

FINDINGS
of the
***LORENZO INDEPENDENT SCHOOL
DISTRICT BOARD OF TRUSTEES***

**Under Chapter 313 of the Texas Tax
Code**

**ON THE APPLICATION FOR A
LIMITED APPRAISED VALUE ON
QUALIFIED PROPERTY**

SUBMITTED BY

CROSBY COUNTY WIND FARM, LLC

RESOLUTION AND FINDINGS OF FACT
of the
LORENZO INDEPENDENT SCHOOL DISTRICT BOARD OF TRUSTEES
Under CHAPTER 313 of the TEXAS TAX CODE
On The APPLICATION For A
LIMITED APPRAISED VALUE ON QUALIFIED PROPERTY SUBMITTED
BY CROSBY COUNTY WIND FARM, LLC

STATE OF TEXAS §
 §
COUNTY OF CROSBY §

PREAMBLE

On the 22nd day of October, 2012, a public meeting of the Board of Trustees of the Lorenzo Independent School District (the “Board”) was held to solicit input from interested parties on the application by CROSBY COUNTY WIND FARM, LLC (“CCWF” or “Applicant”) for an appraised value limitation on qualified property under Chapter 313 of the Texas Tax Code. The meeting was duly posted in accordance with the provisions of the Texas Open Meetings Act, Chapter 551, Texas Government Code. At the meeting, the Board considered the filing by CCWF of an Application for Appraised Value Limitation on Qualified Property, pursuant to Chapter 313 of the Texas Tax Code (the “Application”). The Board of Trustees solicited input into its deliberations from interested parties within the District. After hearing presentations from the District’s administrative staff and the consultants retained by the District to advise the Board in this matter, the Board of Trustees of the Lorenzo Independent School District makes the following Findings regarding the Application:

On or about the 9th day of November, 2011, the Superintendent of Schools for the Lorenzo Independent School District, acting as agent for the Board, received an Application for Appraised Value Limitation on Qualified Property from CCWF, pursuant to Chapter 313 of the Texas Tax Code. This Application was amended on March 26, 2012 (collectively the “Application”). The general nature of Applicant’s investment in qualified property set forth in the Application is for equipment and material related to the creation of a renewal energy (wind) facility. The Board agreed to consider such Application, and the Superintendent formally acknowledged receipt of the completed and final Application for consideration on behalf of the District. The Texas Comptroller of Public Accounts received the completed and final Application on or about April 5, 2012¹, the Application review start date. A copy of the Application and Comptroller letter of April 5, 2012 are attached as Attachment A.

¹ By letter dated April 5, 2012, the Comptroller first reported receiving the completed Application on March 27, 2012. See Attachment A. By letter dated May 23, 2012, the Comptroller later reported that “granting the Application is in the best interest of the school district and the state.” See Attachment C. This same May 23, 2012 letter also reports that April 5, 2012 was the date the Comptroller received the completed Application. Therefore, the District determined that April 5, 2012 is the date the Comptroller officially received the completed Application. *Id.*

The Texas Taxpayer Identification number for CCWF is 32039178531. CCWF is an entity subject to Chapter 171 of the Texas Tax Code and is certified to be in good standing with the Texas Comptroller of Public Accounts as required by Texas Tax Code §313.024(a). *See* Attachment B.

The Board has acknowledged receipt of the Application and necessary application fee as established by §313.025(a)(1) of the Texas Tax Code and Local District Policy.

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

A copy of the Application was delivered to the Crosby County Appraisal District for review pursuant to 34 Texas Administrative Code §9.1054.

The Application was reviewed by the Texas Comptroller's Office pursuant to Texas Tax Code §§313.025 and 313.026. The Comptroller determined the Project subject to the Application meets the requirements for eligibility under Texas Tax Code §313.025(h) for a limitation on appraised value, and a recommendation was issued on May 23, 2012, that the Application be approved. A copy of the Comptroller's letter is attached hereto as Attachment C.

After receipt of the Application, the Texas Comptroller's Office caused an economic impact evaluation to be conducted pursuant to §313.026 of the Texas Tax Code. The Board of Trustees has carefully considered such evaluation. A copy of the Economic Impact Evaluation is attached to these Findings as Attachment D.

The Board also directed that a specific school financial analysis be conducted of the impact of the proposed value limitation on the finances of Lorenzo Independent School District. A copy of a report prepared by Randy McDowell and Neal Brown is attached to these Findings as Attachment E.

The Board has confirmed that the taxable value of industrial property in the Lorenzo Independent School District for the preceding tax year, as determined under Subchapter M, Chapter 403 of the Texas Government Code, falls within Category III of §313.052 of the Texas Tax Code. *See* Comptroller's "2011 ISD Summary Worksheet," attached hereto as Attachment F.

After receipt of the completed Application, the District entered into negotiations with CCWF regarding the specific language to be included in the Limitation on Appraised Value Agreement ("LAVA") pursuant to Chapter 313 of the Texas Tax Code, including appropriate revenue protection provisions for the District. The proposed LAVA is attached to these Findings as Attachment G, and the LAVA was submitted to and approved by the Comptroller as set out under 34 Texas Administrative Code §9.1015, *et seq.* *See* copy of August 15, 2012 letter from the Comptroller approving the LAVA, attached to these Findings as Attachment H.

After review of the Comptroller's recommendation, and in consideration of its own analysis of CCWF's Application and all other substantive documentation related thereto, the Board, in addition to the above Findings, further finds as follows:

Board Finding Number 1.

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

In support of Finding Number 1, the Economic Impact Evaluation states:

The Texas Economic Development Plan does not mention Renewable Energy specifically. However, one theme of the plan is attracting and fostering industries in Texas using advanced technology. Renewable energy technology is an expanding industry and the skilled workers that the project requires appear to be in line with the focus and themes of the plan. Texas identified energy as one of six target clusters in the Texas Cluster Initiative. The plan stresses the importance of technology in all sectors of the energy industry.

Board Finding Number 2.

The economic condition of Crosby County, Texas and the region is in need of long-term improvement, and Applicant's renewable energy generation facility will improve the economic condition of Crosby County and the region.

In support of this Finding, the information provided by the Comptroller's Office indicates the population growth of Crosby County lagged behind that for the state in recent years. The state population grew by 1.8 percent between 2008 and 2009, while the population of Crosby County only increased 0.1 percent over the same period.

September 2011 employment for Crosby County was up 1.4 percent from September 2010. The total employment in September 2011 was 2,454. The state's employment has increased by 0.9 percent over the same time period. The unemployment rate in Crosby County was 10.3 percent in September 2011, up from 7.8 percent in September 2010. This was higher than the state average of 8.5 percent for September 2011, up from 8.2 percent in September 2010.

Crosby County has lower per-capita personal income than the state as a whole. The average per-capita income for Crosby County residents for 2009 was \$34,095, which ranked 101st among the 254 counties in Texas and was up 2.5 percent from 2008. The Texas average was \$38,609 for the same period, down 3.1 percent from 2008.

Taxable sales in Crosby County during the fourth quarter of 2010 were \$2.79 million, up 5.6 percent from the same quarter in 2009. Taxable sales in Crosby County through the fourth quarter of 2010 were \$10.25 million, which was up 1.1 percent from the same period in 2009. Although Crosby County has had some modest increase in taxable sales since 2010, the payments based on taxable property to cities within Crosby County have been significantly less than the increase in taxable sales realized in Texas as a whole.

Given recent income levels and sales tax activity, Crosby County will benefit from economic activity like that associated with the CCWF project. Major capital investments like this project are beneficial to the community on a number of fronts, including employment, expanded opportunities for existing businesses, and an increased local tax base.

Board Finding Number 3.

The level of the Applicant's average investment per qualifying job over the term of the Agreement is estimated to be approximately \$12.3 million, based on three (3) positions to be created for the entire CCWF project.

In support of Finding Number 3, the Economic Impact Evaluation states:

The project's total investment is \$37 million, resulting in a relative level of investment per qualifying job of \$12.3 million. The Applicant acknowledges that the investment amount per job may vary, depending on the total number of turbines actual installed by Applicant.

Board Finding Number 4.

The average salary level of qualifying jobs is expected to be at least \$38,000 per year, which meets the qualification that the wage-level be 110% of the average county wage, and that each qualifying job will receive medical, dental and vision insurance, vacation time and sick time. CCWF indicates that total permanent employment will be three (3) new qualifying jobs within the District.

In support of Finding Number 4, the Economic Impact Evaluation states:

After construction, the project will create three new jobs when fully operational. All three jobs will meet the criteria for qualifying jobs as specified in Tax Code §313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains Association of Governments, where Crosby County is located, was \$33,717 in 2010. The average manufacturing wage for the most recent four quarters (fourth 2010, and first, second and third 2011) for Crosby County is \$32,110. During that same time period, the county annual average wage for all industries was \$35,568. In addition to an annual average salary of \$38,000, each qualifying position [to be

created by CCWF] will receive benefits such as medical, dental and vision insurance, vacation time, sick leave and skills training.

Board Finding Number 5.

The new jobs creation requirement under § 313.051(b) exceeds the industry standard for the number of employees reasonably necessary for the operation of the Applicant's facility described in the Application, and Applicant qualifies for a waiver of the new jobs requirement pursuant to § 313.025(f-1).

In support of this Finding, Applicant has tendered letters from its President, Shannon Adkins, dated March 14, 2012 and September 24, 2012, regarding the industry standard for the number of jobs for a project with qualified property of this size and type. These letters provide that for a project of the size and type described in the Application, the industry standard requires approximately 1 full time position for every 15-20 turbines, depending on the size and type of turbines selected (or approximately 3 jobs for 45-60 turbines), which is less than the requirements of §313.051(b). Copies of the March 14, 2012 and September 24, 2012 letters from Shannon Adkins are attached hereto as Attachment I. Applicant reports that it will create more qualifying jobs than required by industry standard.

Board Finding Number 6.

The ability of the applicant to locate the proposed wind energy facility in another state or another region of this state is significant because of the highly competitive marketplace for economic development.

In support of Finding Number 6, the Economic Impact Evaluation states:

According to CCWF's application, the applicant "can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. However, Crosby County Wind Farm, LLC was formed for the purpose of developing a wind farm in Crosby County."

Board Finding Number 7.

Subsequent economic effects on the local and regional tax bases will be significant. The District will receive revenue gains due to the increase in its tax base. Likewise, the Board finds that the local and regional tax base will increase, and that the Applicant's renewable energy project will improve the economic condition of the region and the state.

Table 1 illustrates CCWF's estimated economic impact to Texas by depicting the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's

office calculated the economic impact based on sixteen (16) years of annual investment and employment levels using software from Regional Economic Models, Inc., (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in CCWF.

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2012 | 125 | 101 | 226 | \$4,750,000 | \$6,250,000 | \$11,000,000 |
| 2013 | 3 | 9 | 12 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2014 | 3 | 5 | 8 | \$114,000 | \$886,000 | \$1,000,000 |
| 2015 | 3 | 2 | 5 | \$114,000 | \$886,000 | \$1,000,000 |
| 2016 | 3 | 7 | 10 | \$114,000 | \$886,000 | \$1,000,000 |
| 2017 | 3 | 3 | 6 | \$114,000 | \$886,000 | \$1,000,000 |
| 2018 | 3 | 8 | 11 | \$114,000 | \$886,000 | \$1,000,000 |
| 2019 | 3 | 8 | 11 | \$114,000 | \$886,000 | \$1,000,000 |
| 2020 | 3 | 5 | 8 | \$114,000 | \$886,000 | \$1,000,000 |
| 2021 | 3 | 10 | 13 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2022 | 3 | 11 | 14 | \$114,000 | \$886,000 | \$1,000,000 |
| 2023 | 3 | 13 | 16 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2024 | 3 | 17 | 20 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2025 | 3 | 11 | 14 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2026 | 3 | 15 | 18 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2027 | 3 | 15 | 18 | \$114,000 | \$1,886,000 | \$2,000,000 |

Source: CPA, REMI, Crosby County Wind Farm, LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Lorenzo ISD’s ad valorem tax base in 2010 was \$119 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Lorenzo ISD’s estimated wealth per WADA was \$221,911.

Table 2 examines the estimated direct impact on ad valorem taxes to the school district and Crosby County with all property tax incentives sought being granted using estimated market value from CCWF’s application. CCWF has applied for a value limitation under Chapter 313, Tax Code and a tax abatement with Crosby County, but no decision regarding terms has been made. Table 3 illustrates the estimated tax impact of the project on the region if all taxes are assessed.

Table 2. Estimated Direct Ad Valorem Taxes with all Property Tax Incentives Sought.

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate ¹ | Lorenzo ISD I&S Levy | Lorenzo ISD M&O Levy | Lorenzo ISD M&O and I&S Tax Levies (Before Credit Credited) | Lorenzo ISD M&O and I&S Tax Levies (After Credit Credited) | Crosby County | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|----------------------|----------------------|-------------------------------------------------------------|------------------------------------------------------------|------------------|--------------------------------|
| | | | | 0.0000 | 1.0107 | | | 0.5900 | |
| 2013 | \$37,000,000 | \$37,000,000 | | \$0 | \$373,959 | \$373,959 | \$373,959 | \$0 | \$373,959 |
| 2014 | \$35,150,000 | \$35,150,000 | | \$0 | \$355,261 | \$355,261 | \$355,261 | \$0 | \$355,261 |
| 2015 | \$33,300,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$101,070 | \$0 | \$101,070 |
| 2016 | \$31,450,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2017 | \$29,600,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2018 | \$27,750,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2019 | \$25,900,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2020 | \$24,050,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2021 | \$22,200,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2022 | \$20,350,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,335 | \$0 | \$50,535 |
| 2023 | \$18,500,000 | \$18,500,000 | | \$0 | \$186,980 | \$13,644 | \$13,644 | \$109,150 | \$122,794 |
| 2024 | \$16,650,000 | \$16,650,000 | | \$0 | \$168,282 | \$168,282 | \$0 | \$98,235 | \$266,517 |
| 2025 | \$14,800,000 | \$14,800,000 | | \$0 | \$149,584 | \$149,584 | \$929,313 | \$87,320 | \$236,904 |
| 2026 | \$12,950,000 | \$12,950,000 | | \$0 | \$130,886 | \$130,886 | \$1,145,627 | \$76,405 | \$207,291 |
| 2027 | \$11,100,000 | \$11,100,000 | | \$0 | \$112,188 | \$112,188 | \$1,088,346 | \$65,490 | \$177,678 |
| | | | | | | Total | \$1,758,618 | \$436,600 | \$2,195,218 |

Assumes School Value Limitation and Tax Abatement with County

Source: CPA, Crosby County Wind Farm, LLC

¹ Tax Rate per \$100 Valuation

Table 3. Estimated Direct Ad Valorem Taxes without Property Tax Incentives

| Year | Estimated Taxable Value for I&S | Estimated Taxable Value for M&O | Tax Rate ¹ | Lorenzo ISD I&S Levy | Lorenzo ISD M&O Levy | Lorenzo ISD M&O and I&S Tax Levies | Crosby County | Estimated Total Property Taxes | |
|------|---------------------------------|---------------------------------|-----------------------|----------------------|----------------------|------------------------------------|--------------------|--------------------------------|--------------------|
| | | | | 0.0000 | 1.0107 | | 0.5900 | | |
| 2013 | \$37,000,000 | \$37,000,000 | | \$0 | \$373,959 | \$373,959 | \$218,300 | \$592,259 | |
| 2014 | \$35,150,000 | \$35,150,000 | | \$0 | \$355,261 | \$355,261 | \$207,385 | \$562,646 | |
| 2015 | \$33,300,000 | \$33,300,000 | | \$0 | \$336,563 | \$336,563 | \$196,470 | \$533,033 | |
| 2016 | \$31,450,000 | \$31,450,000 | | \$0 | \$317,865 | \$317,865 | \$185,555 | \$503,420 | |
| 2017 | \$29,600,000 | \$29,600,000 | | \$0 | \$299,167 | \$299,167 | \$174,640 | \$473,807 | |
| 2018 | \$27,750,000 | \$27,750,000 | | \$0 | \$280,469 | \$280,469 | \$163,725 | \$444,194 | |
| 2019 | \$25,900,000 | \$25,900,000 | | \$0 | \$261,771 | \$261,771 | \$152,810 | \$414,581 | |
| 2020 | \$24,050,000 | \$24,050,000 | | \$0 | \$243,073 | \$243,073 | \$141,896 | \$384,968 | |
| 2021 | \$22,200,000 | \$22,200,000 | | \$0 | \$224,375 | \$224,375 | \$130,980 | \$355,355 | |
| 2022 | \$20,350,000 | \$20,350,000 | | \$0 | \$205,677 | \$205,677 | \$120,065 | \$325,742 | |
| 2023 | \$18,500,000 | \$18,500,000 | | \$0 | \$186,980 | \$186,980 | \$109,150 | \$296,130 | |
| 2024 | \$16,650,000 | \$16,650,000 | | \$0 | \$168,282 | \$168,282 | \$98,235 | \$266,517 | |
| 2025 | \$14,800,000 | \$14,800,000 | | \$0 | \$149,584 | \$149,584 | \$87,320 | \$236,904 | |
| 2026 | \$12,950,000 | \$12,950,000 | | \$0 | \$130,886 | \$130,886 | \$76,405 | \$207,291 | |
| 2027 | \$11,100,000 | \$11,100,000 | | \$0 | \$112,188 | \$112,188 | \$65,490 | \$177,678 | |
| | | | | | | Total | \$3,646,100 | \$2,128,425 | \$5,774,525 |

Source: CPA, Crosby County Wind Farm, LLC

¹ Tax Rate per \$100 Valuation

Board Finding Number 8.

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

In support of this Finding, Randy McDowell and Neal Brown estimate in the Fiscal Analysis that the project would initially add \$37,000,000 to the tax base at the peak investment level for the 2012 tax year. This additional value is fully taxable for debt service taxes and can be used to meet any current or future debt needs. In addition, the projected revenue gains from the proposed Agreement would be approximately \$249,384, based on \$100 per student per year in average daily attendance.

Board Finding Number 9.

The effect of the applicant's proposal, if approved, is not expected to increase the District's instructional facility needs. Lorenzo ISD can easily accommodate the projected student growth with its existing facilities. However, possible increase in and/or changes to class size and personnel could cause the District to incur extraordinary educational expenses.

The Application indicates that CCWF project expects to create three (3) new jobs in Crosby County. It is anticipated that most of these employees will be hired from current residents in the region. It is believed that Lorenzo ISD will easily be able to accommodate new students, if any, which may result from these new jobs. The District must plan to educate all students who reside within its boundaries. The number of new students can vary widely, depending on the number of construction jobs and workers present during the construction phase of CCWF's renewal energy project. Therefore, the District may need to hire the additional temporary teachers and staff to educate the additional students that could enroll in the District.

Board Finding Number 10.

During the past two years, one project in the South Plains Association of Governments Region applied for value limitation agreements under Tax Code Chapter 313.

Board Finding Number 11.

The Board finds that the projected market value of the qualified property of the Applicant, as determined by the Comptroller, is \$37,000,000.

Board Finding Number 12.

The proposed limitation on appraised value for the qualified property is \$10,000,000.

Board Finding Number 13.

The projected dollar amount of the taxes that would be imposed on the qualified property, for each year of the Agreement, if the property does not receive a limitation on appraised value is set out in Table II of Attachment E, and is based on the following assumptions (1) the qualified property will depreciate at a rate of \$1,850,000 per year; and (2) the projected maintenance and operations tax rate will be \$1.0107 per \$100 in valuation in each year of the Agreement.

Board Finding Number 14.

The projected dollar amount of taxes that would be imposed on the qualified property, for each tax year of the Agreement, if the property receives a limitation on appraised value, is set out in Attachment D and Table II of Attachment E and is based on the following assumptions: (1) the qualified property will depreciate at a rate of \$1,850,000 per year; and (2) the projected maintenance and operations tax rate will be \$1.0107 per \$100 in valuation in each year of the Agreement.

Board Finding Number 15.

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

Board Finding Number 16.

The projected future tax credits for each year of the Agreement are shown in Table II of Attachment E.

Board Finding Number 17.

Assuming that Applicant would still construct is renewal energy project in the District, without a limitation on appraised value for the qualified property, the total amount of taxes to be lost over the life of the Agreement by subtracting the projected taxes stated in Finding Number 13 from the projected taxes stated in Finding Number 14 is shown in Table II of Attachment E.

Board Finding Number 18.

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

Board Finding Number 19.

The Applicant (Taxpayer Id. 32039178531) is eligible for the limitation on appraised value of qualified property as specified in the Agreement based on its "good standing" certification as a franchise-tax paying entity (Attachment B; see also Attachment D).

Board Finding Number 20.

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

In support of this Finding, the Financial Impact Report demonstrates that the District will incur a revenue loss during year 3 of the proposed LAVA. However, the negative consequences of granting the value limitation are offset through the "hold harmless" provision of the LAVA and other revenue protection provisions agreed to by the Applicant and the District.

Board Finding Number 21.

The general nature of Applicant's qualified investment is renewable energy electricity generation (wind), which is eligible for the limitation on the appraised value of Applicant's Property.

Board Finding Number 22.

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

IT IS THEREFORE ORDERED, that all of the Findings herein, including the recitals and statements set out in the Preamble herein, are adopted and approved as the Findings of the Lorenzo Independent School District Board of Trustees, and the Board of Trustees has made the above factual Findings in accordance with the Texas Tax Code § 313. 025(e) and Texas Administrative Code 34, Chapter 9, subchapter F; and,

IT IS FURTHER ORDERED that the Application attached hereto as Attachment A is hereby APPROVED; and,

IT IS FURTHER ORDERED that the new jobs requirement pursuant to § 313.051(b) is hereby WAIVED; and,

IT IS FURTHER ORDERED that the Agreement attached hereto as Attachment G is APPROVED and is hereby authorized to be executed and delivered by the Lorenzo Independent School District Board President on behalf of the Lorenzo Independent School District, along with a copy of the these Findings, upon receipt of an executed original of the Agreement from Applicant; and,

IT IS FURTHER ORDERED that these Findings and the Attachments referenced herein be made a part of the official minutes of this meeting, and maintained in the permanent records of the Lorenzo Independent School District Board of Trustees.

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Dated this 22nd day of October, 2012.

Lorenzo Independent School District

By 
Brad Aycock, President

Attest:

By 
Ruben Garcia, Secretary

LIST OF ATTACHMENTS

| <i>Attachment</i> | <i>Description</i> |
|-------------------|----------------------------------------------------------------------|
| A | CCWF Application and Comptroller's Completeness Letter |
| B | Franchise Tax Certification of Account Status for CCWF |
| C | May 23, 2012 Comptroller's letter sending Economic Impact Evaluation |
| D | Economic Impact Evaluation |
| E | Financial Impact Report |
| F | Comptroller's 2011 ISD Summary Worksheet |
| G | Proposed Limited Assessed Valuation Agreement |
| H | August 15, 2012 letter from Comptroller re receipt of LAVA |
| I | March 14, 2012 and September 24, 2012 letters from CCWF re jobs |

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



April 5, 2012

Dick Van Hoose
Superintendent
Lorenzo Independent School District
P. O. Box 520
Lorenzo, Texas 79343

Dear Superintendent Wright:

On March 27, 2012, the Comptroller's office received from Lorenzo Independent School District (Lorenzo ISD) an application from Crosby County Wind LLC for a limitation on appraised value. The purpose of this letter is to inform you that the Comptroller's office has received all required documents for the application review and economic impact evaluation.

The Comptroller's office will move forward with our economic impact evaluation and recommendation to the school district. Tax Code §313.025(d) allows the Comptroller's office to complete the economic impact evaluation and recommendation on or before the 91 days from the date of this letter. The Comptroller's office will send a letter of recommendation to the ISD and the applicant.

Should you have any questions, please contact Michelle Luera with our office. She can be reached by email at michelle.luera@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-6053, or direct in Austin at 512-463-6053.

