the Tax Code including fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

**e. Tangible Personal Property.** Abatement may be granted with the owner of tangible personal property located on real property in a reinvestment zone to exempt from taxation:

- (1) all or a portion of the value of the real property;
- (2) all or a portion of the value of the tangible personal property located on the real property; or,
- (3) all or a portion of the value of both.

An abatement may be granted with the owner of tangible personal property or an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the tangible personal property or improvement located on the real property.

**f. Ineligible Property.** The following type of property shall be fully taxable and ineligible for tax abatement: land, existing improvements, tangible personal property that the Kenedy County Appraisal District classifies as inventory or supplies, tools, furnishings, and other forms of movable personal property; vehicles, watercraft, aircraft, housing, hotel accommodations, retail facilities, deferred maintenance investments, property to be rented or leased except as provided in Section 2(f), tangible personal property located in the reinvestment zone prior to the effective date of the tax abatement agreement, real property with a productive life of less than 10 years, property owned or used by the State of Texas or its political subdivisions or by any organizations owned, operated or directed by a political subdivision of the State of Texas, or any other property for which abatement is not allowed by state law.

In addition to the foregoing, all property owned by Owner, which was located within the Kenedy County Reinvestment Zone Number One before the date of any tax abatement agreement shall be excluded from this agreement and shall be fully taxable.

**g. Leased Facilities/Leasehold Interest.** An abatement may be granted with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated to exempt all or a portion of the value of the leasehold interest in the real property.

Lessee Interest: An abatement may be granted with a lessee of taxable real property located in a reinvestment zone to exempt from taxation:

- (1) all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease;
- 2) all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or,
- (3) all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property defined herein.

An applicant for an abatement who does not own the land upon which the project for which the abatement is sought shall be required to submit to the County a copy of the executed memorandum of lease agreement or other acceptable document between lessor/lessee demonstrating a lease term, including options for extensions, of at least fifteen years.

**h. Value and Term of Abatement.** Abatement shall be granted effective with the January 1 valuation date immediately following the date of the Commissioners Court

Order granting the abatement and approving the abatement application. One hundred percent of the value (or such percentage of value that shall be set by Commissioners Court order) of new eligible properties shall be abated for up to ten years or one-half (1/2) the productive life of the improvement whichever is less. The "productive life" will be calculated from the effective date of the tax abatement and the date the equipment ceased to be in service. The abatement may be extended through an initial agreement and a subsequent agreement may be required to comply with state law regarding the term of the reinvestment zone.

If it is determined that the abatement period would better benefit the County and the Applicant by deferring the commencement date beyond the January 1st following the Commissioners Court Order granting the abatement and approving the abatement application, the County may defer the commencement date of the abatement period to a future date certain. The deferral of the commencement date will not allow the duration of the abatement period to extend beyond ten (10) years.

If a modernization project includes facility replacement, the abated value shall be the value of the new unit(s) less the value of the old unit(s).

i. **Economic Qualification.** In order to be eligible for designation as a reinvestment zone and to qualify for tax abatement the planned improvement:

(1) must be reasonably expected to increase and must actually increase the value of the property in the amount of \$1 million or more;

(2) must create employment for at least five (5) people on a full-time (40 hours per week equivalent) basis in Kenedy County for the duration of the abatement period at the abated facility site described in the tax abatement application; or alternatively, must retain and prevent the loss of employment of five (5) employees or fifty percent (50%) of the existing number of employees, at the time of application, employed at or in connection with the existing facility containing the abated facility site described in the tax abatement application, whichever is greater, for the duration of the abatement period. The following is applicable to the employment retention/preventing loss of employment requirement:

a. "Existing facility" is the facility described in Section 2 (a) that will be expanded or modernized and which contains the proposed improvements to be abated. A manufacturing or processing unit or units of a larger plant complex that separately comprise a manufacturing or production sub-unit of the larger plant shall be considered the existing facility for purposes of the Section 2(h)(2) employment retention requirement (that the planned improvements cause the retention or prevention of loss of employment of 5 employees or 50% of the employees of the existing facility, whichever is greater). For example, if a large plant complex has a sub-unit that

produces chlorine and 100 employees are employed at or in connection with that unit, an expansion or modernization of all or part of that facility must result in the retention of at least 50 employees employed at or in connection with the expanded or modernized "existing facility" in order for the facility improvements to qualify for abatement.

b. Employees of a larger plant unit transferred or assigned to and employed at or in connection with a new sub-unit containing the planned improvements, constructed on undeveloped land constituting the proposed abated facility site/reinvestment zone shall be considered "created" employment for purposes of this sub-section. The proposed number of employees to be employed at the abated facility as stated in the abatement application for the property that is the subject of the tax abatement agreement (including the projected creation or retention of employment) must be maintained for the duration of the abatement period at the abated facility site. For purposes of this sub-section, in order for a planned improvement to be considered as preventing the loss of employment or retaining employment, the abated facility/project must be necessary in order to retain or keep employment at levels as indicated in the application and in order to retain the proposed number of employees at the abated facility as indicated in the application. The owner/Applicant seeking to qualify on the basis of retention or preventing loss of employment must provide a detailed statement as an attachment to its application affirmatively representing compliance with this sub-section and explaining the necessity of this project to prevent loss of employment. Any variance from the requirements of this sub-section is subject to approval of Commissioners Court in accordance with the variance section of these Guidelines & Criteria.

(3) must be not expected to solely or primarily have the effect of transferring employment from one part of the county to another part of the county. A variance may be requested relative to this provision which approval shall be at the sole discretion of the County.

(4) must be necessary because capacity cannot be provided efficiently utilizing existing improved property;

Additionally, the owner of the project:

(5) must file a plan statement with application demonstrating willingness and planned efforts to use qualified Kenedy County vendors and services where applicable in the construction and operations of the facility. Kenedy County vendors and services must be competitive with non-county vendors and services regarding price, quality, safety, availability and ability to perform.