Sincerely,

A handwritten signature in black ink, appearing to read "R. Wood", is written over a horizontal line.

Robert Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.
Shannon Adkins, Crosby County Wind Farm, LLC
Jeff Ritter, Mullin Hoard & Brown

Application for Appraised Value Limitation on Qualified Property

Applicant: Crosby County Wind Farm, LLC

District: Lorenzo Independent School Dist.

APPLICATION



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

Form 50-296
(Revised May 2010)

INSTRUCTIONS: This application must be completed and filed with the school district. In order for an application to be processed, the governing body (school board) must elect to consider an application, but — by Comptroller rule — the school board may elect to consider the application only after the school district has received a completed application. Texas Tax Code, Section 313.025 requires that any completed application and any supplemental materials received by the school district must be forwarded within seven days to the Comptroller of Public Accounts.

If the school board elects to consider the application, the school district must:

- notify the Comptroller that the school board has elected to consider the application.
This notice must include:
 - the date on which the school district received the application;
 - the date the school district determined that the application was complete;
 - the date the school board decided to consider the application; and
 - a request that the comptroller prepare an economic impact analysis of the application;
- provide a copy of the notice to the appraisal district;
- must complete the sections of the application reserved for the school district and provide information required in the Comptroller rules located at 34 Texas Administrative Code (TAC) Section 9.1054; and
- forward the original completed application to the Comptroller in a three-ring binder with tabs separating each section of the documents, in addition to an electronic copy on CD. See 34 TAC Chapter 9, Subchapter F.

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

When the Comptroller receives the notice and required information from the school district, the Comptroller will publish all submitted application materials on its Web site. The Comptroller is authorized to treat some application information as confidential and withhold it from publication on the Internet. To do so, however, the information must be segregated and comply with the other requirements set out in the Comptroller rules as explained in the Confidentiality Notice below.

The Comptroller will independently determine whether the application has been completed according to the Comptroller's rules (34 TAC Chapter 9, Subchapter F). If the Comptroller finds the application is not complete, the Comptroller will request additional materials from the school district. When the Comptroller determines that the application is complete, it will send the school district a notice indicating so. The Comptroller will determine the eligibility of the project, make a recommendation to the school board regarding the application and prepare an economic impact evaluation by the 90th day after the Comptroller receives a complete application—as determined by the Comptroller.

The school board must approve or disapprove the application before the 151st day after the application review start date (the date the application is finally determined to be complete), unless an extension is granted. The Comptroller and school district are authorized to request additional information from the applicant that is reasonably necessary to complete the recommendation, economic impact evaluation or consider the application at any time during the application review period.

Please visit the Comptroller's Web site to find out more about the program at <http://www.window.state.tx.us/taxinfo/proptax/hb1200/index.html>. There are links on this Web page to the Chapter 313 statute, rules and forms. Information about minimum limitation values for particular districts and wage standards may also be found at that site.

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION

| | | |
|--------------------------------------------------------------------|----------------------------------------------|-----------------------------------------------------------|
| Authorized School District Representative | | Date application received by district 11/9/2011 |
| First Name Dick | Last Name Van Hoose | |
| Title Superintendent | | |
| School District Name Lorenzo Independent School District | | |
| Street Address 3rd and Polk | | |
| Mailing Address P.O. Box 520 | | |
| City Lorenzo | State Texas | ZIP 79343-5928 |
| Phone Number (806) 634-5591 Ext. 222 | Fax Number (806) 634-5928 | |
| Mobile Number (optional) | E-mail Address dvanhoose@esc17.net | |

I authorize the consultant to provide and obtain information related to this application..... Yes No

Will consultant be primary contact? Yes No



SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

| | | | |
|----------------------------------------------------|--|----------------------------------------------------|---------------------|
| First Name Audie | | Last Name Sciumbato | |
| Title Attorney | | | |
| Firm Name Underwood Law Firm, P.C. | | | |
| Street Address 500 S. Taylor, Suite 1200 | | | |
| Mailing Address P.O. Box 9158 | | | |
| City Amarillo | | State Texas | ZIP 79101 |
| Phone Number (806) 379-0326 | | Fax Number (806) 379-0316 | |
| Mobile Number (Optional) | | E-mail Address audie.sciumbato@uwlaw.com | |

I am the authorized representative for the school district to which this application is being submitted. I understand that this application is a government record as defined in Chapter 37 of the Texas Penal Code.

| | |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|
| Signature (Authorized School District Representative)  | Date 3/23/2012 <i>AS</i> |
|----------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|

Has the district determined this application complete? Yes No

If yes, date determined complete. 3/26/2012 *AS*

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

| | Checklist | Page X of 16 | Check Completed |
|---|-----------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------|
| 1 | Date application received by the ISD | 1 of 16 | ✓ |
| 2 | Certification page signed and dated by authorized school district representative | 2 of 16 | ✓ |
| 3 | Date application deemed complete by ISD | 2 of 16 | ✓ |
| 4 | Certification pages signed and dated by applicant or authorized business representative of applicant | 4 of 16 | ✓ |
| 5 | Completed company checklist | 12 of 16 | ✓ |
| 6 | School finance documents described in TAC 9.1054(c)(3) (Due within 20 days of district providing notice of completed application) | 2 of 16 | ✓ |

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

| | | | |
|--------------------------------------------------------|--|---------------------------------------------------------------|---------------------|
| First Name Shannon | | Last Name Adkins | |
| Title President | | | |
| Organization Crosby County Wind Farm, LLC | | | |
| Street Address 1120 West Loop 289, Suite 101 | | | |
| Mailing Address | | | |
| City Lubbock | | State Texas | ZIP 79416 |
| Phone Number (806) 785-7770 | | Fax Number (972) 290-0823 | |
| Mobile Number (optional) | | Business e-mail Address sadkins@triglobalenergy.com | |

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

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

| | | | |
|----------------------------------------------------------------------------|--|------------------------------------------------------|---------------------|
| First Name Damon | | Last Name Bowman | |
| Title Chief Relationship Officer and Associate General Counselor | | | |
| Organization Tri Global Energy, LLC | | | |
| Street Address 17300 North Dallas Parkway, Suite 2060 | | | |
| Mailing Address | | | |
| City Dallas | | State Texas | ZIP 75248 |
| Phone Number (972) 290-0825 | | Fax Number (972) 290-0823 | |
| Mobile Number (optional) | | E-mail Address dbowman@triglobalenergy.com | |

I authorize the consultant to provide and obtain information related to this application.. Yes No

Will consultant be primary contact? Yes No

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized Company Consultant (If Applicable)

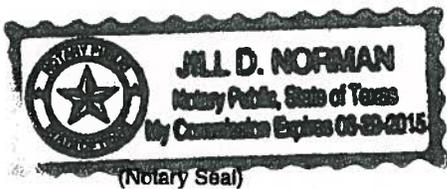
| | | | |
|------------------------------------------------------|--|-------------------------------------|--------------------------|
| First Name Jeff | | Last Name Ritter | |
| Title Attorney | | | |
| Firm Name Mullin Hoard & Brown | | | |
| Street Address 500 South Taylor, Suite 800 | | | |
| Mailing Address Lobby Box #213 | | | |
| City Amarillo | | State Texas | ZIP 79101-2455 |
| Phone Number (806) 372-5050 | | Fax Number (806) 372-5086 | |
| Business email Address jritter@mhba.com | | | |

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

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

| | |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------|
| Signature (Authorized Business Representative (Applicant)) By: <u><i>Shannon Adkins</i></u> Shannon Adkins, President | Date 3-22-12 |
|------------------------------------------------------------------------------------------------------------------------------------|------------------------|

GIVEN under my hand and seal of office this 22nd day of March, 2012



Jill D. Norman
Notary Public, State of _____

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 § 37.10.



FEES AND PAYMENTS

Enclosed is proof of application fee paid to the school district.

For the purpose of this question, "payments to the school district" include any and all payments or transfers of things of value made to the school district or to any person or persons in any form if such payment or transfer of thing of value being provided is in recognition of, anticipation of, or consideration for the agreement for limitation on appraised value.

Please answer only either A OR B:

A. Will any "payments to the school district" that you may make in order to receive a property tax value limitation agreement result in payments that are not in compliance with Tax Code, 313.027(i)?

Yes No

B. If "payments to the school district" will only be determined by a formula or methodology without a specific amount being specified, could such method result in "payments to the school district" that are not in compliance with Tax Code §313.027(i)?

Yes No

BUSINESS APPLICANT INFORMATION

Legal Name under which application is made

Crosby County Wind Farm, LLC

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

32039178531

NAICS code

221119

Is the applicant a party to any other Chapter 313 agreements?

Yes No

If yes, please list name of school district and year of agreement.

N/A

APPLICANT BUSINESS STRUCTURE

Registered to do business in Texas with the Texas Secretary of State?

Yes No

Identify business organization of applicant (corporation, limited liability corporation, etc.)

limited liability company

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)?

Yes No

If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas?

Yes No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas?

NA Yes No

If the answer to either question is no, please explain and/or disclose any history of default, delinquencies and/or any material litigation, including litigation involving the State of Texas. (Use attachment if necessary.)



ELIGIBILITY UNDER TAX CODE CHAPTER 313.024

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

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

- (1) manufacturing Yes No
(2) research and development Yes No
(3) a clean coal project, as defined by Section 5.001, Water Code Yes No
(4) an advanced clean energy project, as defined by Section 382.003, Health and Safety Code Yes No
(5) renewable energy electric generation Yes No
(6) electric power generation using integrated gasification combined cycle technology Yes No
(7) nuclear electric power generation Yes No
(8) a computer center that is used as an integral part or as a necessary auxiliary part for the activity conducted by applicant in one or more activities described by Subdivisions (1) through (7) Yes No

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

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

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

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

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

PROJECT DESCRIPTION

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

See attachment - Project Description

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

See attachment - Project Description

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

PROJECTED TIMELINE

Begin Construction May 2012, Begin Hiring New Employees On or before October 2012, Construction Complete On or before December 2012, Fully Operational On or before December 2012, Purchase Machinery & Equipment April 2012

Do you propose to construct a new building or to erect or affix a new improvement after your application review start date (date your application is finally determined to be complete)? Yes No

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

When do you anticipate the new buildings or improvements will be placed in service? December 2012

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

| State Source | Amount |
|--------------|--------|
| N/A | |
| | |
| | |
| Total | |

Will other incentives be offered by local units of government? Yes No

Please use the following box for additional details regarding incentives. (Use attachments if necessary.)

A Tax Abatement Agreement with Crosby County under Chapter 312 of the Texas Tax Code

THE PROPERTY

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

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

Will this CAD be acting on behalf of another CAD to appraise this property? Yes No

List all taxing entities that have jurisdiction for the property and the portion of project within each entity

County: Crosby County - 100% (Name and percent of project) City: N/A (Name and percent of project)

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

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

Is the project located entirely within this ISD? Yes No

If not, please provide additional information on the project scope and size to assist in the economic analysis.

A portion of the project is located within the Ralls Independent School District. Please see the map attached to this Application.

INVESTMENT

NOTE: The minimum amount of qualified investment required to qualify for an appraised value limitation and the minimum amount of appraised value limitation vary depending on whether the school district is classified as rural, and the taxable value of the property within the school district. For assistance in determining estimates of these minimums, access the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax/hb1200/values.html.

At the time of application, what is the estimated minimum qualified investment required for this school district? \$10,000,000

What is the amount of appraised value limitation for which you are applying? \$10,000,000

What is your total estimated qualified investment? \$37,000,000

NOTE: See 313.021(1) for full definition. Generally, Qualified Investment is the sum of the investment in tangible personal property and buildings and new improvements made between beginning of the qualifying time period (date of application final approval by the school district) and the end of the second complete tax year.

What is the anticipated date of application approval? May 15, 2012

What is the anticipated date of the beginning of the qualifying time period? June 30, 2012

What is the total estimated investment for this project for the period from the time of application submission to the end of the limitation period? \$37,000,000

Describe the qualified investment.[See 313.021(1).]

Attach the following items to this application:

- (1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment and
(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Do you intend to make at least the minimum qualified investment required by Tax Code §313.023 (or 313.053 for rural school districts) for the relevant school district category during the qualifying time period? [X] Yes [] No

Except for new equipment described in Tax Code §151.318(q) or (q-1), is the proposed tangible personal property to be placed in service for the first time:

- (1) in or on the new building or other new improvement for which you are applying? [X] Yes [] No
(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? [X] Yes [] No
(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? [X] Yes [] No

("First placed in service" means the first use of the property by the taxpayer.)

Will the investment in real or personal property you propose be counted toward the minimum qualified investment required by Tax Code §313.023, (or 313.053 for rural school districts) be first placed in service in this state during the applicable qualifying time period? [X] Yes [] No

Does the investment in tangible personal property meet the requirements of Tax Code §313.021(1)? [X] Yes [] No

If the proposed investment includes a building or a permanent, non-removable component of a building, does it house tangible personal property? [X] Yes [] No

QUALIFIED PROPERTY

Describe the qualified property. [See 313.021(2)] (If qualified investment describes qualified property exactly you may skip items (1), (2) and (3) below.)

Attach the following items to this application:

- (1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,
(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and
(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

Is the land on which you propose new construction or improvements currently located in an area designated as a reinvestment zone under Tax Code Chapter 311 or 312 or as an enterprise zone under Government Code Chapter 2303? [X] Yes [] No

If you answered "no" to the question above, what is the anticipated date on which you will submit proof of a reinvestment zone with boundaries encompassing the land on which you propose new construction or improvements? N/A

Will the applicant own the land by the date of agreement execution? [] Yes [X] No

Will the project be on leased land? [X] Yes [] No

QUALIFIED PROPERTY (CONTINUED)

If the land upon which the new building or new improvement is to be built is part of the qualified property described by §313.021(2)(A), please attach complete documentation, including:

- 1. Legal description of the land
2. Each existing appraisal parcel number of the land on which the improvements will be constructed, regardless of whether or not all of the land described in the current parcel will become qualified property
3. Owner
4. The current taxable value of the land. Attach estimate if land is part of larger parcel.
5. A detailed map (with a vicinity map) showing the location of the land

Attach a map of the reinvestment zone boundaries, certified to be accurate by either the governmental entity creating the zone, the local appraisal district, or a licensed surveyor. (With vicinity map)

Attach the order, resolution or ordinance establishing the zone, and the guidelines and criteria for creating the zone, if applicable.

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? ... [] Yes [x] No

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

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

Is any of the existing property subject to a value limitation agreement under Tax Code 313? ... [] Yes [x] No

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

WAGE AND EMPLOYMENT INFORMATION

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

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

- [] First Quarter [] Second Quarter [] Third Quarter [x] Fourth Quarter of 2011 (year)

What were the number of permanent jobs (more than 1,600 hours a year) this applicant had in Texas during the most recent quarter reported to the TWC? 0

Note: For job definitions see TAC §9.1051(14) and Tax Code 313.021(3). If the applicant intends to apply a definition for "new job" other than TAC §9.1051(14)(C), then please provide the definition of "new job" as used in this application. N/A

Total number of new jobs that will have been created when fully operational 3

Do you plan to create at least 25 new jobs (at least 10 new jobs for rural school districts) on the land and in connection with the new building or other improvement? ... [] Yes [x] No

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

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

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

If this project creates more than 1,000 new jobs, the minimum required wage for this project is 110% of the average county weekly wage for all jobs as described by 313.021(3)(E)(ii).

If this project creates less than 1,000 new jobs, does this district have territory in a county that meets the demographic characteristics of 313.051(2)? (see table of information showing this district characteristic at http://www.window.state.tx.us/taxinfo/proptax/hb1200/values.html)

If yes, the applicant must meet wage standard described in 313.051(b) (110% of the regional average weekly wage for manufacturing)

If no, the applicant shall designate one of the wage standards set out in §313.021(5)(A) or 313.021(5)(B).

WAGE AND EMPLOYMENT INFORMATION (CONTINUED)

For the following three wage calculations please include on an attachment the four most recent quarters of data for each wage calculation. Show the average and the 110% calculation. Include documentation from TWC Web site. The final actual statutory minimum annual wage requirement for the applicant for each qualifying job — which may differ slightly from this estimate — will be based on information from the four quarterly periods for which data were available at the time of the application review start date (date of a completed application). See TAC §9.1051(7).

110% of the county average weekly wage for all jobs (all industries) in the county is \$752.40
 110% of the county average weekly wage for manufacturing jobs in the county is \$679.25
 110% of the county average weekly wage for manufacturing jobs in the region is \$808.50

Please identify which Tax Code section you are using to estimate the wage standard required for this project:

§313.021(5)(A) or §313.021(5)(B) or §313.021(3)(E)(ii), or §313.051(b)?

What is the estimated minimum required annual wage for each qualifying job based on the qualified property? \$37,088.70

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? \$38,000.00

- Will 80% of all new jobs created by the owner be qualifying jobs as defined by 313.021(3)? Yes No
- Will each qualifying job require at least 1,600 of work a year? Yes No
- Will any of the qualifying jobs be jobs transferred from one area of the state to another? Yes No
- Will any of the qualifying jobs be retained jobs? Yes No
- Will any of the qualifying jobs be created to replace a previous employee? Yes No
- Will any required qualifying jobs be filled by employees of contractors? Yes No

If yes, what percent? _____

Does the applicant or contractor of the applicant offer to pay at least 80% of the employee's health insurance premium for each qualifying job? Yes No

Describe each type of benefits to be offered to qualifying jobholders. (Use attachments as necessary.)

Qualified employees of Crosby County Wind Farm will be offered benefits as described in Attachment 5.

ECONOMIC IMPACT

- Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? Yes No
- Is Schedule A completed and signed for all years and attached? Yes No
- Is Schedule B completed and signed for all years and attached? Yes No
- Is Schedule C (Application) completed and signed for all years and attached? Yes No
- Is Schedule D completed and signed for all years and attached? Yes No

Note: Excel spreadsheet versions of schedules are available for download and printing at URL listed below.

If there are any other payments made in the state or economic information that you believe should be included in the economic analysis, please attach a separate schedule showing the amount for each year affected, including an explanation.

CONFIDENTIALITY NOTICE**Property Tax Limitation Agreement Applications
Texas Government Code Chapter 313
Confidential Information Submitted to the Comptroller**

Generally, an application for property tax value limitation, the information provided therein, and documents submitted in support thereof, are considered public information subject to release under the Texas Public Information Act.

There is an exception, outlined below, by which information will be withheld from disclosure.

The Comptroller's office will withhold information from public release if:

- 1) it describes the specific processes or business activities to be conducted or the specific tangible personal property to be located on real property covered by the application;
- 2) the information has been segregated in the application from other information in the application; and
- 3) the party requesting confidentiality provides the Comptroller's office a list of the documents for which confidentiality is sought and for each document lists the specific reasons, including any relevant legal authority, stating why the material is believed to be confidential.

All applications and parts of applications which are not segregated and marked as confidential as outlined above will be considered public information and will be posted on the internet.

Such information properly identified as confidential will be withheld from public release unless and until the governing body of the school district acts on the application, or we are directed to do so by a ruling from the Attorney General.

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as

the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

All documents submitted to the Comptroller, as well as all information in the application once the school district acts thereon, are subject to public release unless specific parts of the application or documents submitted with the application are identified as confidential. Any person seeking to limit disclosure of such submitted records is advised to consult with their legal counsel regarding disclosure issues and also to take the appropriate precautions to safeguard copyrighted material, trade secrets, or any other proprietary information. The Comptroller assumes no obligation or responsibility relating to the disclosure or nondisclosure of information submitted by respondents. A person seeking to limit disclosure of information must submit in writing specific detailed reasons, including any relevant legal authority, stating why that person believes the material to be confidential.

The following outlines how the Comptroller's office will handle requests for information submitted under the Texas Public Information Act for application portions and submitted records appropriately identified as confidential.

- This office shall forward the request for records and a copy of the documents at issue to the Texas Attorney General's office for an opinion on whether such information may be withheld from disclosure under the Texas Public Information Act.
- The Comptroller will notify the person who submitted the application/documents when the information is forwarded to the Attorney General's office.
- Please be aware that this Office is obligated to comply with an Attorney General's decision, including release of information ruled public even if it was marked confidential.



COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

| | Checklist | Page X of 16 | Check Completed |
|----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------|-----------------|
| 1 | Certification pages signed and dated by Authorized Business Representative (applicant) | 4 of 16 | ✓ |
| 2 | Proof of Payment of Application Fee (Attachment) | 5 of 16 | ✓ |
| 3 | For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment) | 5 of 16 | ✓ |
| 4 | Detailed description of the project | 6 of 16 | ✓ |
| 5 | If project is located in more than one district, name other districts and list percentage in each district (Attachment) | 7 of 16 | ✓ |
| 6 | Description of Qualified Investment (Attachment) | 8 of 16 | ✓ |
| 7 | Map of qualified investment showing location of new buildings or new improvements with vicinity map. | 8 of 16 | ✓ |
| 8 | Description of Qualified Property (Attachment) | 8 of 16 | ✓ |
| 9 | Map of qualified property showing location of new buildings or new improvements with vicinity map | 8 of 16 | ✓ |
| 10 | Description of Land (Attachment) | 9 of 16 | ✓ |
| 11 | A detailed map showing location of the land with vicinity map. | 9 of 16 | ✓ |
| 12 | A description of all existing (if any) improvements (Attachment) | 9 of 16 | ✓ |
| 13 | Request for Waiver of Job Creation Requirement (if applicable) (Attachment) | 9 of 16 | ✓ |
| 14 | Calculation of three possible wage requirements with TWC documentation. (Attachment) | 10 of 16 | ✓ |
| 15 | Description of Benefits | 10 of 16 | ✓ |
| 16 | Economic Impact (if applicable) | 10 of 16 | ✓ |
| 17 | Schedule A completed and signed | 13 of 16 | ✓ |
| 18 | Schedule B completed and signed | 14 of 16 | ✓ |
| 19 | Schedule C (Application) completed and signed | 15 of 16 | ✓ |
| 20 | Schedule D completed and signed | 16 of 16 | ✓ |
| 21 | Map of Reinvestment Zone (Attachment) (Showing the actual or proposed boundaries and size, Certified to be accurate by either the government entity creating the zone, the local appraisal district, or a licensed surveyor, with vicinity map)* | 9 of 16 | ✓ |
| 22 | Order, Resolution, or Ordinance Establishing the Zone (Attachment)* | 9 of 16 | ✓ |
| 23 | Legal Description of Reinvestment Zone (Attachment)* | 9 of 16 | ✓ |
| 24 | Guidelines and Criteria for Reinvestment Zone(Attachment)* | 9 of 16 | ✓ |

*To be submitted with application or before date of final application approval by school board.

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)*

SCHEDULE A

Schedule A (Rev. May 2012) Investment

Form 50-206

Applicant Name: Crosby County Wind Farm, LLC
 ISD Name: Logan Co, ISD

| PROPERTY INVESTMENT AMOUNTS | | | | | | | | | | | | |
|------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------|--|--|--|--|--|
| (Estimated investment in each year. Do not put cumulative totals.) | | | | | | | | | | | | |
| | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year below) YYYY | Column A: Tangible Personal Property (original cost) placed in service during this year | Column B: Building or permanent nonremovable component of building (annual amount only) | Column C: Sum of A and B (during the qualifying time period) | Column D: Other investment that is not qualified investment but investment affecting economic impact and total value | Column E: Total Investment (A+B+D) | | | | | |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | Year Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment) Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property) Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) | 2012-2013 | 200,000 | 0 | | 0 | 200,000 | | | | | |
| | | | 50,000 | 0 | | 0 | 50,000 | | | | | |
| | | | 34,620,000 | 130,000 | 34,750,000 | 2,000,000 | 36,750,000 | | | | | |
| | | | 1 | 2013-2014 | 2013 | | | | | | | |
| | | | 2 | 2014-2015 | 2014 | | | | | | | |
| | | | 3 | 2015-2016 | 2015 | | | | | | | |
| | | | 4 | 2016-2017 | 2016 | | | | | | | |
| | | | 5 | 2017-2018 | 2017 | | | | | | | |
| | | | 6 | 2018-2019 | 2018 | | | | | | | |
| | | | 7 | 2019-2020 | 2019 | | | | | | | |
| | | | 8 | 2020-2021 | 2020 | | | | | | | |
| | | | 9 | 2021-2022 | 2021 | | | | | | | |
| | | | 10 | 2022-2023 | 2022 | | | | | | | |
| | | | 11 | 2023-2024 | 2023 | | | | | | | |
| | | | 12 | 2024-2025 | 2024 | | | | | | | |
| Tax Credit Period (with 50% cap on credit) | Value Limitation Period | 13 | 2025-2026 | 2025 | | | | | | | | |
| | | 14 | 2026-2027 | 2026 | | | | | | | | |
| | | 15 | 2027-2028 | 2027 | | | | | | | | |
| Credit Settle-Up Period | Continue to Maintain Viable Presence | Post-Settle-Up Period | | | | | | | | | | |
| | | Post-Settle-Up Period | | | | | | | | | | |

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years. This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column A: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc. Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Column C: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

3-22-12

DATE

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

[Signature]

SCHEDULE B

Schedule B (Rev. May 2010): Estimate Market And Taxable Value
Crosby County Wind Farm, LLC

Form 50-296

Applicant Name
 ISD Name

Lorenzo ISD

| Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year) YYYY | Qualified Property | | | Reductions from Market Value | 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 building or "in or on the new improvement" | | Final taxable value for I&S - after all reductions | Final taxable value for M&O--after all reductions |
| pre- year 1 | 2012-2013 | 2012 | N/A | 0 | 0 | N/A | 0 | 0 |
| Complete tax years of qualifying time period | 1 | 2013-2014 | N/A | 130,000 | 36,870,000 | N/A | 37,000,000 | 37,000,000 |
| | 2 | 2014-2015 | N/A | 123,500 | 35,026,500 | N/A | 35,150,000 | 35,150,000 |
| | 3 | 2015-2016 | N/A | 117,000 | 33,183,000 | N/A | 33,300,000 | 10,000,000 |
| | 4 | 2016-2017 | N/A | 110,500 | 31,339,500 | N/A | 31,450,000 | 10,000,000 |
| | 5 | 2017-2018 | N/A | 104,000 | 29,496,000 | N/A | 29,600,000 | 10,000,000 |
| Value Limitation Period | 6 | 2018-2019 | N/A | 97,500 | 27,652,500 | N/A | 27,750,000 | 10,000,000 |
| | 7 | 2019-2020 | N/A | 91,000 | 25,809,000 | N/A | 25,900,000 | 10,000,000 |
| | 8 | 2020-2021 | N/A | 84,500 | 23,965,500 | N/A | 24,050,000 | 10,000,000 |
| | 9 | 2021-2022 | N/A | 78,000 | 22,122,000 | N/A | 22,200,000 | 10,000,000 |
| | 10 | 2022-2023 | N/A | 71,500 | 20,278,500 | N/A | 20,350,000 | 10,000,000 |
| Credit Settle-Up Period | 11 | 2023-2024 | N/A | 65,000 | 18,435,000 | N/A | 18,500,000 | 18,500,000 |
| | 12 | 2024-2025 | N/A | 58,500 | 16,591,500 | N/A | 16,650,000 | 16,650,000 |
| | 13 | 2025-2026 | N/A | 52,000 | 14,748,000 | N/A | 14,800,000 | 14,800,000 |
| Post- Settle-Up Period | 14 | 2026-2027 | N/A | 45,500 | 12,904,500 | N/A | 12,950,000 | 12,950,000 |
| Post- Settle-Up Period | 15 | 2027-2028 | N/A | 39,000 | 11,061,000 | N/A | 11,100,000 | 11,100,000 |

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter those amounts for future years.

[Signature]

3-22-12

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE

SCHEDULE C

Schedule C - Application: Employment Information

Form 50-296

Applicant Name: Crosby County Wind Farm, LLC
 ISD Name: Lorenzo ISD

| Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year) YYYY | Construction | | New Jobs | | Qualifying Jobs | |
|------------|-------------------------|-----------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------|-----------------------------------------------------------------------|-----------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|
| | | | Column A: Number of Construction FTE's or man-hours (specify) | Column B: Average annual wage rates for construction workers | Column C: Number of new jobs applicant commits to create (cumulative) | Column D: Average annual wage rate for all new jobs | Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Column F: Average annual wage of qualifying jobs |
| pre-year 1 | 2012-2013 | 2012 | 125 FTE's | 38,000 | 0 | 0 | 0 | 0 |
| 1 | 2013-2014 | 2013 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 2 | 2014-2015 | 2014 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 3 | 2015-2016 | 2015 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 4 | 2016-2017 | 2016 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 5 | 2017-2018 | 2017 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 6 | 2018-2019 | 2018 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 7 | 2019-2020 | 2019 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 8 | 2020-2021 | 2020 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 9 | 2021-2022 | 2021 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 10 | 2022-2023 | 2022 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 11 | 2023-2024 | 2023 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 12 | 2024-2025 | 2024 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 13 | 2025-2026 | 2025 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 14 | 2026-2027 | 2026 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 15 | 2027-2028 | 2027 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |

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

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

CROSBY COUNTY WIND FARM, LLC

By:  Dated: March 22, 2012

Shannon Adkins, President

SCHEDULE D

Schedule D: (Rev. 10-1-2010) Other Tax Information

Form 50-296

Applicant Name

Crosby County Wind Farm, LLC

Lorenzo ISD

| Sales Tax Information | | Other Property Tax Abatements Sought | | | | | | |
|------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------|----|----|
| Sales Taxable Expenditures | | Franchise Tax | County | City | Hospital | Other | | |
| Column F: Estimate of total annual expenditures* subject to state sales tax | Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax | Column H: Estimate of Franchise tax due from (or attributable to) the applicant | Fill in percentage exemption requested or granted in each year of the Agreement | Fill in percentage exemption requested or granted in each year of the Agreement | Fill in percentage exemption requested or granted in each year of the Agreement | Fill in percentage exemption requested or granted in each year of the Agreement | | |
| School Year (YYYY-YYYY) | Tax/Calendar Year YYYY | | | | | | | |
| | 2012-2013 | 0 | 0% | 0% | 0% | 0% | | |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | 1 | 2013-2014 | 2013 | 0 | 100% | 0% | 0% | |
| | 2 | 2014-2015 | 2014 | 0 | 100% | 0% | 0% | |
| | 3 | 2015-2016 | 2015 | 0 | 100% | 0% | 0% | |
| | 4 | 2016-2017 | 2016 | 0 | 100% | 0% | 0% | |
| | 5 | 2017-2018 | 2017 | 0 | 100% | 0% | 0% | |
| | 6 | 2018-2019 | 2018 | 0 | 100% | 0% | 0% | |
| | 7 | 2019-2020 | 2019 | 0 | 100% | 0% | 0% | |
| | 8 | 2020-2021 | 2020 | 0 | 100% | 0% | 0% | |
| | 9 | 2021-2022 | 2021 | 0 | 100% | 0% | 0% | |
| | 10 | 2022-2023 | 2022 | 0 | 100% | 0% | 0% | |
| | Tax Credit Period (with 50% cap on credit) | 11 | 2023-2024 | 2023 | 626,511 | 0% | 0% | 0% |
| | | 12 | 2024-2025 | 2024 | 639,041 | 0% | 0% | 0% |
| | | 13 | 2025-2026 | 2025 | 651,822 | 0% | 0% | 0% |
| | Credit Settle-Up Period | 14 | 2026-2027 | 2026 | 664,858 | 0% | 0% | 0% |
| | | 15 | 2027-2028 | 2027 | 678,155 | 0% | 0% | 0% |

*For planning, construction and operation of the facility.

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3-22-12

DATE

**ATTACHMENT 1
PROJECT
DESCRIPTION**

PAGE 6

PROJECT DESCRIPTION:

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

Crosby County Wind Farm, LLC is requesting an appraised value limitation from Lorenzo ISD for a proposed renewable energy project using wind turbines (wind farm) in Crosby County. The wind farm will be constructed within a reinvestment zone established by Crosby County, Texas. A map showing the location of the wind farm is included with this Application.

The wind farm will have a capacity of up to 20 megawatts. To construct the wind farm, Crosby County Wind Farm will install twelve wind turbines in Lorenzo ISD that will have a rated capacity of 1.6 – 2.0 megawatts each depending on the final turbine model selected. In addition to the wind turbines, roads will be constructed as necessary and transmission lines and substations will be installed to permit the interconnection and transmission of electricity generated by the wind turbines.

Construction of the wind farm is proposed to begin in the second quarter of 2012 and may take up to six months to complete, with the project achieving commercial operations in the fourth quarter of 2012.

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

Wind farms are operating and under development in many states throughout the country. The Applicant can locate the Project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. However, Crosby County Wind Farm, LLC was formed for the purpose of developing a wind farm in Crosby County.

**ATTACHMENT 2
QUALIFIED
INVESTMENT**

Page 8 – QUALIFIED INVESTMENT:

Describe the qualified investment. [See 313.021(1).]

Attach 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 and a description of any new buildings, proposed improvements or personal property which you intend to include as part of your minimum qualified investment.

The Applicant is requesting an appraised value limitation on all of the property constructed or placed upon real property within Lorenzo ISD, Crosby County, Texas, as shown on the following map. The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following: 12 wind turbines with a rated capacity of 1.6 – 2.0 MW; 12 towers to support the wind turbines; 12 reinforced concrete foundations supporting the weight of each turbine tower; up to 12 electric power transformers; electric poles and conductor cables used to transport electricity from each turbine tower to an electrical substation; and a small building to house maintenance supplies, replacement parts, and other miscellaneous related equipment.

Note: The Qualified Investment description is the same as the Qualified Property.

Attach a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

Please see attached map. The locations of the turbines are not finalized due to micro-siting, but the representation of the number of turbines within the District will remain the same.



- Turbine
- Collector Substation
- Pleasant Hill Sub SPEC
- Transmission Line
- 69 KV
- 115 KV
- 20MW Circuit
- - - Wind Farm Boundary



Crosby County Wind Farm
Preliminary Collector System Layout
20 MW

Crosby County, Texas
2,072 Acre Tract

Page 1 of 1
Tri Global

PHASE "1"

DESCRIPTION OF A 2,072 ACRE TRACT (MORE OR LESS) OF LAND LOCATED IN CROSBY COUNTY, TEXAS, SAID 2,072 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: THE SOUTH HALF OF SECTION 888, AB & M SURVEY, ABSTRACT 1088, LESS AND EXCEPT 2 ACRES IN THE SOUTHWEST CORNER OF THE EAST 151 ACRES OF THE SOUTH HALF OF SECTION 888; ALL OF SECTION 889, AB & M SURVEY, ABSTRACT 206; ALL OF SECTION 4, E. L. & R.R. RAIL ROAD COMPANY SURVEY, ABSTRACT 1086; 138 ACRES MORE OR LESS OUT OF THE O. O. EDDY SURVEY, ABSTRACT 789; ALL OF THE J. A. NOBLE SURVEY, ABSTRACT 760; ALL OF THE T. J. WILSON SURVEY ABSTRACT 770; 30 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J. F. LEONARD SURVEY, ABSTRACT 741; 18 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J. N. PAYNE SURVEY, ABSTRACT 1385. IN ALL CONTAINING 2,072 ACRES OF LAND (MORE OR LESS).

**ATTACHMENT 3
QUALIFIED
PROPERTY**

Page 8 – QUALIFIED PROPERTY:

The Qualified Property description is the same as the Qualified Investment.

**ATTACHMENT 4
REINVESTMENT
ZONE**

**RESOLUTION OF THE COMMISSIONERS COURT
OF CROSBY COUNTY, TEXAS
DESIGNATING REINVESTMENT ZONE NUMBER**

2-B

A RESOLUTION DESIGNATING A CERTAIN AREA AS A REINVESTMENT ZONE FOR A COMMERCIAL-INDUSTRIAL TAX ABATEMENT IN CROSBY COUNTY, TEXAS, ESTABLISHING THE BOUNDARIES THEREOF, AND PROVIDING FOR AN EFFECTIVE DATE.

WHEREAS, the Commissioners Court of Crosby 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 Crosby County for Granting a Tax Abatement, in a Reinvestment Zone Created in Crosby County, Texas (the "Guidelines"); and

WHEREAS, on Nov. 28, 2011, a hearing before the Commissioners Court of Crosby 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 local newspaper of general circulation in Crosby County and the delivery of written notice to the respective presiding officers of each taxing entity that includes within its boundaries real property that is to be included in the proposed reinvestment zone; and

WHEREAS, the Commissioners Court of Crosby County, Texas at such public hearing 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.

BE IT RESOLVED BY THE COMMISSIONERS COURT OF CROSBY COUNTY, TEXAS:

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

SECTION 2. That the Commissioners Court of Crosby 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 Crosby County Reinvestment Zone 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;

(b) That the boundaries of the Crosby County Reinvestment Zone should be the area described in the metes and bounds description attached hereto as Exhibit "A", which is incorporated herein by reference for all purposes;

(c) That creation of the Crosby County Reinvestment Zone will result in benefits to Crosby County, Texas and to land included in the zone and that the improvements sought are feasible and practical; and

(d) The Crosby County Reinvestment Zone 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 Crosby County, Texas, and that the entire tract of land is located entirely within an unincorporated area of Crosby County, Texas.

SECTION 3. That pursuant to the Property Redevelopment and Tax Abatement Act, as amended, and the Guidelines, Crosby County Commissioner's Court hereby creates Crosby County Reinvestment Zone Number 2-B; a reinvestment zone for commercial-industrial tax abatement encompassing only the area described by the metes and bounds in "Exhibit B", and such reinvestment zone is hereby designated and shall hereafter be referred to as Crosby County Reinvestment Zone Number 2-B.

SECTION 4. That Crosby County Reinvestment Zone Number 2-B shall take effect on NOV. 28, 2011 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 Resolution shall for any reason be held 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 Resolution.

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 Crosby County Commissioners Court at which this Resolution 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 the 28th day of November 2011.

CROSBY COUNTY, TEXAS

By: David Widley
DAVID WIDLEY, County Judge

Date: 28 November 2011

By: _____

Commissioner, Precinct 1

By: Frank Mullins
Frank Mullins
Commissioner, Precinct 2

By: Larry Wampler
LARRY WAMPLER
Commissioner, Precinct 3

By: Steven Henn
Steven Henn
Commissioner, Precinct 4

Linda S. Jones
Attest: LINDA S. JONES, County Clerk

Crosby County, Texas
2,072 Acre Tract

Page 1 of 1
Tri Global

LEGAL DESCRIPTION

EXHIBIT B

PHASE "A" B *ZONE 2-B*

DESCRIPTION OF A 2,072 ACRE TRACT (MORE OR LESS) OF LAND LOCATED IN CROSBY COUNTY, TEXAS, SAID 2,072 ACRE TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: THE SOUTH HALF OF SECTION 888 , AB& M SURVEY, ABSTRACT 1089, LESS AND EXCEPT 2 ACRES IN THE SOUTHWEST CORNER OF THE EAST 151 ACRES OF THE SOUTH HALF OF SECTION 888; ALL OF SECTION 889, AB & M SURVEY, ABSTRACT 205; ALL OF SECTION 4, E. L. & R.R. RAIL ROAD COMPANY SURVEY, ABSTRACT 1086; 138 ACRES MORE OR LESS OUT OF THE O. O. EDDY SURVEY, ABSTRACT 789; ALL OF THE J. A. NOBLE SURVEY, ABSTRACT 750; ALL OF THE T. J. WILSON SURVEY ABSTRACT 770; 30 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J. F. LEONARD SURVEY, ABSTRACT 741; 18 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J. N. PAYNE SURVEY, ABSTRACT 1385. IN ALL CONTAINING 2,072 ACRES OF LAND (MORE OR LESS).

FILED

2011 NOV 28 AM 11:32

LINDA S. JONES
COUNTY CLERK
CROSBY CO., TX
DEPUTY

**ATTACHMENT 5
WAGE &
EMPLOYMENT
INFO.**

ATTACHMENT
WAGE AND EMPLOYMENT INFORMATION

CALCULATION OF WAGE REQUIREMENTS-CROSBY COUNTY

110% of County Average Weekly Wage for all Jobs

| | | |
|------|----|-----|
| 2010 | 4Q | 964 |
| 2011 | 1Q | 626 |
| 2011 | 2Q | 572 |
| 2011 | 3Q | 574 |

2736/4 = \$684.00 average weekly salary
X 1.1 (110%)
752.40 110% of County Average Weekly Wage for all Jobs

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

| | | |
|------|----|-----|
| 2010 | 4Q | 621 |
| 2011 | 1Q | 513 |
| 2011 | 2Q | 501 |
| 2011 | 3Q | 835 |

2470/4 = \$617.50 average weekly salary
X 1.1 (110%)
679.25 110% of County Average Weekly Wage Manufacturing Jobs

110% of County Average Weekly Wage for Manufacturing Jobs in Region
(South Plains Region)

| | | |
|------|----|-----|
| 2010 | 4Q | 783 |
| 2011 | 1Q | 669 |
| 2011 | 2Q | 705 |
| 2011 | 3Q | 783 |

2960/4 = \$740.00 average weekly salary
X 1.1 (110%)
808.50 110% of County Average Weekly Wage Manufacturing Jobs

**2010 Manufacturing Wages by Council of Government Region
Wages for All Occupations**

| COG | Wages | |
|----------------------------------------------------------|---------|----------|
| | Hourly | Annual |
| Texas | | |
| * 1. <u>Panhandle Regional Planning Commission</u> | \$18.60 | \$38,683 |
| * 2. <u>South Plains Association of Governments</u> | \$16.21 | \$33,717 |
| 3. <u>NORTEX Regional Planning Commission</u> | \$18.34 | \$38,153 |
| 4. <u>North Central Texas Council of Governments</u> | \$23.45 | \$48,777 |
| 5. <u>Ark-Tex Council of Governments</u> | \$15.49 | \$32,224 |
| 6. <u>East Texas Council of Governments</u> | \$17.63 | \$36,672 |
| 7. <u>West Central Texas Council of Governments</u> | \$17.48 | \$36,352 |
| 8. <u>Rio Grande Council of Governments</u> | \$15.71 | \$32,683 |
| 9. <u>Permian Basin Regional Planning Commission</u> | \$19.90 | \$41,398 |
| 10. <u>Concho Valley Council of Governments</u> | \$15.33 | \$31,891 |
| 11. <u>Heart of Texas Council of Governments</u> | \$17.91 | \$37,257 |
| 12. <u>Capital Area Council of Governments</u> | \$25.37 | \$52,778 |
| 13. <u>Brazos Valley Council of Governments</u> | \$15.24 | \$31,705 |
| 14. <u>Deep East Texas Council of Governments</u> | \$15.71 | \$32,682 |
| 15. <u>South East Texas Regional Planning Commission</u> | \$27.56 | \$57,333 |
| 16. <u>Houston-Galveston Area Council</u> | \$24.52 | \$51,002 |
| 17. <u>Golden Crescent Regional Planning Commission</u> | \$20.07 | \$41,738 |
| 18. <u>Alamo Area Council of Governments</u> | \$17.28 | \$35,952 |
| 19. <u>South Texas Development Council</u> | \$13.27 | \$27,601 |
| 20. <u>Coastal Bend Council of Governments</u> | \$21.55 | \$44,822 |
| 21. <u>Lower Rio Grande Valley Development Council</u> | \$14.35 | \$29,846 |
| 22. <u>Texoma Council of Governments</u> | \$18.10 | \$37,651 |
| 23. <u>Central Texas Council of Governments</u> | \$17.21 | \$35,788 |
| 24. <u>Middle Rio Grande Development Council</u> | \$13.21 | \$27,471 |

Source: Texas Occupational Employment and Wages

Data published: June 2011

Data published annually, next update will be June 2012.

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.

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

| <input type="text"/> Year | <input type="text"/> Period | <input type="text"/> Area | <input type="text"/> Ownership | <input type="text"/> Division | <input type="text"/> Level | <input type="text"/> Ind Code | <input type="text"/> Industry | <input type="text"/> Avg Weekly Wages |
|---------------------------|-----------------------------|---------------------------|--------------------------------|-------------------------------|----------------------------|-------------------------------|-------------------------------|---------------------------------------|
| 2011 | 1st Qtr | Crosby County Total All | | 00 | 0 | 10 | Total, All Industries | \$626 |
| 2011 | 2nd Qtr | Crosby County Total All | | 00 | 0 | 10 | Total, All Industries | \$572 |
| 2011 | 3rd Qtr | Crosby County Total All | | 00 | 0 | 10 | Total, All Industries | \$574 |

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

| <input type="checkbox"/> Year | <input type="checkbox"/> Period | <input type="checkbox"/> Area | <input type="checkbox"/> Ownership | <input type="checkbox"/> Division | <input type="checkbox"/> Level | <input type="checkbox"/> Ind Code | <input type="checkbox"/> Industry | <input type="checkbox"/> Avg Weekly Wages |
|-------------------------------|---------------------------------|-------------------------------|------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------------------|
| 2010 | 4th Qtr | Crosby County Total All | | 00 | 0 | 10 | Total, All Industries | \$964 |

Quarterly Employment and Wages (QCEW)

[Back](#)

Page 1 of 1 (40 results/page)

| <input type="checkbox"/> Year | <input type="checkbox"/> Period | <input type="checkbox"/> Area | <input type="checkbox"/> Ownership | <input type="checkbox"/> Division | <input type="checkbox"/> Level | <input type="checkbox"/> Ind Code | <input type="checkbox"/> Industry | <input type="checkbox"/> Avg Weekly Wages |
|-------------------------------|---------------------------------|-------------------------------|------------------------------------|-----------------------------------|--------------------------------|-----------------------------------|-----------------------------------|-------------------------------------------|
| 2011 | 1st Qtr | Crosby County | Total All | 31 | 2 | 31-33 | Manufacturing | \$513 |
| 2011 | 2nd Qtr | Crosby County | Total All | 31 | 2 | 31-33 | Manufacturing | \$501 |
| 2011 | 3rd Qtr | Crosby County | Total All | 31 | 2 | 31-33 | Manufacturing | \$835 |

Quarterly Employment and Wages (QCEW)

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| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
|------|---------|---------------|-----------|----------|-------|----------|---------------|------------------|
| 2010 | 4th Qtr | Crosby County | Total All | 31 | 2 | 31-33 | Manufacturing | \$621 |

Quarterly Employment and Wages (QCEW)

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| <input type="text" value="2011"/> | <input type="text" value="1st Qtr"/> | <input type="text" value="South Plains WDA Total All"/> | <input type="text" value="31"/> | <input type="text" value="2"/> | <input type="text" value="31-33"/> | <input type="text" value="Manufacturing"/> | <input type="text" value="\$669"/> | |
|-----------------------------------|--------------------------------------|---------------------------------------------------------|---------------------------------|--------------------------------|------------------------------------|--------------------------------------------|------------------------------------|------------------|
| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages |
| 2011 | 1st Qtr | South Plains WDA Total All | 31 | 2 | 31-33 | Manufacturing | \$669 | |
| 2011 | 2nd Qtr | South Plains WDA Total All | 31 | 2 | 31-33 | Manufacturing | \$705 | |
| 2011 | 3rd Qtr | South Plains WDA Total All | 31 | 2 | 31-33 | Manufacturing | \$783 | |

Quarterly Employment and Wages (QCEW)

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Page 1 of 1 (40 results/page)

| Year | Period | Area | Ownership | Division | Level | Ind Code | Industry | Avg Weekly Wages | |
|------|---------|------------------|-----------|----------|-------|----------|----------|------------------|-------|
| 2010 | 4th Qtr | South Plains WDA | Total | All | 31 | 2 | 31-33 | Manufacturing | \$783 |

**STATEMENT REGARDING
INDUSTRY STANDARD vs. JOBS CREATION REQUIREMENT**

Applicant understands that it must provide documentation on which it intends to rely that demonstrates that the applicable jobs creation requirement exceeds the industry standard for the number of employees reasonably necessary for the operation of the facility described in this Application. Applicant further understands that, in the case of wind farms, such documentation usually consists of a statement from the turbine manufacturer that addresses the number of jobs needed. Please be aware that Applicant has not yet determined which turbine will be used for this facility. Applicant will supplement this Application with a statement from the turbine manufacturer as soon as possible.

CROSBY COUNTY WIND FARM, LLC

1120 W. Loop 289, Suite 101
Lubbock, Texas 79416
(806) 785-7770

March 14, 2012

Re: Benefits for Qualified Job Holders

To Whom It May Concern:

It is our intention to offer qualified employees of Crosby County Wind Farm, LLC a benefits package that includes medical, dental, and vision insurance, with at least 80% of the premiums being paid by the LLC. In addition, each qualifying employee will receive area wide competitive vacation time, sick leave, and skills training.

Sincerely,



Shannon Adkins
President

CROSBY COUNTY WIND FARM, LLC

1120 W. Loop 289, Suite 101
Lubbock, Texas 79416
(806) 785-7770

March 14, 2012

Mr. Dick Van Hoose, Superintendent
Lorenzo Independent School District
3rd and Polk
P.O. Box 520
Lorenzo, Texas 79343-5928

Re: Chapter 313 Job Waiver Request

Mr. Van Hoose,

This letter is to advise you that Crosby County Wind Farm, LLC is requesting a waiver of the requirement to create ten full-time jobs in conjunction with its Chapter 313 Application for Appraised Value Limitation on Qualified Property. As you are aware, school districts have the option of providing a waiver for the jobs requirement if they determine that the job creation requirement set forth in the Texas Tax Code (i.e., 10 jobs) would exceed the industry standard for the number of employees necessary for the operation of the facility. Crosby County Wind Farm, LLC requests that the Lorenzo Independent School District's Board of Trustees make such a finding and waive the minimum job creation requirement.

Based on the industry standard, the size and scope of this project will require fewer than 10 permanent jobs. While wind-farm projects involve a large number of part-time jobs during the construction period, the long term operational phase only requires scheduled and unscheduled maintenance typically performed by highly skilled technical contractors. We find it necessary to create three (3) new full-time, permanent positions.

The wages for these positions will likely be above the Crosby County average wage rate. Additionally, benefits such as medical, dental and vision insurance, vacation time, sick leave, and skills training will be provided.

We appreciate your consideration of our application and our job requirement waiver request. Please feel free to contact me if you need any additional information.

Sincerely,



Shannon Adkins
President

234 8/6

**TAX ABATEMENT CRITERIA AND GUIDELINES FOR
CROSBY COUNTY, TEXAS**
Effective as of the 12th day of October, 2010

SECTION I. General Purpose:

Crosby County (the "County") is committed to the promotion of high quality economic development in the area and to an ongoing improvement in the quality of life for the citizens residing within the County. The County recognizes that these objectives are generally served by enhancement and expansion of the local economy. The County will, on a case by case basis, give consideration to providing tax abatement, as authorized by V.T.C.A., Tax Code, Chapter 312, as stimulation for economic development within the County. It is the policy of the County that said consideration will be provided in accordance with the guidelines and criteria herein set forth and in conformity with the Tax Code.

Nothing contained herein shall imply, suggest or be understood to mean that the County is under any obligation to provide tax abatement to any Applicant (as defined below) and attention is called to V.T.C.A., Tax Code, Section 312.002(d). With the above rights reserved all applications for tax abatement will be considered on a case by case basis.

SECTION II. Definitions:

Capitalized words or phrases used within these guidelines and criteria shall have the meanings set forth in Exhibit A.

SECTION III. Intent of Criteria and Guidelines:

The intent of these criteria and guidelines, as herein set forth, is to establish the minimum standards which an Applicant must meet in order for the County to consider tax abatement.

SECTION IV. Criteria and Guidelines for Tax Abatement:

A Facility will be eligible for tax abatement consideration provided such Facility meets the following guidelines and criteria:

1. To qualify for tax abatement, the Owner or Applicant must meet both of the following criteria:
 - a) the Project entails the Modernization/Renovation of Existing Facilities, Expansion of Existing Facilities or construction of a New Facility; and
 - b) the Project entails the production, manufacturing, or distribution of goods and services of which fifty percent (50%) or more are distributed outside of the County.
2. In addition to the aforementioned, the County will consider abatement only if the Owner or Applicant meets one of the following criteria:

- a) the Project consists of at least one of the following target industries:
 - i. Advanced Technologies and Manufacturing;
 - ii. Value-added Agricultural Production including Food Processing and Machinery;
 - iii. Research and Development;
 - iv. Medical Services;
 - v. Manufacturing;
 - vi. Warehouse/Distribution;
 - vii. Corporate Headquarters of a Regional/National Service Center;
 - viii. Information and Data Centers; or
 - ix. Wind-Energy Production;
 - b) the Project is not included as a target industry, but has the potential of generating additional significant economic development opportunities for the County.
3. The Applicant must also meet one of the following criteria:
- a) the Project will add at least (i) \$500,000 in Improvements to Real Property, (ii) \$1 million in new personal property, or (iii) five (5) New Permanent Jobs if the Applicant is new to the County; or
 - b) the Project will add at least (i) \$200,000 in Improvements to Real Property, (ii) \$500,000 in new personal property, or (iii) three (3) New Permanent Jobs if the facility is an Existing Facility.
4. New or Existing Facilities located in a County Reinvestment Zone or upon Real Property eligible for such status may be eligible for consideration for tax abatement status provided that all other criteria and guidelines are satisfied.
5. Improvements to Real Property must be eligible for tax abatement status.
6. The following items shall be ineligible for tax abatement status and shall be fully taxed:
- a) real property;
 - b) inventories or supplies;
 - c) tools;
 - d) furnishings and other forms of movable personal property;
 - e) vehicles;
 - f) aircraft;
 - g) housing;
 - h) boats;
 - i) hotel accommodations;
 - j) motel accommodations;

- k) retail businesses; and
 - l) property owned by the State of Texas or any State agency.
7. In order for a Facility to qualify for abatement, the following conditions must apply:
- a) the Owner or leaseholder of Real Property must make eligible Improvements to Real Property; and
 - b) in the case of lessees, the leaseholder must have a lease commitment of at least five (5) years.
8. In County Reinvestment Zones, the amount and term of abatement shall be determined on a case by case basis, but in no event shall taxes be abated for a term in excess of ten (10) years. The amount of the taxable value of Improvements to be abated and the term of the abatement shall be determined by the County, except that a County Reinvestment Zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code.
- In enterprise zones, the governing body of each taxing jurisdiction may execute a written agreement with the Applicant or Owner of the property. The agreement may, but is not required to, contain terms that are identical to those contained in the Abatement Agreement with the County, and the only terms for the agreement that may vary are the those dealing with the portion of the property that is to be exempt from taxation under the agreement and the duration of the agreement.
9. No Property shall be eligible for tax abatement under these criteria and guidelines unless such property is located in a County Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.401 and the tax abatement application is filed with the County before construction begins.
10. Notwithstanding any of the requirements set forth in Section IV Subsection 3, the governing body of the County, upon the affirmative vote of three-fourths (3/4) of its members, may vary any of the above requirements when the Applicant demonstrates that variation is in the best interest of the County or to do so and will significantly enhance the economic development of the County. By way of example only and not by limitation, the governing body of the County may consider the following or similar terms in determining whether a variance shall be granted:
- a) that the increase in productivity of the Facility will be substantial and hence directly benefit the economy;
 - b) that the increase of goods or services produced by the Facility will be substantial and directly benefit the economy;

- c) that the employment maintained at the Facility will be increased;
 - d) that the waiver will contribute and provide for the retention of existing jobs within the County; and/or
 - e) any other evidence showing a direct economic benefit to the County.
11. Taxability
- a) Tax abatement shall be granted in accordance with the terms and provisions of an Abatement Agreement executed between the County and the Applicant or Owner of Real Property and/or Tangible Personal Property, which Abatement Agreement shall be in accord with the provisions of V.T.C.A., Tax Code, Section 312.402.
 - b) All ineligible property, if otherwise taxable, shall be fully taxed.
12. The governing body of the County shall have total discretion as to whether tax abatement is to be granted. Such discretion, as herein retained, shall be exercised on a case by case basis. The adoption of these guidelines and criteria by the governing body of the County does not:
- a) limit the discretion of the governing body to decide whether to enter into a specific Abatement Agreement;
 - b) limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or
 - c) create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.
13. The burden to demonstrate that an application for tax abatement should be granted shall be upon the Applicant. The County shall have full authority to request any additional information from the Applicant that the governing body of such County deems necessary to assist it in considering such application.

SECTION V. Criteria and Guidelines for Creation of a County Reinvestment Zone:

- 1. No Property shall be eligible for tax abatement through the County unless such property is located in an Enterprise Zone, in accordance with V.T.C.A., Tax Code, Section 312.4011, or a County Reinvestment Zone in accordance with V.T.C.A., Tax Code, Section 312.401. The County commissioners court, by order, if eligible to do so under V.T.C.A., Tax Code, Section 312.002 may

- designate as a County Reinvestment Zone an area of the County that does not include area in the taxing jurisdiction of a municipality.
2. The governing body of the County, as required by Tax Code, Section 312.401, shall hold a public hearing on the designation of an area within its jurisdiction as a County Reinvestment Zone.
 3. Notice of the hearing must be given in the same manner as provided under V.T.C.A., Tax Code, Section 312.201.
 4. Property may be located both in a County Reinvestment Zone designated by the County under this subchapter and in a reinvestment zone designated by a municipality under V.T.C.A., Tax Code, Section 312 Subchapter B.
 5. The designation of a County Reinvestment Zone expires five years after the date of the designation and may be renewed for periods not to exceed five years, except that a County Reinvestment Zone that is a state enterprise zone is designated for the same period as a state enterprise zone as provided by Chapter 2303, Government Code. The expiration of the designation does not affect an existing Abatement Agreement made in accordance with V.T.C.A., Tax Code, Section 312.402.
 6. Designation of an area as an enterprise zone under the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code, constitutes designation of the area as a County Reinvestment Zone under V.T.C.A., Tax Code, Section 312 Subchapter C without further hearing or other procedural requirements other than those provided by the Texas Enterprise Zone Act, Chapter 2303, Subchapter C, Texas Government Code.

SECTION VI. Abatement Agreement:

1. An Abatement Agreement shall not exempt from taxation a portion of the value of the Facilities or Improvements for a period greater than ten (10) years.
2. An Abatement Agreement shall be subject to the rights of holders of outstanding bonds of the County.
3. Abatement Agreements made with multiple Owners must contain identical terms for the portion of the value of the property that is to be exempt and the duration of the exemption.
4. Property that is in a reinvestment zone owned or leased by a person who is a member of the governing body of the County is excluded from tax abatement.
5. Property that is subject to an Abatement Agreement when a person becomes a member of the governing body of the County does not cease to be eligible for

property tax abatement.

6. An Abatement Agreement shall:
 - a) provide access to and authorize inspection of the property by County employees to ensure that the improvements or repairs are made according to the conditions of the Abatement Agreement;
 - b) limit the uses of the property consistent with the general purpose of encouraging development or redevelopment of the zone during the period that property tax exemptions are in effect;
 - c) provide for recapturing property tax revenue lost as a result of the Abatement Agreement if the Owner fails to make the improvements or repairs as provided by the Abatement Agreement;
 - d) contain each term agreed to by the Owner of the property;
 - e) require the owner of the property to certify annually to the County that the Owner is in compliance with each applicable term of the Abatement Agreement;
 - f) provide that the governing body of the County may cancel or modify the Abatement Agreement if the Owner fails to comply with the Abatement Agreement;
 - g) establish and set forth the Base Year Value of the property for which tax abatement is sought;
 - h) provide that the taxes paid on the Base Year Value shall not be abated as a result of the execution of said Abatement Agreement;
 - i) provide for the exemption of Improvements in each year covered by the Abatement Agreement only to the extent the value of such Improvements for each such year exceeds the value for the year in which the Abatement Agreement is executed;
 - j) set forth the estimated value of all Improvements to Real Property;
 - k) clearly provide that tax abatement shall be granted only to the extent:
 - i. the Improvements to Real Property increase the value of the Real Property for the year in which the Abatement Agreement is executed; and
 - ii. the Tangible Personal Property or Improvements to Real Property

were not located on the Real Property prior to the execution of the Abatement Agreement;

- l) list the kind, number, and location of all proposed Improvements, including:
 - i. whether the Improvements are for a New Facility, Modernization/Renovation of Existing Facilities, or Expansion of Existing Facilities;
 - ii. the nature of the construction, proposed time table of completion, and a map or drawings of the Improvements above mentioned;
 - iii. the amount of investment and the commitment for the creation of New Permanent Jobs;
 - iv. any other information required by the County;
 - m) provide a legal description of the Real Property upon which Improvements are to be made;
 - n) provide contractual obligations in the event of default by Owner, violation of the terms or conditions by Owner, recapturing property tax revenue in the event Owner defaults or otherwise fails to make Improvements as provided in said Abatement Agreement and any other provision as may be required or authorized by State Law; and
 - o) meet any other statutory or regulatory requirements.
2. Not later than the seventh day before the County enters into an Abatement Agreement for tax abatement under V.T.C.A., Tax Code, Section 312.402, the governing body of such County or a designated officer or employee thereof shall deliver to the presiding officer of the governing body of each of the taxing units in which the property to be subject to the Abatement Agreement is located, a written notice that the County intends to enter into the Abatement Agreement. The notice must include a copy of the proposed Abatement Agreement and is presumed delivered when placed in the mail, postage paid and properly addressed to the appropriate presiding officer. A notice properly addressed and sent by registered or certified mail for which a return receipt is received by the sender is considered to have been delivered to the addressee.
 3. Failure to deliver the notice does not affect the validity of the Abatement Agreement.

SECTION VII. Application:

1. Any present Owner of taxable property located within the County may apply for tax abatement by filing an application with the governing body of the County.
2. The application shall consist of a completed application containing:
 - a) the name, contact information, and brief description of the Applicant;
 - b) a descriptive list of the kind, number and location of all proposed Improvements to Real Property or Existing Facility;
 - c) a map indicating the approximate location of proposed Improvements to Real Property or Existing Facilities;
 - d) a list of any and all Tangible Personal Property presently existing on the Real Property or located in an Existing Facility;
 - e) a proposed time schedule for completing the proposed Improvements;
 - f) a general description stating whether the proposed Improvements are in connection with:
 - i. the Modernization/Renovation of Existing Facilities;
 - ii. construction of a New Facility;
 - iii. the Expansion of Existing Facilities; or
 - iv. any combination of the above;
 - g) a statement of the additional value to the Real Property or Facility as a result of the proposed Improvements;
 - h) a statement of the assessed Base Year Value of the Real Property, Facility or Existing Facility;
 - i) information concerning the number of New Permanent Jobs created or the number of existing jobs retained as result of the Improvements; and
 - j) any other information which the County deems appropriate.
3. Information that is provided to the County in connection with an application or request for tax abatement and which describes the specific processes or business activity to be conducted or the equipment or other property to be located on the property for which tax abatement is sought is confidential and not subject to public disclosure until the Abatement Agreement is executed.
4. If the County determines that the property described is not within a current

County Reinvestment Zone, they shall so notify the Applicant and the application shall then be considered both as an application for the creation of a County Reinvestment Zone and a request for tax abatement to be effective after the zone is created.

5. An application or request for tax abatement submitted to the County under this chapter must be accompanied by an application fee of one thousand dollars and no/100 (\$1,000.00).
6. At the discretion of the County, the Applicant may be responsible for any third party fees or out-of-pocket expenses incurred by the County, including without limitation any legal, accounting, economist, appraiser fees.

SECTION VIII. Default Options

1. In the event that the Applicant or Owner has entered into an Abatement Agreement but has failed to make Improvements or is otherwise in default of any of the terms or conditions contained in the Abatement Agreement; then in such event the County shall give the Applicant or Owner sixty (60) days notice of such failure. The Applicant or Owner shall demonstrate to the satisfaction of the County above mentioned that the Applicant or Owner has commenced to cure such failure within the 60 days above mentioned. In the event the Applicant or Owner fails to demonstrate that he is taking affirmative action to cure his failure, the County shall have three options:
 - a) the County may renegotiate the Agreement with the Applicant or Owner, in which case the then-current guidelines and criteria shall apply to the new Agreement;
 - b) the County may determine that good cause exists to cancel the Agreement and all tax abatements shall terminate immediately; or
 - c) the County may terminate the Agreement and recapture taxes abated under Section IX below.
2. In any of the three above options, the County shall determine whether Applicant or Owner is in default of the Abatement Agreement and shall so notify all other local taxing authorities. Cancellation or termination of the Abatement Agreement by the County shall constitute simultaneous action to all Abatement Agreements between the County and Applicant.

SECTION IX. Recapture

1. In the event that a facility is completed and begins producing goods or services, but subsequently discontinues producing goods or services for any reason, excepting fire, explosion or other casualty or accident or natural disaster or other

event beyond the reasonable control of Applicant or Owner for a period of 180 days during the term of an Abatement Agreement, then in such event the Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination. The burden shall be upon the Applicant or Owner to prove to the satisfaction of the County that the discontinuance of producing goods or services was as a result of fire, explosion, or other casualty or accident of natural disaster or other event beyond the control of Applicant or Owner. In the event that Applicant or Owner meets this burden and the County is satisfied that the discontinuance of the production of goods or services was the result of events beyond the control of the Applicant or Owner, then such Applicant or Owner shall have a period of one (1) year, commencing upon written notification from the County to the Applicant or Owner, in which to resume the production of goods and services. In the event that the Applicant or Owner fails to resume the production of goods or services within one year, then the Abatement Agreement shall terminate and the Abatement of all taxes shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.

2. In the event that the Applicant or Owner has entered into an Abatement Agreement to make Improvements to a facility but fails to undertake or complete such Improvements or fails to create all or a portion of the number of new jobs provided by the Abatement Agreement, then in such event the County shall give the Applicant or Owner sixty (60) days notice of such failure. The Applicant or Owner shall demonstrate to the satisfaction of the County that the Applicant or Owner has commenced to cure such failure within the 60 days above mentioned. In the event that the Applicant or Owner fails to demonstrate that he is taking affirmative action to cure his failure, then in such event the Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within 60 days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
3. In the event that the County determines that the Applicant or Owner is in default of any of the terms or conditions contained in the Abatement Agreement, the County shall give the Applicant or Owner sixty (60) days written notice to cure such default. In the event such default is not cured to the satisfaction of the County within the sixty (60) days notice period, then the Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the

County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.

4. In the event that the Applicant or Owner allows ad valorem taxes owed to the County to become delinquent and fails to timely and properly follow the legal procedures for their protest or contest, then in such event this Abatement Agreement shall terminate and all tax abatements shall likewise terminate. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
5. In the event that the Applicant or Owner relocates the business for which tax abatement has been granted to a location outside of the designated County Reinvestment Zone, the Abatement Agreement shall terminate after sixty (60) days written notice by the County to the Owner or Applicant. Taxes abated during the calendar year in which termination takes place shall be payable to the County within sixty (60) days of the date of termination. Taxes abated in years prior to the year of termination shall be payable to the County no later than twelve (12) months after the date of termination.
6. The date of termination as that term is used in this Section IX shall, in every instance, be sixty (60) days after the day the County mails notice of default to the address shown in the Abatement Agreement to the Applicant or Owner. Should the default be cured by the Owner or Applicant within the 60 day notice period, the Owner or Applicant shall be responsible for so advising the County and obtaining a release from the notice of default from the County, failing in which, the abatement remains terminated and the abated taxes must be paid.
7. In the event that an Abatement Agreement is terminated for any reason what so ever and taxes are not paid within the time period herein specified, then in such event, the provisions of V.T.C.A., Tax Code, Section 33.01 will apply.

SECTION X. Miscellaneous:

1. Any notice required to be given by these criteria or guidelines shall be given in the following manner:
 - a) Owner or Applicant: the address appearing on the Abatement Agreement.
 - b) County: the address appearing on the Abatement Agreement.
2. The Chief Appraiser of the County Appraisal District shall annually assess the Real and Personal Property comprising the County Reinvestment Zone. Each year, the Applicant or Owner receiving tax abatement shall furnish the Chief

Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser shall notify the County of the assessment amount.

3. Upon the completion of Improvements made to any type of Facility, a designated employee or employees of the County shall have access to the Facility to insure compliance with the Abatement Agreement.
4. An Abatement Agreement may be assigned to a new Owner but only after written consent has been obtained from the County.
5. These guidelines and criteria are effective upon the date of their adoption by the County and shall remain in force for two (2) years. At the end of the 2 year period these guidelines and criteria may be readopted, modified, amended or rewritten as the conditions may warrant.
6. In the event of a conflict between these guidelines and criteria and V.T.C.A., Tax Code, Chapter 312, the Tax Code shall prevail and these guidelines and criteria interpreted accordingly.
7. These guidelines and criteria may be amended or repealed by a vote of three-fourths (3/4) of the members of the governing body of the County during the 2 year term in which these guidelines and criteria are effective.

RESOLUTION

NO. _____

PROVIDING THAT THE COUNTY OF CROSBY, TEXAS
ELECTS TO BE ELIGIBLE TO PARTICIPATE IN TAX
ABATEMENTS AS AUTHORIZED BY CHAPTER 312 OF
THE TEXAS TAX CODE

WHEREAS, a Texas county may enter into tax abatement agreements authorized by Chapter 312 of the Texas Tax Code ("Code") only if the governing body of such county has previously adopted a resolution stating that the county elects to be eligible to participate in tax abatement.

NOW, THEREFOR, BE IT RESOLVED BY THE COUNTY
COMMISSIONERS' COURT OF CROSBY COUNTY, TEXAS, THAT:

1. THE COUNTY hereby elects to be eligible to participate in tax abatement in accordance with Chapter 312 of the Code.

Adopted this the 12th day of October, 2010 in Crosby County Commissioners' Court.

Davey Abell
Davey Abell, County Judge

Gary Jordan
Gary Jordan, Commissioner, Precinct 1

Frank Mullins
Frank Mullins, Commissioner, Precinct 2

Larry Wampler
Larry Wampler, Commissioner, Precinct 3

Charles Thorton
Charles Thorton, Commissioner, Precinct 4

Attest:

Linda S. Jones
Linda S. Jones, Crosby County Clerk

FILED
2010 OCT 13 AM 11:48
LINDA S. JONES
COUNTY CLERK
CROSBY CO., TX
DEPUTY

Exhibit A

1. **Abatement Agreement:** A contract between a property Owner or Applicant and the County for the abatement of taxes on qualified property located within a County Reinvestment Zone.
2. **Advanced Technologies and Manufacturing:** Advanced manufacturing which requires higher skills and results in higher wages and investment.
3. **Applicant:** Any party seeking the designation of a County Reinvestment Zone or to enter into an Abatement Agreement with the County.
4. **Base Year Value:** The assessed value of property eligible for tax abatement as of January 1 preceding the execution of an Abatement Agreement as herein defined.
5. **County:** Crosby County, Texas.
6. **Existing Facility:** A Facility located in or on Real Property eligible for tax abatement as of the date of execution of the Abatement Agreement.
7. **Expansion of Existing Facilities:** The addition of buildings, structures, machinery or equipment to a Facility located in or on Real Property eligible for tax abatement as of the date of execution of the Abatement Agreement.
8. **Facility:** Any Improvement made to Real Property eligible for tax abatement, including the building or structure erected on such Real Property and/or any Tangible Personal Property to be located in or on such property.
9. **Information and Data Center:** Any Facility used to house computer systems and associated components, such as tele communications and storage systems. The main purpose of the facility is running applications that handle the core business and operational data of organizations, off-site backups and other informational operations.
10. **Improvements to Real Property or Improvements:** The construction, addition to, structural upgrading of, replacement of, or completion of any Facility located upon or to be located upon Real Property, or any Tangible Personal Property placed in or on said Real Property.
11. **Manufacturing:** The production of goods or materials or the processing or change of goods or materials to a finished product.
12. **Medical Services:** Facilities such as hospitals, specialty hospitals and other like facilities that are classified under North American Industrial Classification System Code 622.

2010 OCT 13 PM 2:30
 LINDA S. JAMES
 COUNTY CLERK
 CROSBY COUNTY, TEXAS

FILED


[Taxable Entity Search Results](#)

Franchise Tax Certification of Account Status

This Certification Not Sufficient for Filings with Secretary of State

[Obtain a certification](#) sufficient for filings with the Secretary of State.

Certification of Account Status

Entity Information:

Status:

Registered Agent:

Registered Agent Resignation Date:

State of Formation:

File Number:

SOS Registration Date:

Taxpayer Number:

Officers And Directors Information

**CROSBY COUNTY WIND FARM,
LLC**

17300 DALLAS PKWY STE 2060
DALLAS, TX 75248-7703

**IN GOOD STANDING NOT FOR
DISSOLUTION OR WITHDRAWAL
through May 15, 2013**

TRI GLOBAL ENERGY, LLC
1120 W. LOOP 289, STE. 101
LUBBOCK, TX 79416

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S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



May 23, 2012

Dick Van Hoose
Superintendent
Lorenzo Independent School District
P. O. Box 520
Lorenzo, Texas 79343

Dear Superintendent Van Hoose:

On April 5, 2012, the Comptroller received the completed application for a limitation on appraised value under the provisions of Tax Code Chapter 313¹. This application was originally submitted in November 9, 2011 to the Lorenzo Independent School District (Lorenzo ISD) by Crosby County Wind Farm LLC. This letter presents the results of the comptroller's review of the application:

- 1) under Section 313.025(h) to determine if the property meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C; and
- 2) under Section 313.025(d), to make a recommendation to the governing body of the school district as to whether the application should be approved or disapproved using the criteria set out by Section 313.026.

Lorenzo ISD is currently classified as a rural school district in Category 3 according to the provisions of Chapter 313. Therefore, the applicant properly applied under the provisions of Subchapter C, applicable to rural school districts. The amount of proposed qualified investment (\$37 million) is consistent with the proposed appraised value limitation sought (\$10 million). The property value limitation amount noted in this recommendation is based on property values available at the time of application and may change prior to the execution of any final agreement. Crosby County Wind Farm LLC is proposing the construction of a wind power electric generation facility in Crosby County. Crosby County Wind Farm LLC is an active franchise taxpayer in good standing, as required by Tax Code Section 313.024(a).

As required by Section 313.024(h), the Comptroller has determined that the property, as described by the application, meets the requirements of Section 313.024 for eligibility for a limitation on appraised value under Chapter 313, Subchapter C.

After reviewing the application using the criteria listed in Section 313.026, and the information provided by Crosby County Wind Farm LLC, the Comptroller's recommendation is that Crosby County Wind Farm LLC's application under Tax Code Chapter 313 be approved.

Our review of the application assumes the truth and accuracy of the statements in the application and that, if the application is approved, the applicant would perform according to the provisions of the agreement reached with the school district. Our recommendation does not address whether the applicant has complied with all Chapter 313 requirements. The school district is responsible for verifying that all requirements of the statute have been fulfilled. Additionally, Section 313.025 requires the school district to determine if the evidence supports making specific findings that the information in the application is true and correct, the applicant is eligible for a limitation and that granting the application is in the best

¹ All statutory references are to the Texas TaxCode, unless otherwise noted.

interest of the school district and state. As stated above, we prepared the recommendation by generally reviewing the application and supporting documentation in light of the Section 313.026 criteria.

The Comptroller's recommendation is based on the application that has been submitted and reviewed by the Comptroller. The recommendation may not be used by the ISD to support its approval of the property value limitation agreement if the application is modified, the information presented in the application changes, or the limitation agreement does not conform to the application. Additionally, this recommendation is contingent on future compliance with the Chapter 313 and the Texas Administrative Code, with particular reference to the following requirements related to the execution of the agreement:

1. The applicant must provide the Comptroller a copy of the proposed limitation on appraised value agreement no later than 10 days prior to the meeting scheduled by the district to consider approving the agreement, so that the Comptroller may review it for compliance with the statutes and the Comptroller's rules as well as consistency with the application;
2. The Comptroller providing written confirmation that it received and reviewed the draft agreement and affirming the recommendation made in this letter;
3. The district must approve and execute a limitation agreement that has been reviewed by this office within a year from the date of this letter; and
4. Section 313.025 requires the district to provide to the Comptroller a copy of the signed limitation agreement within 7 days after execution.

Should you have any questions, please contact Robert Wood, director of Economic Development & Analysis Division, by email at robert.wood@cpa.state.tx.us or by phone at 1-800-531-5441, ext. 3-3973, or direct in Austin at 512-463-3973.

Sincerely,



Martin A. Hubert
Deputy Comptroller

Enclosure

cc: Robert Wood

Economic Impact for Chapter 313 Project

| | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| Applicant | Crosby County Wind Farm LLC |
| Tax Code, 313.024 Eligibility Category | Renewable Energy Electric Generation - Wind |
| School District | Lorenzo ISD |
| 2009-10 Enrollment in School District | 315 |
| County | Crosby |
| Total Investment in District | \$37,000,000 |
| Qualified Investment | \$37,000,000 |
| Limitation Amount | \$10,000,000 |
| Number of total jobs committed to by applicant | 3* |
| Number of qualifying jobs committed to by applicant | 3 |
| Average Weekly Wage of Qualifying Jobs committed to by applicant | \$730 |
| Minimum Weekly Wage Required Tax Code, 313.051(b) | \$713 |
| Minimum Annual Wage committed to by applicant for qualified jobs | \$38,000 |
| Investment per Qualifying Job | \$12,333,333 |
| Estimated 15 year M&O levy without any limit or credit: | \$3,646,100 |
| Estimated gross 15 year M&O tax benefit | \$1,887,482 |
| Estimated 15 year M&O tax benefit (<i>after</i> deductions for estimated school district revenue protection--but not including any deduction for supplemental payments or extraordinary educational expenses): | \$1,872,955 |
| Tax Credits (estimated - part of total tax benefit in the two lines above - appropriated through Foundation School Program) | \$527,080 |
| Net M&O Tax (15 years) After Limitation, Credits and Revenue Protection: | \$1,773,145 |
| Tax benefit as a percentage of what applicant would have paid without value limitation agreement (percentage exempted) | 51.4% |
| Percentage of tax benefit due to the limitation | 72.1% |
| Percentage of tax benefit due to the credit. | 27.9% |
| * Applicant is requesting district to waive requirement to create minimum number of qualifying jobs pursuant to Tax Code, 313.025 (f-1). | |

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

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

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

After construction, the project will create three new jobs when fully operational. All three jobs will meet the criteria for qualifying jobs as specified in Tax Code Section 313.021(3). According to the Texas Workforce Commission (TWC), the regional manufacturing wage for the South Plains Association of Governments Region, where Crosby County is located was \$33,717 in 2010. The annual average manufacturing wage for 2010-2011 for Crosby County is \$32,110. That same year, the county annual average wage for all industries was \$35,568. In addition to a salary of \$38,000, each qualifying position will receive a benefits package that includes medical, dental, and vision insurance, with at least 80% of the premiums being paid by the company as well as receive area wide competitive vacation time, sick leave, and skills training. The project's total investment is \$37 million, resulting in a relative level of investment per qualifying job of \$12.3 million.

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

According to Crosby County Wind Farm LLC's application, it "can locate the project anywhere in the U.S. with sufficient prevailing wind conditions conducive to power generation. However, Crosby County Wind Farm, LLC was formed for the purpose of developing a wind farm in Crosby County.

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

During the past two years, one project in the South Plains Association of Governments Region applied for value limitation agreements under Tax Code, Chapter 313.

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

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

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

Table 1 depicts Crosby County Wind Farm LLC's estimated economic impact to Texas. It depicts the direct, indirect and induced effects to employment and personal income within the state. The Comptroller's office calculated the economic impact based on 16 years of annual investment and employment levels using software from Regional Economic Models, Inc. (REMI). The impact includes the construction period and the operating period of the project.

Table 1: Estimated Statewide Economic Impact of Investment and Employment in Crosby County Wind Farm

| Year | Employment | | | Personal Income | | |
|------|------------|--------------------|-------|-----------------|--------------------|--------------|
| | Direct | Indirect + Induced | Total | Direct | Indirect + Induced | Total |
| 2012 | 125 | 101 | 226 | \$4,750,000 | \$6,250,000 | \$11,000,000 |
| 2013 | 3 | 9 | 12 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2014 | 3 | 5 | 8 | \$114,000 | \$886,000 | \$1,000,000 |
| 2015 | 3 | 2 | 5 | \$114,000 | \$886,000 | \$1,000,000 |
| 2016 | 3 | 7 | 10 | \$114,000 | \$886,000 | \$1,000,000 |
| 2017 | 3 | 3 | 6 | \$114,000 | \$886,000 | \$1,000,000 |
| 2018 | 3 | 8 | 11 | \$114,000 | \$886,000 | \$1,000,000 |
| 2019 | 3 | 8 | 11 | \$114,000 | \$886,000 | \$1,000,000 |
| 2020 | 3 | 5 | 8 | \$114,000 | \$886,000 | \$1,000,000 |
| 2021 | 3 | 10 | 13 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2022 | 3 | 11 | 14 | \$114,000 | \$886,000 | \$1,000,000 |
| 2023 | 3 | 13 | 16 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2024 | 3 | 17 | 20 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2025 | 3 | 11 | 14 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2026 | 3 | 15 | 18 | \$114,000 | \$1,886,000 | \$2,000,000 |
| 2027 | 3 | 15 | 18 | \$114,000 | \$1,886,000 | \$2,000,000 |

Source: CPA, REMI, Crosby County Wind Farm LLC

The statewide average ad valorem tax base for school districts in Texas was \$1.6 billion in 2010. Lorenzo ISD's ad valorem tax base in 2010 was \$119 million. The statewide average wealth per WADA was estimated at \$345,067 for fiscal 2010-2011. During that same year, Lorenzo ISD's estimated wealth per WADA was \$221,911. The impact on the facilities and finances of the district are presented in Attachment 2.

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

| Year | Estimated Taxable value for I&S | Estimated Taxable value for M&O | Tax Rate ¹ | Lorenzo ISD I&S Levy | Lorenzo ISD M&O Levy | Lorenzo ISD M&O and I&S Tax Levies (Before Credit Credited) | Lorenzo ISD M&O and I&S Tax Levies (After Credit Credited) | Crosby County | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|----------------------|----------------------|-------------------------------------------------------------|------------------------------------------------------------|------------------|--------------------------------|
| | | | | 0.0000 | 1.0107 | | | 0.5900 | |
| 2013 | \$37,000,000 | \$37,000,000 | | \$0 | \$373,959 | \$373,959 | \$373,959 | \$0 | \$373,959 |
| 2014 | \$35,150,000 | \$35,150,000 | | \$0 | \$355,261 | \$355,261 | \$355,261 | \$0 | \$355,261 |
| 2015 | \$33,300,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$101,070 | \$0 | \$101,070 |
| 2016 | \$31,450,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2017 | \$29,600,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2018 | \$27,750,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2019 | \$25,900,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2020 | \$24,050,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2021 | \$22,200,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2022 | \$20,350,000 | \$10,000,000 | | \$0 | \$101,070 | \$101,070 | \$50,535 | \$0 | \$50,535 |
| 2023 | \$18,500,000 | \$18,500,000 | | \$0 | \$186,980 | \$186,980 | \$13,644 | \$109,150 | \$122,794 |
| 2024 | \$16,650,000 | \$16,650,000 | | \$0 | \$168,282 | \$168,282 | \$168,282 | \$98,235 | \$266,517 |
| 2025 | \$14,800,000 | \$14,800,000 | | \$0 | \$149,584 | \$149,584 | \$149,584 | \$87,320 | \$236,904 |
| 2026 | \$12,950,000 | \$12,950,000 | | \$0 | \$130,886 | \$130,886 | \$130,886 | \$76,405 | \$207,291 |
| 2027 | \$11,100,000 | \$11,100,000 | | \$0 | \$112,188 | \$112,188 | \$112,188 | \$65,490 | \$177,678 |
| | | | | | | Total | \$1,758,618 | \$436,600 | \$2,195,218 |

Assumes School Value Limitation and Tax Abatement with the County.

Source: CPA, Crosby County Wind Farm LLC

¹Tax Rate per \$100 Valuation

| Year | Estimated Taxable value for I&S | Estimated Taxable value for M&O | Tax Rate ¹ | Lorenzo ISD I&S Levy | Lorenzo ISD M&O Levy | | Lorenzo ISD M&O and I&S Tax Levies | Crosby County | Estimated Total Property Taxes |
|------|---------------------------------|---------------------------------|-----------------------|----------------------|----------------------|--------------|------------------------------------|--------------------|--------------------------------|
| | | | | 0.0000 | 1.0107 | | | 0.5900 | |
| 2013 | \$37,000,000 | \$37,000,000 | | \$0 | \$373,959 | X | \$373,959 | \$218,300 | \$592,259 |
| 2014 | \$35,150,000 | \$35,150,000 | | \$0 | \$355,261 | | \$355,261 | \$207,385 | \$562,646 |
| 2015 | \$33,300,000 | \$33,300,000 | | \$0 | \$336,563 | | \$336,563 | \$196,470 | \$533,033 |
| 2016 | \$31,450,000 | \$31,450,000 | | \$0 | \$317,865 | | \$317,865 | \$185,555 | \$503,420 |
| 2017 | \$29,600,000 | \$29,600,000 | | \$0 | \$299,167 | | \$299,167 | \$174,640 | \$473,807 |
| 2018 | \$27,750,000 | \$27,750,000 | | \$0 | \$280,469 | | \$280,469 | \$163,725 | \$444,194 |
| 2019 | \$25,900,000 | \$25,900,000 | | \$0 | \$261,771 | | \$261,771 | \$152,810 | \$414,581 |
| 2020 | \$24,050,000 | \$24,050,000 | | \$0 | \$243,073 | | \$243,073 | \$141,895 | \$384,968 |
| 2021 | \$22,200,000 | \$22,200,000 | | \$0 | \$224,375 | | \$224,375 | \$130,980 | \$355,355 |
| 2022 | \$20,350,000 | \$20,350,000 | | \$0 | \$205,677 | | \$205,677 | \$120,065 | \$325,742 |
| 2023 | \$18,500,000 | \$18,500,000 | | \$0 | \$186,980 | | \$186,980 | \$109,150 | \$296,130 |
| 2024 | \$16,650,000 | \$16,650,000 | | \$0 | \$168,282 | | \$168,282 | \$98,235 | \$266,517 |
| 2025 | \$14,800,000 | \$14,800,000 | | \$0 | \$149,584 | | \$149,584 | \$87,320 | \$236,904 |
| 2026 | \$12,950,000 | \$12,950,000 | | \$0 | \$130,886 | | \$130,886 | \$76,405 | \$207,291 |
| 2027 | \$11,100,000 | \$11,100,000 | | \$0 | \$112,188 | \$112,188 | \$65,490 | \$177,678 | |
| | | | | | | Total | \$3,646,100 | \$2,128,425 | \$5,774,525 |

Source: CPA, Crosby County Wind Farm LLC

¹Tax Rate per \$100 Valuation

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

Attachment 2, provided by the district and reviewed by the Texas Education Agency, contains information relating to the financial impact of the proposed project on the finances of the district as well as the tax benefit of the value limitation. "Table II" in this attachment shows the estimated 13 year M&O tax levy without the value limitation agreement would be \$3,403,027. The estimated gross 13 year M&O tax benefit, or levy loss, is \$1,887,482.

Attachment 3 is an economic overview of Crosby County.

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

Attachments

1. Schedules A, B, C, and D provided by applicant in application
2. School finance and tax benefit provided by district
3. County Economic Overview

Attachment 1

Schedule A (Rev. May 2010) Investment

Form 99-398

Applicant Name: Credit County Wind Farm, LLC
 USD Name: Lorenzo USD

PROPERTY INVESTMENT AMOUNTS

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

| Year | School Year | Tax Year (FIR in actual tax year below) | Column A: Tangible Personal Property (original cost) placed in service during this year | Column B: Building or permanent nonremovable component of building (annual amount only) | Column C: Sum of A and B (during the qualifying time period) | Column D: Other investment that is not qualified investment but investment affecting economic impact and total value | Column E: Total Investment (A+B+D) |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-----------------------------------------|-----------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------|------------------------------------|
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) Investment made before filing complete application with district (whether qualified property nor eligible to become qualified investment) Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property) Investment made after final board approval of application and before Jan. 1 of first complete tax year of qualifying time period (qualified investment and eligible to become qualified property) Complete tax years of qualifying time period Value Limitation Period Continue to Maintain Viable Presence Post-Settle-Up Period Post-Settle-Up Period | 2012-2013 | 2012 | 200,000 | 0 | | 0 | 200,000 |
| | 2013-2014 | 2013 | 50,000 | 0 | | 0 | 50,000 |
| | 2014-2015 | 2014 | 34,620,000 | 130,000 | 34,750,000 | 2,000,000 | 36,750,000 |
| | 2015-2016 | 2015 | | | | | |
| | 2016-2017 | 2016 | | | | | |
| | 2017-2018 | 2017 | | | | | |
| | 2018-2019 | 2018 | | | | | |
| | 2019-2020 | 2019 | | | | | |
| | 2020-2021 | 2020 | | | | | |
| | 2021-2022 | 2021 | | | | | |
| | 2022-2023 | 2022 | | | | | |
| | 2023-2024 | 2023 | | | | | |
| | 2024-2025 | 2024 | | | | | |
| | 2025-2026 | 2025 | | | | | |
| | 2026-2027 | 2026 | | | | | |
| 2027-2028 | 2027 | | | | | | |

Qualifying Time Period usually begins with the final board approval of the application and extends generally for the following two complete tax years.

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313.021(1)(A)-(D). For the purposes of investment, please list amount invested each year, not cumulative totals.

Column B: For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property. Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. The total dollar amount of planned investment each year in buildings or nonremovable component of buildings that the applicant considers qualified investment under Tax Code §313.021(1)(E).

Column D: For the years outside the qualifying time period, this number should simply represent the planned investment in new buildings or nonremovable components of buildings. Dollar value of other investment that may not be qualified investment but that may affect economic impact and total value for planning, construction and operation of the facility. The most significant example for many projects would be land. Other examples may be items such as professional services, etc.

Column E: Note: Land can be listed as part of investment during the "pre-year 1" time period. It cannot be part of qualifying investment.

Notes: For advanced clean energy projects, nuclear projects, projects with deferred qualifying time periods, and projects with lengthy application review periods, insert additional rows as needed. This schedule must be submitted with the original application and any application for tax credit. When using this schedule for any purpose other than the original application, replace original estimates with actual appraisal district data for past years and update estimates for current and future years. If original estimates have not changed, enter these amounts for future years.

Signature of Authorized Company Representative:  DATE: 3-22-12

Schedule B (Rev. May 2010): Estimate of Market and Taxable Value
 Crosby County Wind Farm, LLC

Form 50-296

Applicant Name
 Lorenzo ISD

| ISD Name | Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year) YYYY | Qualified Property | | | Reductions from Market Value | Estimated Taxable Value | Final taxable value for M&O—after all reductions |
|----------------------------------------------|------------|-------------------------|-----------------------------------------|--------------------------------|-------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|------------------------------|-------------------------|--------------------------------------------------|
| | | | | Estimated Market Value of Land | Estimated Total Market Value of new buildings or other new improvements | Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement" | | | |
| | pre-year 1 | 2012-2013 | 2012 | N/A | 0 | 0 | N/A | 0 | 0 |
| Complete tax years of qualifying time period | 1 | 2013-2014 | 2013 | N/A | 130,000 | 36,870,000 | N/A | 37,000,000 | 37,000,000 |
| | 2 | 2014-2015 | 2014 | N/A | 123,500 | 35,026,500 | N/A | 35,150,000 | 35,150,000 |
| | 3 | 2015-2016 | 2015 | N/A | 117,000 | 33,183,000 | N/A | 33,300,000 | 10,000,000 |
| | 4 | 2016-2017 | 2016 | N/A | 110,500 | 31,339,500 | N/A | 31,450,000 | 10,000,000 |
| | 5 | 2017-2018 | 2017 | N/A | 104,000 | 29,496,000 | N/A | 29,600,000 | 10,000,000 |
| Tax Credit Period (with 50% cap on credit) | 6 | 2018-2019 | 2018 | N/A | 97,500 | 27,652,500 | N/A | 27,750,000 | 10,000,000 |
| | 7 | 2019-2020 | 2019 | N/A | 91,000 | 25,809,000 | N/A | 25,900,000 | 10,000,000 |
| | 8 | 2020-2021 | 2020 | N/A | 84,500 | 23,965,500 | N/A | 24,050,000 | 10,000,000 |
| | 9 | 2021-2022 | 2021 | N/A | 78,000 | 22,122,000 | N/A | 22,200,000 | 10,000,000 |
| | 10 | 2022-2023 | 2022 | N/A | 71,500 | 20,278,500 | N/A | 20,350,000 | 10,000,000 |
| Credit Settle-Up Period | 11 | 2023-2024 | 2023 | N/A | 65,000 | 18,435,000 | N/A | 18,500,000 | 18,500,000 |
| | 12 | 2024-2025 | 2024 | N/A | 58,500 | 16,591,500 | N/A | 16,650,000 | 16,650,000 |
| | 13 | 2025-2026 | 2025 | N/A | 52,000 | 14,748,000 | N/A | 14,800,000 | 14,800,000 |
| Post- Settle-Up Period | 14 | 2026-2027 | 2026 | N/A | 45,500 | 12,904,500 | N/A | 12,950,000 | 12,950,000 |
| | 15 | 2027-2028 | 2027 | N/A | 39,000 | 11,061,000 | N/A | 11,100,000 | 11,100,000 |

Notes: Market value in future years is good faith estimate of future taxable value for the purposes of property taxation.

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

[Signature]

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

3-2-2-12

DATE

Schedule C- Application: Employment Information

Crosby County Wind Farm, LLC
 Lorenzo ISD

Applicant Name
 ISD Name

Form 50-298

| Year | School Year (YYYY-YYYY) | Tax Year (Fill in actual tax year) YYYY | Construction | | New Jobs | | Qualifying Jobs | |
|-------------------------------------------------------|----------------------------|--------------------------------------------------|----------------------------------------------------------------------------------|--------------------------------------------------------------------------|----------------------------------------------------------------------------|------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| | | | Column A: Number of Construction FTE's or man-hours (specify 125 FTE's) | Column B: Average annual wage rates for construction workers | Column C: Number of new jobs applicant creates (cumulative) | Column D: Average annual wage rate for all new jobs. | Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313.021(3) (cumulative) | Column F: Average annual wage of qualifying jobs |
| pre-year 1 | 2012-2013 | 2012 | 0 | 38,000 | 0 | 0 | 0 | 0 |
| 1 | 2013-2014 | 2013 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 2 | 2014-2015 | 2014 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 3 | 2015-2016 | 2015 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 4 | 2016-2017 | 2016 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 5 | 2017-2018 | 2017 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 6 | 2018-2019 | 2018 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 7 | 2019-2020 | 2019 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 8 | 2020-2021 | 2020 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 9 | 2021-2022 | 2021 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 10 | 2022-2023 | 2022 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 11 | 2023-2024 | 2023 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 12 | 2024-2025 | 2024 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 13 | 2025-2026 | 2025 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 14 | 2026-2027 | 2026 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| 15 | 2027-2028 | 2027 | 0 | 0 | 3 | 38,000 | 3 | 38,000 |
| Complete tax years of qualifying time period | | | | | | | | |
| Tax Credit Period (With 50% cap on credit) | | | | | | | | |
| Credit Settle-Up Period | | | | | | | | |
| Post- Settle-Up Period | | | | | | | | |
| Post- Settle-Up Period | | | | | | | | |

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

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

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

CROSBY COUNTY WIND FARM, LLC

By: 
 Shannon Adkins, President

Date: March 22, 2012

Schedule D: (Rev. 10/10) Other Tax Information

Crosby County Wind Farm, LLC

ISD Name

Lorenzo ISD

Form 50-298

| Applicant Name | Year | School Year (YYYY-YYYY) | Tax/Calendar Year YYYY | Sales Tax Information | | Franchise Tax | Other Property Tax Abatements Sought | | | | |
|------------------------------------------------------------------------------------------------------|----------------------------------------------|--------------------------------------|------------------------|-----------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|---------------|---------------------------------------------------------------------------------|--------|------|----------|-------|
| | | | | Column F: Estimate of total annual expenditures* subject to state sales tax | Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax | | Column H: Estimate of Franchise tax due from (or attributable to) the applicant | County | City | Hospital | Other |
| The year preceding the first complete tax year of the qualifying time period (assuming no deferrals) | | 2012-2013 | 2012 | 4,000,000 | 32,800,000 | 0 | 0% | 0% | 0% | 0% | 0% |
| | Complete tax years of qualifying time period | 1 | 2013-2014 | 2013 | 0 | 444,474 | 0 | 100% | 0% | 0% | 0% |
| | | 2 | 2014-2015 | 2014 | 0 | 445,493 | 0 | 100% | 0% | 0% | 0% |
| | | 3 | 2015-2016 | 2015 | 0 | 931,385 | 0 | 100% | 0% | 0% | 0% |
| | | 4 | 2016-2017 | 2016 | 0 | 978,900 | 0 | 100% | 0% | 0% | 0% |
| | | 5 | 2017-2018 | 2017 | 0 | 1,020,354 | 0 | 100% | 0% | 0% | 0% |
| | Tax Credit Period (with 50% cap on credit) | Value Limitation Period | 6 | 2018-2019 | 0 | 1,078,298 | 2,509 | 100% | 0% | 0% | 0% |
| | | | 7 | 2019-2020 | 0 | 1,100,897 | 7,834 | 100% | 0% | 0% | 0% |
| | | | 8 | 2020-2021 | 0 | 1,119,752 | 18,658 | 100% | 0% | 0% | 0% |
| | | | 9 | 2021-2022 | 0 | 1,288,203 | 21,654 | 100% | 0% | 0% | 0% |
| | | | 10 | 2022-2023 | 0 | 1,293,603 | 20,838 | 100% | 0% | 0% | 0% |
| | Credit Settle-Up Period | Continue to Maintain Viable Presence | 11 | 2023-2024 | 626,511 | 781,934 | 21,950 | 0% | 0% | 0% | 0% |
| | | | 12 | 2024-2025 | 639,041 | 765,974 | 20,952 | 0% | 0% | 0% | 0% |
| | | | 13 | 2025-2026 | 651,822 | 750,231 | 21,216 | 0% | 0% | 0% | 0% |
| | Post-Settle-Up Period | Post-Settle-Up Period | 14 | 2026-2027 | 664,858 | 734,709 | 21,705 | 0% | 0% | 0% | 0% |
| 15 | | | 2027-2028 | 678,155 | 719,412 | 22,207 | 0% | 0% | 0% | 0% | |

*For planning, construction and operation of the facility.

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

DATE 3-22-12

Attachment 2

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Crosby County Wind Farm, LLC**

Prepared by

Randy McDowell, RTSBA

School Financial Consultant

&

Neal Brown

School Finance Specialist, Region 16 ESC

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Summary of Lorenzo ISD Financial Impact of the Limited Appraised Value Application from Crosby County Wind Farm, LLC

Introduction

Crosby County Wind Farm, LLC, applied for a property value limitation from Lorenzo Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 3, 2011 and subsequently approved for consideration by the Lorenzo ISD Board of Trustees. Crosby County Wind Farm, LLC (“Crosby Wind”), is requesting the property value limitation as a “renewable energy electric generation” company as listed in Sec. 313.024.(b) of the Tax Code.

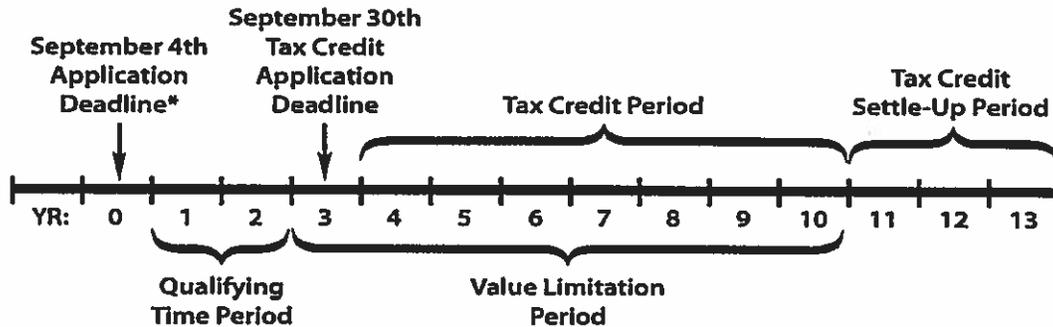
“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Timeline for Companies Applying for Tax Credit (in 3rd Year) After June 15, 2007

Appraised Value Limitation and Credit Under Tax Code Chapter 313



* Companies may apply throughout the year by agreement with the school district. Sept. 4th is the deadline for applications with agreements commencing in the following tax year.

The company must file an application with the school district by September 4 to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year. The first two years of the agreement are considered the qualifying time period and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Lorenzo ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million and less than \$90 million, thus Lorenzo ISD has a minimum qualified investment amount of \$10 million. A qualifying entity’s taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Lorenzo ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The "Additional Value from Crosby Wind" represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company's taxable value will be limited to the \$10,000,000 minimum qualified investment of Lorenzo ISD.

TABLE I- Calculation of Taxable Value:

| Tax Year | Additional Value from Crosby Wind | Minimum Qualified Investment | Abated Value | Taxable Value |
|--------------|--------------------------------------|------------------------------------|-----------------|------------------|
| Jan. 1, 2012 | 37,000,000 | n/a | 0 | 37,000,000 |
| Jan. 1, 2013 | 35,150,000 | n/a | 0 | 35,150,000 |
| Jan. 1, 2014 | 33,300,000 | (10,000,000) | 23,300,000 | 10,000,000 |
| Jan. 1, 2015 | 31,450,000 | (10,000,000) | 21,450,000 | 10,000,000 |
| Jan. 1, 2016 | 29,600,000 | (10,000,000) | 19,600,000 | 10,000,000 |
| Jan. 1, 2017 | 27,750,000 | (10,000,000) | 17,750,000 | 10,000,000 |
| Jan. 1, 2018 | 25,900,000 | (10,000,000) | 15,900,000 | 10,000,000 |
| Jan. 1, 2019 | 24,050,000 | (10,000,000) | 14,050,000 | 10,000,000 |
| Jan. 1, 2020 | 22,200,000 | (10,000,000) | 12,200,000 | 10,000,000 |
| Jan. 1, 2021 | 20,350,000 | (10,000,000) | 10,350,000 | 10,000,000 |
| Jan. 1, 2022 | 18,500,000 | n/a | 0 | 18,500,000 |
| Jan. 1, 2023 | 16,650,000 | n/a | 0 | 16,650,000 |
| Jan. 1, 2024 | 14,800,000 | n/a | 0 | 14,800,000 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Crosby County Wind Farm's Tax Benefit from Agreement

The projected amount of the net tax savings for Crosby Wind is \$1.873 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

TABLE II- Computation of Net Tax Savings:

| Fiscal Year | Taxes w/o Agreement | Tax Savings with Agreement | Tax Credits | Payment of District's Revenue Losses | Net Tax Savings |
|---------------|---------------------|----------------------------|----------------|--------------------------------------|------------------|
| 2012-2013 | 373,959 | 0 | n/a | 0 | 0 |
| 2013-2014 | 355,261 | 0 | n/a | 0 | 0 |
| 2014-2015 | 336,563 | 235,493 | n/a | (14,527) | 220,966 |
| 2015-2016 | 317,865 | 216,795 | 50,535 | 0 | 267,330 |
| 2016-2017 | 299,167 | 198,097 | 50,535 | 0 | 248,632 |
| 2017-2018 | 280,469 | 179,399 | 50,535 | 0 | 229,934 |
| 2018-2019 | 261,771 | 160,701 | 50,535 | 0 | 211,236 |
| 2019-2020 | 243,073 | 142,003 | 50,535 | 0 | 192,538 |
| 2020-2021 | 224,375 | 123,305 | 50,535 | 0 | 173,840 |
| 2021-2022 | 205,677 | 104,607 | 50,535 | 0 | 155,142 |
| 2022-2023 | 186,980 | 0 | 173,335 | 0 | 173,335 |
| 2023-2024 | 168,282 | 0 | 0 | 0 | 0 |
| 2024-2025 | 149,584 | 0 | 0 | 0 | 0 |
| Totals | 3,403,027 | 1,360,402 | 527,080 | (14,527) | 1,872,955 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Lorenzo ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in Appendix B. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2011-2012 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2011
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- A constant taxable value was used with no projected increase or decrease, except as it related to the requested LAVA. The district's 2011 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2011-2012 was decreased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

The tables displayed below (Table III, IV, V) are excerpts from Appendix B. These scenarios were computed to compare the District's revenue without the additional taxable value of Crosby Wind (Table III), the addition of Crosby Wind taxable values without a Chapter 313 Agreement (Table IV), and the addition of Crosby Wind taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues without Crosby Wind:

| Fiscal Year | M&O Taxes | | | Recapture Amount | Hold | M&O | Total District Revenue |
|-------------|---------------------|-----------------|---------------|------------------|------------------|-------------------|------------------------|
| | Total Taxable Value | Compressed Rate | State Revenue | | Harmless Revenue | Taxes > Comp Rate | |
| 2012-2013 | 185,000,000 | 1,789,135 | 846,651 | (0) | 2,635,786 | 144,491 | 2,780,277 |
| 2013-2014 | 185,000,000 | 1,789,135 | 841,379 | (0) | 2,630,514 | 137,533 | 2,768,047 |
| 2014-2015 | 185,000,000 | 1,789,135 | 836,118 | (0) | 2,625,253 | 137,258 | 2,762,511 |
| 2015-2016 | 185,000,000 | 1,789,135 | 830,868 | (0) | 2,620,003 | 136,983 | 2,756,986 |
| 2016-2017 | 185,000,000 | 1,789,135 | 825,628 | (0) | 2,614,763 | 136,709 | 2,751,472 |
| 2017-2018 | 185,000,000 | 1,789,135 | 820,398 | (0) | 2,609,533 | 136,436 | 2,745,969 |
| 2018-2019 | 185,000,000 | 1,789,135 | 815,179 | (0) | 2,604,314 | 136,163 | 2,740,477 |
| 2019-2020 | 185,000,000 | 1,789,135 | 809,971 | (0) | 2,599,106 | 135,891 | 2,734,996 |
| 2020-2021 | 185,000,000 | 1,789,135 | 804,772 | (0) | 2,593,907 | 135,619 | 2,729,526 |
| 2021-2022 | 185,000,000 | 1,789,135 | 799,585 | (0) | 2,588,720 | 135,348 | 2,724,067 |
| 2022-2023 | 185,000,000 | 1,789,135 | 794,407 | (0) | 2,583,542 | 135,077 | 2,718,619 |
| 2023-2024 | 185,000,000 | 1,789,135 | 789,240 | (0) | 2,578,375 | 134,807 | 2,713,182 |
| 2024-2025 | 185,000,000 | 1,789,135 | 784,083 | (0) | 2,573,218 | 134,537 | 2,707,756 |

TABLE IV- District Revenues with Crosby Wind without Chapter 313 Agreement:

| Fiscal Year | M&O Taxes | | | Recapture Amount | Hold | M&O | Total District Revenue |
|-------------|---------------------|-----------------|---------------|------------------|------------------|-------------------|------------------------|
| | Total Taxable Value | Compressed Rate | State Revenue | | Harmless Revenue | Taxes > Comp Rate | |
| 2012-2013 | 222,000,000 | 2,146,962 | 488,824 | (0) | 2,635,786 | 173,389 | 2,809,175 |
| 2013-2014 | 220,150,000 | 2,129,071 | 501,444 | (0) | 2,630,514 | 136,387 | 2,766,901 |
| 2014-2015 | 218,300,000 | 2,111,179 | 514,074 | (0) | 2,625,253 | 136,104 | 2,761,358 |
| 2015-2016 | 216,450,000 | 2,093,288 | 526,715 | (0) | 2,620,003 | 135,822 | 2,755,825 |
| 2016-2017 | 214,600,000 | 2,075,397 | 539,366 | (0) | 2,614,763 | 135,541 | 2,750,304 |
| 2017-2018 | 212,750,000 | 2,057,505 | 552,028 | (0) | 2,609,533 | 135,260 | 2,744,793 |
| 2018-2019 | 210,900,000 | 2,039,614 | 564,700 | (0) | 2,604,314 | 134,979 | 2,739,293 |
| 2019-2020 | 209,050,000 | 2,021,723 | 577,383 | (0) | 2,599,106 | 134,699 | 2,733,804 |
| 2020-2021 | 207,200,000 | 2,003,831 | 590,076 | (0) | 2,593,907 | 134,419 | 2,728,326 |
| 2021-2022 | 205,350,000 | 1,985,940 | 602,780 | (0) | 2,588,720 | 134,139 | 2,722,859 |
| 2022-2023 | 203,500,000 | 1,968,049 | 615,494 | (0) | 2,583,542 | 133,860 | 2,717,402 |
| 2023-2024 | 201,650,000 | 1,950,157 | 628,218 | (0) | 2,578,375 | 133,581 | 2,711,956 |
| 2024-2025 | 199,800,000 | 1,932,266 | 640,953 | (0) | 2,573,218 | 133,303 | 2,706,521 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

TABLE V – District Revenues with Crosby Wind with Chapter 313 Agreement:

| Fiscal Year | M&O Taxes | | M&O | | | | Total District Revenue | |
|-------------|---------------------|-------------------------|---------------|------------------|-----------------------|-----------------------------|------------------------|-----------|
| | Total Taxable Value | Comp Rate After Credits | State Revenue | Recapture Amount | Hold Harmless Revenue | Taxes > | | |
| | | | | | | Payment for District Losses | | |
| 2012-2013 | 222,000,000 | 2,146,962 | 488,824 | (0) | 2,635,786 | 173,389 | 0 | 2,809,175 |
| 2013-2014 | 220,150,000 | 2,129,071 | 501,444 | (0) | 2,630,514 | 136,387 | 0 | 2,766,901 |
| 2014-2015 | 195,000,000 | 1,885,845 | 739,408 | (0) | 2,625,253 | 121,577 | 14,527 | 2,761,358 |
| 2015-2016 | 195,000,000 | 1,885,845 | 734,158 | (0) | 2,620,003 | 136,983 | 0 | 2,756,986 |
| 2016-2017 | 195,000,000 | 1,885,845 | 728,918 | (0) | 2,614,763 | 138,709 | 0 | 2,751,472 |
| 2017-2018 | 195,000,000 | 1,885,845 | 723,688 | (0) | 2,609,533 | 136,436 | 0 | 2,745,969 |
| 2018-2019 | 195,000,000 | 1,885,845 | 718,469 | (0) | 2,604,314 | 138,163 | 0 | 2,740,477 |
| 2019-2020 | 195,000,000 | 1,885,845 | 713,261 | (0) | 2,599,106 | 135,891 | 0 | 2,734,996 |
| 2020-2021 | 195,000,000 | 1,885,845 | 708,062 | (0) | 2,593,907 | 135,619 | 0 | 2,729,526 |
| 2021-2022 | 195,000,000 | 1,885,845 | 702,875 | (0) | 2,588,720 | 135,348 | 0 | 2,724,067 |
| 2022-2023 | 203,500,000 | 1,968,049 | 615,494 | (0) | 2,583,542 | 140,965 | 0 | 2,724,507 |
| 2023-2024 | 201,650,000 | 1,950,157 | 628,218 | (0) | 2,578,375 | 133,581 | 0 | 2,711,956 |
| 2024-2025 | 199,800,000 | 1,932,266 | 640,953 | (0) | 2,573,218 | 133,303 | 0 | 2,706,521 |

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district's financial impact from granting a property value limitation. Due to the district's "Hold Harmless" provision that was enacted in the new funding formulas, it is presumed that the majority of the district's revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently "held harmless" for the majority amount of loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the "hold harmless" provision is eliminated, then the company would be required to offset the district's losses as computed in Article III of the Agreement.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Crosby County Wind Farm, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) of the net tax savings will be paid to Lorenzo ISD by Crosby County Wind Farm, LLC, the projected amount of these payments over the life of the agreement is \$249,000 of the \$1.87 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

| Fiscal Year | Net Tax Savings | Lorenzo ISD Share \$100/ADA | Crosby County Wind Share |
|---------------|------------------|--------------------------------|-----------------------------|
| 2012-2013 | 0 | 0 | 0 |
| 2013-2014 | 0 | 0 | 0 |
| 2014-2015 | 220,966 | 27,932 | 193,034 |
| 2015-2016 | 267,330 | 27,876 | 239,454 |
| 2016-2017 | 248,632 | 27,820 | 220,812 |
| 2017-2018 | 229,934 | 27,764 | 202,170 |
| 2018-2019 | 211,236 | 27,709 | 183,527 |
| 2019-2020 | 192,538 | 27,654 | 164,885 |
| 2020-2021 | 173,840 | 27,598 | 146,242 |
| 2021-2022 | 155,142 | 27,543 | 127,599 |
| 2022-2023 | 173,335 | 27,488 | 145,847 |
| 2023-2024 | 0 | 0 | 0 |
| 2024-2025 | 0 | 0 | 0 |
| Totals | 1,872,955 | 249,384 | 1,623,571 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

| Grade Level | # of Regular Classrooms | Building Capacity | Current Enrollment | Enrollment Growth Available |
|--------------|-------------------------|-------------------|--------------------|-----------------------------|
| Pre-K thru 6 | 16 | 352 | 198 | 154 |
| 7 thru 12 | 12 | 240 | 107 | 133 |
| Total | 28 | 592 | 305 | 287 |

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Lorenzo ISD is a pre-kindergarten through 12th grade district.

Crosby County Wind Farm, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that three full-time employees are expected. It is not known whether these would be new employees to the Lorenzo ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus the new three positions equates to 2 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Lorenzo ISD as displayed in Table VII above.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Crosby County Wind Farm, LLC, would be beneficial to both Crosby Wind and Lorenzo ISD under the current school finance system.

Crosby Wind would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Crosby Wind is projected to benefit from a 61% tax savings over the eleven year period of this agreement. Crosby Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Lorenzo ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Crosby Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.



TEXAS EDUCATION AGENCY

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

Robert Scott
Commissioner

May 15, 2012

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

Dear Mr. Wood:

As required by the Tax Code, §313.025 (b-1), the Texas Education Agency (TEA) has evaluated the impact of the proposed Crosby County Wind Farm LLC project on the number and size of school facilities in Lorenzo Independent School District (LISD). Based on the analysis prepared by Randy McDowell and Neal Brown for the school district and a conversation with the LISD superintendent, Dick Van Hoose, the TEA has found that the Crosby County Wind Farm LLC project would not have a significant impact on the number or size of school facilities in LISD.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

A handwritten signature in black ink that reads "Belinda Dyer". The signature is written in a cursive, flowing style.

Belinda Dyer
Division Manager
Office of School Finance

BD/bd



TEXAS EDUCATION AGENCY

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

Robert Scott
Commissioner

May 15, 2012

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

Dear Mr. Wood:

The Texas Education Agency has analyzed the revenue gains that would be realized by the proposed Crosby County Wind Farm LLC project for the Lorenzo Independent School District (LISD). Projections prepared by our Office of School Finance confirm the analysis that was prepared by Randy McDowell and Neal Brown and provided to us by your division. We believe their assumptions regarding the potential revenue gain are valid, and their estimates of the impact of the Crosby County Wind Farm LLC project on LISD are correct.

Please feel free to contact Al McKenzie, manager of forecasting, facilities, and transportation, by phone at (512) 463-9186 or by email at al.mckenzie@tea.state.tx.us if you need further information regarding this issue.

Sincerely,

Belinda Dyer
Division Manager
Office of School Finance

BD/bd

Attachment 3

Crosby County

Population

- Total county population in 2010 for Crosby County: 6,069 , up 0.1 percent from 2009. State population increased 1.8 percent in the same time period.
- Crosby County was the state's 193th largest county in population in 2010 and the 190 th fastest growing county from 2009 to 2010.
- Crosby County's population in 2009 was 42.1 percent Anglo (below the state average of 46.7 percent), 4.2 percent African-American (below the state average of 11.3 percent) and 52.7 percent Hispanic (above the state average of 36.9 percent).
- 2009 population of the largest cities and places in Crosby County:

| | | | |
|----------|-------|------------|-------|
| Ralls: | 1,940 | Crosbyton: | 1,591 |
| Lorenzo: | 1,171 | | |

Economy and Income

Employment

- September 2011 total employment in Crosby County: 2,454 , up 1.4 percent from September 2010. State total employment increased 0.9 percent during the same period.
(October 2011 employment data will be available November 18, 2011).
- September 2011 Crosby County unemployment rate: 10.3 percent, up from 7.8 percent in September 2010. The statewide unemployment rate for September 2011 was 8.5 percent, up from 8.2 percent in September 2010.
- September 2011 unemployment rate in the city of:

(Note: County and state unemployment rates are adjusted for seasonal fluctuations, but the Texas Workforce Commission city unemployment rates are not. Seasonally-adjusted unemployment rates are not comparable with unadjusted rates).

Income

- Crosby County's ranking in per capita personal income in 2009: 101st with an average per capita income of \$34,095, up 2.5 percent from 2008. Statewide average per capita personal income was \$38,609 in 2009, down 3.1 percent from 2008.

Industry

- Agricultural cash values in Crosby County averaged \$144.99 million annually from 2007 to 2010. County total agricultural values in 2010 were down 4.9 percent from 2009. Major agriculture related commodities in Crosby County during 2010 included:
 - Hay - Wheat - Other Beef - Cottonseed - Cotton
- 2011 oil and gas production in Crosby County: 491,409.0 barrels of oil and 40,450.0 Mcf of gas. In September 2011, there were 442 producing oil wells and 0 producing gas wells.

Taxes

Sales Tax - Taxable Sales

(County and city taxable sales data for 1st quarter 2011 is currently targeted for release in mid-September 2011).

Quarterly (September 2010 through December 2010)

- Taxable sales in Crosby County during the fourth quarter 2010: \$2.79 million, up 5.6 percent from the same quarter in 2009.
- Taxable sales during the fourth quarter 2010 in the city of:

| | |
|------------|---------------------------------------------------------------|
| Ralls: | \$1.06 million, up 2.1 percent from the same quarter in 2009. |
| Crosbyton: | \$961,607.00, up 0.4 percent from the same quarter in 2009. |
| Lorenzo: | \$372,095.00, up 8.9 percent from the same quarter in 2009. |

Taxable Sales through the end of 4th quarter 2010 (January 2010 through December 30, 2010)

- Taxable sales in Crosby County through the fourth quarter of 2010: \$10.25 million, up 1.1 percent from the same period in 2009.
- Taxable sales through the fourth quarter of 2010 in the city of:

| | |
|------------|----------------------------------------------------------------|
| Ralls: | \$3.83 million, up 0.6 percent from the same period in 2009. |
| Crosbyton: | \$3.42 million, down 6.3 percent from the same period in 2009. |
| Lorenzo: | \$1.34 million, down 2.2 percent from the same period in 2009. |

Annual (2010)

- Taxable sales in Crosby County during 2010: \$10.25 million, up 1.1 percent from 2009.
- Crosby County sent an estimated \$640,386.63 (or 0.00 percent of Texas' taxable sales) in state sales taxes to the state treasury in 2010.
- Taxable sales during 2010 in the city of:

| | |
|------------|---------------------------------------------|
| Ralls: | \$3.83 million, up 0.6 percent from 2009. |
| Crosbyton: | \$3.42 million, down 6.3 percent from 2009. |

Lorenzo: \$1.34 million, down 2.2 percent from 2009.

Sales Tax – Local Sales Tax Allocations

(The release date for sales tax allocations to cities for the sales activity month of September 2011 is currently scheduled for November 9, 2011.)

Monthly

- Statewide payments based on the sales activity month of August 2011: \$505.22 million, up 13.9 percent from August 2010.
- Payments to all cities in Crosby County based on the sales activity month of August 2011: \$17,417.34, up 4.0 percent from August 2010.
- Payment based on the sales activity month of August 2011 to the city of:
 - Ralls: \$7,975.40, up 7.0 percent from August 2010.
 - Crosbyton: \$7,209.34, up 4.8 percent from August 2010.
 - Lorenzo: \$2,232.60, down 7.2 percent from August 2010.

Fiscal Year

- Statewide payments based on sales activity months from September 2010 through August 2011: \$6.08 billion, up 8.0 percent from the same period in 2010.
- Payments to all cities in Crosby County based on sales activity months from September 2010 through August 2011: \$226,258.47, up 0.9 percent from fiscal 2010.
- Payments based on sales activity months from September 2010 through August 2011 to the city of:
 - Ralls: \$103,179.19, up 6.7 percent from fiscal 2010.
 - Crosbyton: \$92,855.99, down 5.8 percent from fiscal 2010.
 - Lorenzo: \$30,223.29, up 4.5 percent from fiscal 2010.

January 2011 through August 2011 (Sales Activity Year-To-Date)

- Statewide payments based on sales activity months through August 2011: \$3.99 billion, up 8.3 percent from the same period in 2010.
- Payments to all cities in Crosby County based on sales activity months through August 2011: \$149,922.76, up 0.2 percent from the same period in 2010.
- Payments based on sales activity months through August 2011 to the city of:
 - Ralls: \$67,121.63, up 5.5 percent from the same period in 2010.
 - Crosbyton: \$61,654.58, down 7.0 percent from the same period in 2010.
 - Lorenzo: \$21,146.55, up 7.7 percent from the same period in 2010.

12 months ending in August 2011

- Statewide payments based on sales activity in the 12 months ending in August 2011: \$6.08 billion, up 8.0 percent from the previous 12-month period.
- Payments to all cities in Crosby County based on sales activity in the 12 months ending in August 2011: \$226,258.47, up 0.9 percent from the previous 12-month period.
- Payments based on sales activity in the 12 months ending in August 2011 to the city of:
 - Ralls: \$103,179.19, up 6.7 percent from the previous 12-month period.
 - Crosbyton: \$92,855.99, down 5.8 percent from the previous 12-month period.
 - Lorenzo: \$30,223.29, up 4.5 percent from the previous 12-month period.

■ **City Calendar Year-To-Date (RJ 2011)**

- Payment to the cities from January 2011 through October 2011:
 - Ralls: \$84,931.24, up 4.0 percent from the same period in 2010.
 - Crosbyton: \$78,924.83, down 4.4 percent from the same period in 2010.
 - Lorenzo: \$25,791.46, up 5.8 percent from the same period in 2010.

Annual (2010)

- Statewide payments based on sales activity months in 2010: \$5.77 billion, up 3.3 percent from 2009.
- Payments to all cities in Crosby County based on sales activity months in 2010: \$225,943.92, up 2.7 percent from 2009.
- Payment based on sales activity months in 2010 to the city of:
 - Ralls: \$99,709.05, up 5.6 percent from 2009.
 - Crosbyton: \$97,519.75, down 1.0 percent from 2009.
 - Lorenzo: \$28,715.12, up 6.0 percent from 2009.

Property Tax

- As of January 2009, property values in Crosby County: \$655.16 million, up 2.5 percent from January 2008 values. The property tax base per person in Crosby County is \$107,245, above the statewide average of \$85,809. About 24.5 percent of the property tax base is derived from oil, gas and minerals.

State Expenditures

- Crosby County's ranking in state expenditures by county in fiscal year 2010: 184th. State expenditures in the county for FY2010: \$28.18 million, up 0.1 percent from FY2009.
- In Crosby County, 7 state agencies provide a total of 27 jobs and \$270,638.00 in annualized wages (as of 1st quarter 2011).
- Major state agencies in the county (as of first quarter 2011):
 - Department of Transportation
 - Department of Public Safety
 - AgriLife Extension Service
 - Health & Human Services Commission
 - Department of Aging and Disability Services

Higher Education

- Community colleges in Crosby County fall 2010 enrollment:
 - None.
- Crosby County is in the service area of the following:
 - South Plains College with a fall 2010 enrollment of 10,153. Counties in the service area include:
 - Bailey County
 - Cochran County
 - Crosby County
 - Floyd County
 - Gaines County
 - Garza County
 - Hale County
 - Hockley County
 - Lamb County
 - Lubbock County
 - Lynn County
 - Motley County
 - Terry County
 - Yoakum County
- Institutions of higher education in Crosby County fall 2010 enrollment:

School Districts

- Crosby County had 3 school districts with 11 schools and 1,273 students in the 2009-10 school year.
(Statewide, the average teacher salary in school year 2009-10 was \$48,263. The percentage of students, statewide, meeting the 2010 TAKS passing standard for all 2009-10 TAKS tests was 77 percent.)
 - Crosbyton ISD had 415 students in the 2009-10 school year. The average teacher salary was \$40,893. The percentage of students meeting the 2010 TAKS passing standard for all tests was 65 percent.
 - Lorenzo ISD had 317 students in the 2009-10 school year. The average teacher salary was \$41,094. The percentage of students meeting the 2010 TAKS passing standard for all tests was 50 percent.
 - Ralls ISD had 541 students in the 2009-10 school year. The average teacher salary was \$37,609. The percentage of students meeting the 2010 TAKS passing standard for all tests was 66 percent.

**Summary of the District's Financial Impact
of Chapter 313 Agreement
with Crosby County Wind Farm, LLC**

Prepared by

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&

Neal Brown

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Lorenzo ISD Financial Impact of Chapter 313 Agreement

Summary of Lorenzo ISD Financial Impact of the Limited Appraised Value Application from Crosby County Wind Farm, LLC

Introduction

Crosby County Wind Farm, LLC, applied for a property value limitation from Lorenzo Independent School District under Chapter 313 of the Tax Code. The application was submitted on November 3, 2011 and subsequently approved for consideration by the Lorenzo ISD Board of Trustees. Crosby County Wind Farm, LLC (“Crosby Wind”), is requesting the property value limitation as a “renewable energy electric generation” company as listed in Sec. 313.024.(b) of the Tax Code.

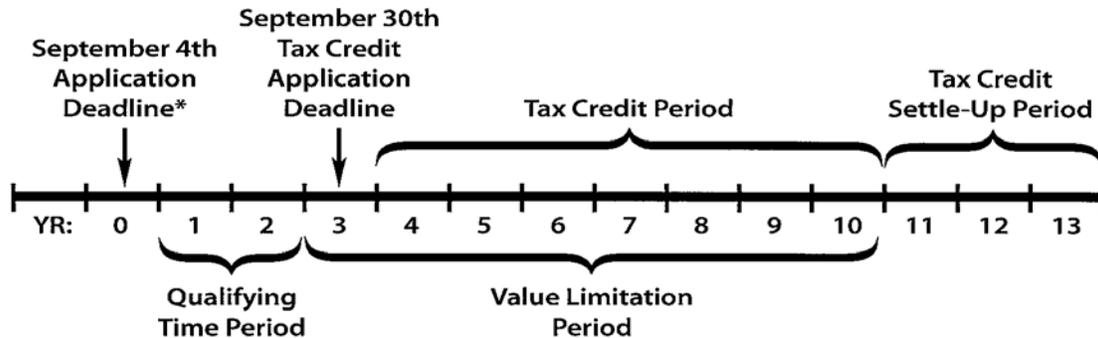
“The Economic Development Act”, Tax Code Chapter 313, was created by House Bill 1200 of the 77th Texas Legislature in 2001. Further amendments were made to Chapter 313 as a result of House Bill 1470 from the 80th Texas Legislative Session in 2007.

The Economic Development Act was created to attract qualifying businesses to Texas by allowing school districts the option of approving a property value limitation to these qualifying entities. The purpose of the property value limitation is to reduce the maintenance and operations taxes paid by the company, to a school district during the applicable years as displayed below.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Timeline for Companies Applying for Tax Credit (in 3rd Year) After June 15, 2007

Appraised Value Limitation and Credit Under Tax Code Chapter 313



* Companies may apply throughout the year by agreement with the school district. Sept. 4th is the deadline for applications with agreements commencing in the following tax year.

The company must file an application with the school district by September 4 to qualify for consideration of a Limited Appraised Value Agreement (“LAVA” or “Agreement”) to begin the following tax year. The first two years of the agreement are considered the qualifying time period and the company’s school district taxes will be levied at one-hundred percent of the appraised value. The applicant may then file a separate application with the school district to request tax credits (for taxes paid during the qualifying time period) to be applied during years four through ten of the LAVA, but not to exceed 50% of their tax levy for those years. Any tax credit balance remaining after this period can then be applied during years eleven through thirteen of the agreement, but cannot exceed the actual amount of taxes paid to the school district during the Settle-Up Period. After year thirteen, any leftover credits will not be applied and will expire.

During years three through ten of the LAVA, the qualifying entity’s taxable value will be reduced to the minimum qualified investment for the applicable school district as determined by the State Comptroller’s Office. Lorenzo ISD is considered a Rural category 3 District as categorized with total taxable value of industrial property of at least \$1 million and less than \$90 million, thus Lorenzo ISD has a minimum qualified investment amount of \$10 million. A qualifying entity’s taxable value would be reduced to \$10 million during years three through ten of the agreement for the purposes of computing the tax levy for the maintenance and operations (M&O) tax of Lorenzo ISD. The entire appraised value will be used for computing the interest and sinking (I&S) tax levy.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Taxable Value Impact from LAVA

The “Additional Value from Crosby Wind” represents the values that the company estimated as their taxable values in the application that was filed with the district. During years three through ten, the company’s taxable value will be limited to the \$10,000,000 minimum qualified investment of Lorenzo ISD.

TABLE I- Calculation of Taxable Value:

| Tax Year | Additional Value from Crosby Wind | Minimum Qualified Investment | Abated Value | Taxable Value |
|-----------------|------------------------------------------|-------------------------------------|---------------------|----------------------|
| Jan. 1, 2012 | 37,000,000 | n/a | 0 | 37,000,000 |
| Jan. 1, 2013 | 35,150,000 | n/a | 0 | 35,150,000 |
| Jan. 1, 2014 | 33,300,000 | (10,000,000) | 23,300,000 | 10,000,000 |
| Jan. 1, 2015 | 31,450,000 | (10,000,000) | 21,450,000 | 10,000,000 |
| Jan. 1, 2016 | 29,600,000 | (10,000,000) | 19,600,000 | 10,000,000 |
| Jan. 1, 2017 | 27,750,000 | (10,000,000) | 17,750,000 | 10,000,000 |
| Jan. 1, 2018 | 25,900,000 | (10,000,000) | 15,900,000 | 10,000,000 |
| Jan. 1, 2019 | 24,050,000 | (10,000,000) | 14,050,000 | 10,000,000 |
| Jan. 1, 2020 | 22,200,000 | (10,000,000) | 12,200,000 | 10,000,000 |
| Jan. 1, 2021 | 20,350,000 | (10,000,000) | 10,350,000 | 10,000,000 |
| Jan. 1, 2022 | 18,500,000 | n/a | 0 | 18,500,000 |
| Jan. 1, 2023 | 16,650,000 | n/a | 0 | 16,650,000 |
| Jan. 1, 2024 | 14,800,000 | n/a | 0 | 14,800,000 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Crosby County Wind Farm's Tax Benefit from Agreement

The projected amount of the net tax savings for Crosby Wind is \$1.873 million over the life of the Agreement. This net savings is after all tax credits have been applied and after estimated payments have been made to the district to offset their revenue losses that were a direct result of entering into this Agreement.

TABLE II- Computation of Net Tax Savings:

| Fiscal Year | Taxes w/o Agreement | Tax Savings with Agreement | Tax Credits | Payment of District's Revenue Losses | Net Tax Savings |
|---------------|---------------------|----------------------------|----------------|--------------------------------------|------------------|
| 2012-2013 | 373,959 | 0 | n/a | 0 | 0 |
| 2013-2014 | 355,261 | 0 | n/a | 0 | 0 |
| 2014-2015 | 336,563 | 235,493 | n/a | (14,527) | 220,966 |
| 2015-2016 | 317,865 | 216,795 | 50,535 | 0 | 267,330 |
| 2016-2017 | 299,167 | 198,097 | 50,535 | 0 | 248,632 |
| 2017-2018 | 280,469 | 179,399 | 50,535 | 0 | 229,934 |
| 2018-2019 | 261,771 | 160,701 | 50,535 | 0 | 211,236 |
| 2019-2020 | 243,073 | 142,003 | 50,535 | 0 | 192,538 |
| 2020-2021 | 224,375 | 123,305 | 50,535 | 0 | 173,840 |
| 2021-2022 | 205,677 | 104,607 | 50,535 | 0 | 155,142 |
| 2022-2023 | 186,980 | 0 | 173,335 | 0 | 173,335 |
| 2023-2024 | 168,282 | 0 | 0 | 0 | 0 |
| 2024-2025 | 149,584 | 0 | 0 | 0 | 0 |
| Totals | 3,403,027 | 1,360,402 | 527,080 | (14,527) | 1,872,955 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Financial Impact Study

This Financial Impact Study was performed to determine the financial impact of the Limited Appraised Value Agreement on Lorenzo ISD. First, a thirteen year financial forecast was prepared to establish a baseline without the added values of the renewable energy electric generation company. Second, a thirteen year financial forecast was prepared that incorporated the additional taxable value of the company without a LAVA in effect. Third, a thirteen year financial forecast was prepared that incorporates the additional taxable value of the company with an approved LAVA. These three forecasts are detailed in Appendix B. The following assumptions were used to compare the financial impact of the LAVA:

- The current state funding formulas (in effect for 2011-2012 fiscal year) were used for state aid and recapture calculation purposes
 - Level 2 of Tier II yield - \$59.97 per weighted student in average daily attendance (WADA) per penny of tax effort
- The district's tax rate for maintenance & operations (M&O) will remain at the same rate as for tax year 2011
- A tax collection rate of 100% on current year tax levy with no projected delinquent taxes
- A constant taxable value was used with no projected increase or decrease, except as it related to the requested LAVA. The district's 2011 taxable value was used as a baseline for all projections
- The district's enrollment is projected to decrease slightly; therefore, the projected ADA and WADA for school year 2011-2012 was decreased by .5% per year for the life of the agreement.

Although these assumptions were used to develop a baseline scenario for comparison purposes, many of these factors will not remain constant for the thirteen years of this proposed agreement. Also, Legislative changes to the school finance formulas are likely during the near future and almost certain during the life of this agreement.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

The tables displayed below (Table III, IV, V) are excerpts from Appendix B. These scenarios were computed to compare the District's revenue without the additional taxable value of Crosby Wind (Table III), the addition of Crosby Wind taxable values without a Chapter 313 Agreement (Table IV), and the addition of Crosby Wind taxable values with a Chapter 313 Agreement (Table V).

TABLE III – District Revenues without Crosby Wind:

| Fiscal Year | Total Taxable Value | M&O Taxes | | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Total District Revenue |
|-------------|---------------------|-----------------|---------------|------------------|-----------------------|-----------------------|------------------------|
| | | Compressed Rate | State Revenue | | | | |
| 2012-2013 | 185,000,000 | 1,789,135 | 846,651 | (0) | 2,635,786 | 144,491 | 2,780,277 |
| 2013-2014 | 185,000,000 | 1,789,135 | 841,379 | (0) | 2,630,514 | 137,533 | 2,768,047 |
| 2014-2015 | 185,000,000 | 1,789,135 | 836,118 | (0) | 2,625,253 | 137,258 | 2,762,511 |
| 2015-2016 | 185,000,000 | 1,789,135 | 830,868 | (0) | 2,620,003 | 136,983 | 2,756,986 |
| 2016-2017 | 185,000,000 | 1,789,135 | 825,628 | (0) | 2,614,763 | 136,709 | 2,751,472 |
| 2017-2018 | 185,000,000 | 1,789,135 | 820,398 | (0) | 2,609,533 | 136,436 | 2,745,969 |
| 2018-2019 | 185,000,000 | 1,789,135 | 815,179 | (0) | 2,604,314 | 136,163 | 2,740,477 |
| 2019-2020 | 185,000,000 | 1,789,135 | 809,971 | (0) | 2,599,106 | 135,891 | 2,734,996 |
| 2020-2021 | 185,000,000 | 1,789,135 | 804,772 | (0) | 2,593,907 | 135,619 | 2,729,526 |
| 2021-2022 | 185,000,000 | 1,789,135 | 799,585 | (0) | 2,588,720 | 135,348 | 2,724,067 |
| 2022-2023 | 185,000,000 | 1,789,135 | 794,407 | (0) | 2,583,542 | 135,077 | 2,718,619 |
| 2023-2024 | 185,000,000 | 1,789,135 | 789,240 | (0) | 2,578,375 | 134,807 | 2,713,182 |
| 2024-2025 | 185,000,000 | 1,789,135 | 784,083 | (0) | 2,573,218 | 134,537 | 2,707,756 |

TABLE IV- District Revenues with Crosby Wind without Chapter 313 Agreement:

| Fiscal Year | Total Taxable Value | M&O Taxes | | Recapture Amount | Hold Harmless Revenue | M&O Taxes > Comp Rate | Total District Revenue |
|-------------|---------------------|-----------------|---------------|------------------|-----------------------|-----------------------|------------------------|
| | | Compressed Rate | State Revenue | | | | |
| 2012-2013 | 222,000,000 | 2,146,962 | 488,824 | (0) | 2,635,786 | 173,389 | 2,809,175 |
| 2013-2014 | 220,150,000 | 2,129,071 | 501,444 | (0) | 2,630,514 | 136,387 | 2,766,901 |
| 2014-2015 | 218,300,000 | 2,111,179 | 514,074 | (0) | 2,625,253 | 136,104 | 2,761,358 |
| 2015-2016 | 216,450,000 | 2,093,288 | 526,715 | (0) | 2,620,003 | 135,822 | 2,755,825 |
| 2016-2017 | 214,600,000 | 2,075,397 | 539,366 | (0) | 2,614,763 | 135,541 | 2,750,304 |
| 2017-2018 | 212,750,000 | 2,057,505 | 552,028 | (0) | 2,609,533 | 135,260 | 2,744,793 |
| 2018-2019 | 210,900,000 | 2,039,614 | 564,700 | (0) | 2,604,314 | 134,979 | 2,739,293 |
| 2019-2020 | 209,050,000 | 2,021,723 | 577,383 | (0) | 2,599,106 | 134,699 | 2,733,804 |
| 2020-2021 | 207,200,000 | 2,003,831 | 590,076 | (0) | 2,593,907 | 134,419 | 2,728,326 |
| 2021-2022 | 205,350,000 | 1,985,940 | 602,780 | (0) | 2,588,720 | 134,139 | 2,722,859 |
| 2022-2023 | 203,500,000 | 1,968,049 | 615,494 | (0) | 2,583,542 | 133,860 | 2,717,402 |
| 2023-2024 | 201,650,000 | 1,950,157 | 628,218 | (0) | 2,578,375 | 133,581 | 2,711,956 |
| 2024-2025 | 199,800,000 | 1,932,266 | 640,953 | (0) | 2,573,218 | 133,303 | 2,706,521 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

TABLE V – District Revenues with Crosby Wind with Chapter 313 Agreement:

| Fiscal Year | M&O | | | | Hold Harmless Revenue | M&O | | Total District Revenue |
|-------------|---------------------|-------------------------------|---------------|------------------|-----------------------|-------------------|-----------------------------|------------------------|
| | Total Taxable Value | Taxes Comp Rate After Credits | State Revenue | Recapture Amount | | Taxes > Comp Rate | Payment for District Losses | |
| 2012-2013 | 222,000,000 | 2,146,962 | 488,824 | (0) | 2,635,786 | 173,389 | 0 | 2,809,175 |
| 2013-2014 | 220,150,000 | 2,129,071 | 501,444 | (0) | 2,630,514 | 136,387 | 0 | 2,766,901 |
| 2014-2015 | 195,000,000 | 1,885,845 | 739,408 | (0) | 2,625,253 | 121,577 | 14,527 | 2,761,358 |
| 2015-2016 | 195,000,000 | 1,885,845 | 734,158 | (0) | 2,620,003 | 136,983 | 0 | 2,756,986 |
| 2016-2017 | 195,000,000 | 1,885,845 | 728,918 | (0) | 2,614,763 | 136,709 | 0 | 2,751,472 |
| 2017-2018 | 195,000,000 | 1,885,845 | 723,688 | (0) | 2,609,533 | 136,436 | 0 | 2,745,969 |
| 2018-2019 | 195,000,000 | 1,885,845 | 718,469 | (0) | 2,604,314 | 136,163 | 0 | 2,740,477 |
| 2019-2020 | 195,000,000 | 1,885,845 | 713,261 | (0) | 2,599,106 | 135,891 | 0 | 2,734,996 |
| 2020-2021 | 195,000,000 | 1,885,845 | 708,062 | (0) | 2,593,907 | 135,619 | 0 | 2,729,526 |
| 2021-2022 | 195,000,000 | 1,885,845 | 702,875 | (0) | 2,588,720 | 135,348 | 0 | 2,724,067 |
| 2022-2023 | 203,500,000 | 1,968,049 | 615,494 | (0) | 2,583,542 | 140,965 | 0 | 2,724,507 |
| 2023-2024 | 201,650,000 | 1,950,157 | 628,218 | (0) | 2,578,375 | 133,581 | 0 | 2,711,956 |
| 2024-2025 | 199,800,000 | 1,932,266 | 640,953 | (0) | 2,573,218 | 133,303 | 0 | 2,706,521 |

Current School Finance Law

A major overhaul of the school finance formulas was implemented as a result of House Bill 1 of the 79th Legislative Session and became effective for the 2006-2007 school year. These formula changes have had an effect on the district’s financial impact from granting a property value limitation. Due to the district’s “Hold Harmless” provision that was enacted in the new funding formulas, it is presumed that the majority of the district’s revenue losses in year three of the LAVA will be offset with additional state funding or a reduction of recapture payments made to the State. Prior to these recent formula changes, school districts felt a significant loss in revenues in year three because the state funding formulas considered the district more property wealthy based on their prior year taxable value. However, districts were only able to tax on the lower value that was a result of the LAVA. Districts are currently “held harmless” for the majority amount of loss in year three; however, it is possible that a future legislative session could eliminate this provision. If the “hold harmless” provision is eliminated, then the company would be required to offset the district’s losses as computed in Article III of the Agreement.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Payments in Lieu of Taxes

Assuming that the District and Crosby County Wind Farm, LLC mutually agree in the LAVA that \$100 per student in average daily attendance (ADA) of the net tax savings will be paid to Lorenzo ISD by Crosby County Wind Farm, LLC, the projected amount of these payments over the life of the agreement is \$249,000 of the \$1.87 million net tax savings amount. This amount will be computed annually according to Section IV of the Agreement.

TABLE VI - Calculation of the Payment in Lieu of Taxes:

| Fiscal Year | Net Tax Savings | Lorenzo ISD Share \$100/ADA | Crosby County Wind Share |
|---------------|------------------|--------------------------------|-----------------------------|
| 2012-2013 | 0 | 0 | 0 |
| 2013-2014 | 0 | 0 | 0 |
| 2014-2015 | 220,966 | 27,932 | 193,034 |
| 2015-2016 | 267,330 | 27,876 | 239,454 |
| 2016-2017 | 248,632 | 27,820 | 220,812 |
| 2017-2018 | 229,934 | 27,764 | 202,170 |
| 2018-2019 | 211,236 | 27,709 | 183,527 |
| 2019-2020 | 192,538 | 27,654 | 164,885 |
| 2020-2021 | 173,840 | 27,598 | 146,242 |
| 2021-2022 | 155,142 | 27,543 | 127,599 |
| 2022-2023 | 173,335 | 27,488 | 145,847 |
| 2023-2024 | 0 | 0 | 0 |
| 2024-2025 | 0 | 0 | 0 |
| Totals | 1,872,955 | 249,384 | 1,623,571 |

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Impact of Projected Student Growth

On District Facilities

TABLE VII – Campus Capacity and Available Growth

| Grade Level | # of Regular Classrooms | Building Capacity | Current Enrollment | Enrollment Growth Available |
|---------------------|--------------------------------|--------------------------|---------------------------|------------------------------------|
| Pre-K thru 6 | 16 | 352 | 198 | 154 |
| 7 thru 12 | 12 | 240 | 107 | 133 |
| Total | 28 | 592 | 305 | 287 |

The building capacities are based on 22 students per classroom for the elementary campuses, 20 students for the Jr. High and high school. Lorenzo ISD is a pre-kindergarten through 12th grade district.

Crosby County Wind Farm, LLC provided supplemental information with their application that projected the number of full-time employees that are expected for permanent employment after construction of the project is completed. They projected that three full-time employees are expected. It is not known whether these would be new employees to the Lorenzo ISD, or if current residents would occupy these positions; however, it is assumed that these employees would be new residents to the district.

Based on average statewide figures provided by a demographer, it is projected that each new household would produce .5 students. Thus the new three positions equates to 2 new students.

This minimal projected student growth can easily be accommodated with the current facilities of Lorenzo ISD as displayed in Table VII above.

Lorenzo ISD Financial Impact of Chapter 313 Agreement

Conclusion

This Financial Impact Study displays that entering into a Limited Appraised Value Agreement with Crosby County Wind Farm, LLC, would be beneficial to both Crosby Wind and Lorenzo ISD under the current school finance system.

Crosby Wind would benefit from reduced property taxes during years three through ten of the LAVA. Although some of the tax savings would be used to offset district's revenue losses and payments in lieu of taxes to the District, Crosby Wind is projected to benefit from a 61% tax savings over the eleven year period of this agreement. Crosby Wind also has the option of terminating the Agreement if the amount paid to the District during a tax year is greater than the amount of taxes that would have been paid without the agreement; therefore, there is no inherent risk for the company from entering into the Agreement.

Lorenzo ISD would also have no inherent risk under the current school finance system and with the provisions in the LAVA that require Crosby Wind to offset any district losses caused by the LAVA. An annual calculation will be performed each year to determine if a loss to the District has been incurred. The revenue impact to the District will be computed by comparing the District's revenues with and without the LAVA in effect.

| CATEGORY | LOCAL TAX ROLL VALUE | 2011 WTD MEAN RATIO | 2011 PTAD VALUE ESTIMATE | 2011 VALUE ASSIGNED |
|-----------------------------|-------------------------|------------------------|-----------------------------|------------------------|
| A. SINGLE-FAMILY RESIDENCES | 22,906,294 | N/A | 22,906,294 | 22,906,294 |
| B. MULTIFAMILY RESIDENCES | 287,909 | N/A | 287,909 | 287,909 |
| C. VACANT LOTS | 212,076 | N/A | 212,076 | 212,076 |
| D. RURAL REAL(TAXABLE) | 30,614,373 | N/A | 30,614,373 | 30,614,373 |
| F1. COMMERCIAL REAL | 1,770,176 | N/A | 1,770,176 | 1,770,176 |
| F2. INDUSTRIAL REAL | 614,143 | N/A | 614,143 | 614,143 |
| G. OIL,GAS,MINERALS | 87,881,197 | N/A | 87,881,197 | 87,881,197 |
| J. UTILITIES | 4,022,100 | N/A | 4,022,100 | 4,022,100 |
| L1. COMMERCIAL PERSONAL | 2,663,844 | N/A | 2,663,844 | 2,663,844 |
| L2. INDUSTRIAL PERSONAL | 8,806,689 | N/A | 8,806,689 | 8,806,689 |
| M. MOBILE HOMES | 0 | N/A | 0 | 0 |
| N. INTANGIBLE PERS/UNCERT | 0 | N/A | 0 | 0 |
| O. RESIDENTIAL INVENTORY | 0 | N/A | 0 | 0 |
| S. SPECIAL INVENTORY | 2,096,818 | N/A | 2,096,818 | 2,096,818 |
| SUBTOTAL | 161,875,619 | | 161,875,619 | 161,875,619 |
| LESS TOTAL DEDUCTIONS | 7,608,732 | | 7,608,732 | 7,608,732 |
| TOTAL TAXABLE VALUE | 154,266,887 | | 154,266,887 | 154,266,887 T2 |

| CATEGORY D DETAIL | LOCAL TAX ROLL | RATIO | PTAD VALUE |
|------------------------------------------------------|----------------|-------|------------|
| MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP | 4,871,282 | N/A | 4,871,282 |
| PROD VALUE QUALIFIED ACRES | 25,743,091 | N/A | 25,743,091 |
| TAXABLE VALUE | 30,614,373 | | 30,614,373 |

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

GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTRROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND OPERATIONS (M&O) TAX PURPOSES AND FOR INTEREST AND SINKING FUND (I&S) TAX PURPOSES. FOR DISTRICTS THAT HAVE NOT ENTERED INTO VALUE LIMITATION AGREEMENTS, T1 THROUGH T6 WILL BE THE SAME AS T7 THROUGH T12.

VALUE TAXABLE FOR M&O PURPOSES

| T1 | T2 | T3 | T4 | T5 | T6 |
|-------------|--------------------------------------------------------------|-------------|-------------------------------------------------------------------------------|-------------|-------------|
| 157,117,450 | 154,266,887 | 157,117,450 | 154,266,887 | 154,266,887 | 154,266,887 |
| | LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION | | 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | |
| | 2,850,563 | | 0 | | |

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

VALUE TAXABLE FOR I&S PURPOSES

| T7 | T8 | T9 | T10 | T11 | T12 |
|-------------|--------------------------------------------------------------------------------------------------------------------|-------------|----------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| 157,117,450 | 154,266,887 | 157,117,450 | 154,266,887 | 154,266,887 | 154,266,887 |
| | T7 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION | | T8 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION AND THE TAX CEILING REDUCTION | | |
| | T9 = T7 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | T10 = T8 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | |
| | T11 = T8 BEFORE THE LOSS TO THE TAX CEILING REDUCTION | | T12 = T11 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | |

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

| CATEGORY | LOCAL TAX ROLL VALUE | 2011 WTD MEAN RATIO | 2011 PTAD VALUE ESTIMATE | 2011 VALUE ASSIGNED |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. SINGLE-FAMILY RESIDENCES | 1,196,196 | .9537 | 1,254,269 | 1,196,196 |
| B. MULTIFAMILY RESIDENCES | 0 | N/A | 0 | 0 |
| C. VACANT LOTS | 146,411 | N/A | 146,411 | 146,411 |
| D. RURAL REAL(TAXABLE) | 10,371,838 | 1.0367 | 10,005,117 | 10,371,838 |
| F1. COMMERCIAL REAL | 675,413 | N/A | 675,413 | 675,413 |
| F2. INDUSTRIAL REAL | 0 | N/A | 0 | 0 |
| G. OIL,GAS,MINERALS | 0 | N/A | 0 | 0 |
| J. UTILITIES | 832,270 | .5175 | 1,608,251 | 832,270 |
| L1. COMMERCIAL PERSONAL | 40,050 | N/A | 40,050 | 40,050 |
| L2. INDUSTRIAL PERSONAL | 2,101,021 | N/A | 2,101,021 | 2,101,021 |
| M. MOBILE HOMES | 0 | N/A | 0 | 0 |
| N. INTANGIBLE PERS/UNCERT | 0 | N/A | 0 | 0 |
| O. RESIDENTIAL INVENTORY | 0 | N/A | 0 | 0 |
| S. SPECIAL INVENTORY | 0 | N/A | 0 | 0 |
| SUBTOTAL | 15,363,199 | | 15,830,532 | 15,363,199 |
| LESS TOTAL DEDUCTIONS | 335,847 | | 356,944 | 335,847 |
| TOTAL TAXABLE VALUE | 15,027,352 | | 15,473,588 | 15,027,352 T2 |

| CATEGORY D DETAIL | LOCAL TAX ROLL | RATIO | PTAD VALUE |
|---------------------------------------------------|----------------|--------|------------|
| MARKET VALUE NON-QUALIFIED ACRES & FARM/RANCH IMP | 2,719,525 | .9088 | 2,992,435 |
| PROD VALUE QUALIFIED ACRES | 7,652,313 | 1.0912 | 7,012,682 |
| TAXABLE VALUE | 10,371,838 | | 10,005,117 |

THE TAXABLE VALUES SHOWN HERE WILL NOT MATCH THE VALUES REPORTED BY YOUR APPRAISAL DISTRICT
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GOVERNMENT CODE SUBSECTIONS 403.302 (J) AND (K) REQUIRE THE COMPTROLLER TO CERTIFY ALTERNATIVE MEASURES OF SCHOOL DISTRICT WEALTH. THESE MEASURES ARE REPORTED FOR TAXABLE VALUES FOR MAINTENANCE AND OPERATIONS (M&O) TAX PURPOSES AND FOR INTEREST AND SINKING FUND (I&S) TAX PURPOSES. FOR DISTRICTS THAT HAVE NOT ENTERED INTO VALUE LIMITATION AGREEMENTS, T1 THROUGH T6 WILL BE THE SAME AS T7 THROUGH T12.

VALUE TAXABLE FOR M&O PURPOSES

| T1 | T2 | T3 | T4 | T5 | T6 |
|------------|--------------------------------------------------------------|------------|-------------------------------------------------------------------------------|------------|------------|
| 15,177,352 | 15,027,352 | 15,177,352 | 15,027,352 | 15,027,352 | 15,027,352 |
| | LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION | | 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION | | |
| | 150,000 | | 0 | | |

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

VALUE TAXABLE FOR I&S PURPOSES

| T7 | T8 | T9 | T10 | T11 | T12 |
|------------|------------|------------|------------|------------|------------|
| 15,177,352 | 15,027,352 | 15,177,352 | 15,027,352 | 15,027,352 | 15,027,352 |

T7 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES BEFORE THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 T8 = SCHOOL DISTRICT TAXABLE VALUE FOR I&S PURPOSES AFTER THE LOSS TO THE ADDITIONAL \$10,000 HOMESTEAD EXEMPTION
 AND THE TAX CEILING REDUCTION
 T9 = T7 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T10 = T8 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION
 T11 = T8 BEFORE THE LOSS TO THE TAX CEILING REDUCTION
 T12 = T11 MINUS 50% OF THE LOSS TO THE LOCAL OPTIONAL PERCENTAGE HOMESTEAD EXEMPTION

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

| CATEGORY | LOCAL TAX ROLL VALUE | 2011 WTD MEAN RATIO | 2011 PTAD VALUE ESTIMATE | 2011 VALUE ASSIGNED |
|-----------------------------|----------------------|---------------------|--------------------------|---------------------|
| A. SINGLE-FAMILY RESIDENCES | 24,102,490 | .9976 | 24,160,563 | 24,102,490 |
| B. MULTIFAMILY RESIDENCES | 287,909 | N/A | 287,909 | 287,909 |
| C. VACANT LOTS | 358,487 | N/A | 358,487 | 358,487 |
| D. RURAL REAL(TAXABLE) | 40,986,211 | 1.0090 | 40,619,490 | 40,986,211 |
| F1. COMMERCIAL REAL | 2,445,589 | N/A | 2,445,589 | 2,445,589 |
| F2. INDUSTRIAL REAL | 614,143 | N/A | 614,143 | 614,143 |
| G. OIL,GAS,MINERALS | 87,881,197 | N/A | 87,881,197 | 87,881,197 |
| J. UTILITIES | 4,854,370 | .8622 | 5,630,351 | 4,854,370 |
| L1. COMMERCIAL PERSONAL | 2,703,894 | N/A | 2,703,894 | 2,703,894 |
| L2. INDUSTRIAL PERSONAL | 10,907,710 | N/A | 10,907,710 | 10,907,710 |
| M. MOBILE HOMES | 0 | N/A | 0 | 0 |
| N. INTANGIBLE PERS/UNCERT | 0 | N/A | 0 | 0 |
| O. RESIDENTIAL INVENTORY | 0 | N/A | 0 | 0 |
| S. SPECIAL INVENTORY | 2,096,818 | N/A | 2,096,818 | 2,096,818 |
| SUBTOTAL | 177,238,818 | | 177,706,151 | 177,238,818 |
| LESS TOTAL DEDUCTIONS | 7,944,579 | | 7,965,676 | 7,944,579 |
| TOTAL TAXABLE VALUE | 169,294,239 | | 169,740,475 | 169,294,239 T2 |

| CATEGORY D DETAIL | LOCAL TAX ROLL | RATIO | PTAD VALUE |
|----------------------------|----------------|--------|------------|
| MARKET VALUE NON-QUALIFIED | | | |
| ACRES & FARM/RANCH IMP | 7,590,807 | .9653 | 7,863,717 |
| PROD VALUE QUALIFIED ACRES | 33,395,404 | 1.0195 | 32,755,773 |
| TAXABLE VALUE | 40,986,211 | | 40,619,490 |

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

*** END OF REPORT ***

**LIMITATION ON APPRAISED
VALUE AGREEMENT**

LORENZO INDEPENDENT SCHOOL DISTRICT

and

CROSBY COUNTY WIND FARM, LLC

October 22, 2012

THIS LIMITATION ON APPRAISED VALUE AGREEMENT, (“Agreement”) is executed and delivered by and between Lorenzo Independent School District (the ”District”), with its central administrative office located in Crosby County, Texas (“County”), a lawfully created independent school district of the State of Texas operating under and subject to the Texas Education Code (“TEC”), and Crosby County Wind Farm LLC, a Texas limited liability company, (“Applicant”) and relates to a limitation of the Appraised Value of property for the District’s maintenance and operation taxes pursuant to Chapter 313 of the Texas Tax Code (the “Code”). The District and Applicant are collectively referred to herein as the “Parties” and each individually as a “Party.”

RECITALS

WHEREAS, the Superintendent of Schools of the District, acting as agent for the District’s Board of Trustees (“Board of Trustees”), timely received from Applicant a completed Application for an Appraised Value Limitation on Qualified Property pursuant to 34 Texas Administrative Code §9.1053, including any agreed and accepted amendments thereto (“Application”), on or about March 26, 2012 (the “Completed Application Date”); and,

WHEREAS, the District received the application fee as required by §313.025(a)(1) of the Code and the District Policy CCG (LOCAL), if any, on or about the Completed Application Date thus establishing the effective filing date of such Application as of March 26, 2012; and,

WHEREAS, the District timely delivered the requisite number of copies of the Application to the Texas Comptroller of Public Accounts (“Comptroller”) for review pursuant to §313.025(a-1) and (b) of the Code and the Comptroller deemed the Application complete and thereafter began its analysis of the Application on April 5, 2012 (the “Application Review Start Date”); and,

WHEREAS, the Comptroller conducted an economic impact evaluation of the Application pursuant to §313.025(b) of the Code; and,

WHEREAS, pursuant to §313.025(b-1) of the Code, the Comptroller delivered to the Texas Education Agency (“TEA”) a copy of the Application and the TEA then timely submitted a written report addressing the effects of the Application on the number or size of the District’s instructional facilities to the Comptroller; and,

WHEREAS, pursuant to §313.025(d) of the Code, the Board of Trustees timely received the recommendation of the Comptroller and a report indicating that the Application was in compliance with the provisions of the Texas Economic Development Act, Code §§313.001, *et seq.* (the “Recommendation”); and,

WHEREAS, the Board of Trustees has carefully considered the school finance information together with the Recommendation and information provided by the Comptroller, including the economic impact evaluation; and,

WHEREAS, pursuant to §313.025(f-1) of the Code, the Board of Trustees at its Board meeting held on October 22, 2012 waived the Qualifying Job creation requirements set forth in Section 313.051(b) of the Code; and,

WHEREAS, pursuant to §313.025(e) of the Code, the Board of Trustees at its Board meeting held on October 22, 2012 made written factual findings as required by §313.025(f) and based on the criteria set out in §313.026 of the Code and has delivered a copy of such findings to the Applicant; and,

WHEREAS, pursuant to §313.025(f) of the Code, the Board of Trustees at its Board meeting held on October 22, 2012 further found that: (a) the information in the Application is true and correct; (b) the Board agrees with the Comptroller's Recommendation; (c) this Agreement is in the best interest of the State of Texas and the District; (d) the Applicant is eligible for the limitation on Appraised Value of the Qualified Property; and (d) the relevant job creation requirement set forth in Chapter 313 of the Code should be waived; and,

WHEREAS, the Board of Trustees approves the form of this Agreement for a Limitation on Appraised Value of Property and authorize the execution and delivery of such Agreement by the president of the District's Board of Trustees to the Applicant.

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

ARTICLE 1 - AUTHORITY, TERM AND DEFINITIONS

Section 1.1 DISTRICT AUTHORITY

This Agreement is executed by the District as its written agreement with the Applicant pursuant to the provisions and authority granted to the District under §313.051 of the Code.

Section 1.2 TERM

1.2.1 This Agreement shall commence and first become effective on October 22, 2012, the date this Agreement was approved by the District's Board of Trustees and executed by the District's Board President, for the ad valorem property valuations assessed against the Qualified Property and investments made pursuant to this Agreement (the "Commencement Date"). The limitation on the local ad valorem property values shall terminate on December 31 of the tenth (10th) calendar year of this Agreement unless sooner terminated as herein provided. The early termination of this Agreement shall not release any obligation, right, or remedy arising from any failure to comply with any term of this Agreement prior to such termination. Each Party shall have the right to enforce the payment of any amount owed before the termination of this Agreement.

1.2.2 The Parties acknowledge that the limitation on the local ad valorem property values shall not commence until January 1 following the end of the second full tax year that begins after the Commencement Date or such later date as reflected herein. The period that begins on the Commencement Date and ends on December 31 of the second tax year that begins after the Commencement Date shall be referred to herein as the “Qualifying Time Period” as that term is defined in §313.021(4) of the Code.

1.2.3 For three (3) years after December 31 of the tenth (10th) year of this Agreement, Applicant shall (a) Maintain a Viable Presence in the District, as that term is defined herein; and (b) make any payments in lieu of taxation as provided in Article 4. Unless sooner terminated, this Agreement shall end on December 31 of the thirteenth (13th) year of this Agreement. Nothing contained in this Agreement shall extend the tax limitation beyond ten (10) calendar years from the Commencement Date.

1.2.4 The tax years for which this Agreement is effective, unless sooner terminated, are set forth in Schedule 1.2 of this Agreement, which is incorporated herein by reference.

Section 1.3 DEFINITIONS

Capitalized terms used herein and not specifically defined shall have the definitions as set forth in Schedule 1.3 of this Agreement, which is incorporated herein by reference.

ARTICLE 2 - PROPERTY AND USE DESCRIPTIONS

Section 2.1 REINVESTMENT ZONE OR ENTERPRISE ZONE

The property upon which the Qualified Investment will be located will be located entirely within a Reinvestment Zone, so designated under Chapter 311 or 312 of the Code, or an Enterprise Zone under Chapter 2303 of the Texas Government Code. The metes and bounds description of the Reinvestment Zone or Enterprise Zone and maps showing the location thereof are attached to this Agreement as Schedule 2.1, which is incorporated herein by reference.

Section 2.2 QUALIFIED PROPERTY

Applicant’s Qualified Property is described in Schedule 2.3, which is incorporated herein by reference. The Parties expressly agree that the location of the Qualified Property shall be within the Reinvestment Zone, and such location may not be materially changed from its current configuration without the express written authorization of the Parties; provided that, the Parties acknowledge Applicant may be required to re-configure and change certain aspects as construction progresses and District agrees not to unreasonably withhold consent to changes that do not change in a substantial way the overall concept of the Qualified Investment.

Section 2.3 QUALIFIED INVESTMENT

Applicant’s Qualified Investment is described in Schedule 2.3, which is incorporated herein by reference. Property not specifically referenced in Schedule 2.3 and not otherwise

meeting the requirements of Chapter 313 and this Agreement shall not be considered to be a Qualified Investment for purposes of this Agreement and will not be subject to this Agreement.

2.3.1 Schedule 2.3 may be amended by adding or removing Qualified Property pursuant to: (a) the provisions of Comptroller's Rule 9.1055; and (b) approval by the District's Board of Trustees pursuant to §313.027(e) of the Code, which approval shall not be unreasonably withheld by the District.

2.3.2 Property owned by Applicant which is not described in Schedule 2.3 may not be considered to be Qualified Property unless the Applicant (a) submits to the District and the Comptroller a written request to add property to the limitation agreement, which request shall include a specific description of the additional property to which the applicant requests that the limitation apply; (b) notifies the District and the Comptroller of any other changes to the information that was provided in the Application approved by the District; and (c) provides any additional information reasonably requested by the District or the Comptroller for the purpose of re-evaluating the new or changed conditions.

2.3.3 In the event that Applicant fails to make a Qualified Investment of at least Ten Million Dollars (\$10,000,000.00) during the Qualifying Time Period, this Agreement shall become null and void on December 31, 2014.

Section 2.4 EXISTING IMPROVEMENTS AND PERSONAL PROPERTY

Certain improvements and personal property may have existed in the Reinvestment Zone or Enterprise Zone prior to the Application Date. The Parties understand and agree that the Taxable Value of real estate improvements and/or business personal property which existed prior to the submission of a Completed Application may not be considered Qualified Property under Chapter 313 of the Code or this Agreement. Further, the Parties understand and agree that the Taxable Value of real estate improvements and/or business personal property which existed prior to the approval of this Agreement by the Parties may not be considered part of the required Qualified Investment under Chapter 313 of the Code or this Agreement.

Section 2.5 INVENTORY OF QUALIFIED PROPERTY

Upon any change to the Qualified Property, or upon the reasonable request of the District, the Comptroller, or the Appraisal District, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components on the Qualified Property to which the value limitation applies. Such description shall include maps or surveys detailed enough to locate all such property within the boundaries of the real property subject to the Agreement.

2.5.1 At the end of the Qualifying Time Period, Applicant shall provide to the District, the Comptroller, and the Appraisal District a specific and detailed description of the tangible personal property, buildings, or permanent, nonremovable building components (including any affixed to or incorporated into real property) on the Qualified Property to which the value

limitation applies, including maps or surveys of sufficient detail and description to locate all such described property within the boundaries of the real property which is subject to this Agreement.

Section 2.6 QUALIFYING USE

Applicant's property which is the subject of a limitation on the local ad valorem property values under this Agreement is eligible for a tax limitation as a renewable energy electric generation facility under §313.024(b)(5) of the Code.

Section 2.7 APPRAISAL LIMITATION

Upon Applicant's Qualified Investment in the amount of \$10,000,000.00 or more during the Qualifying Time Period, and unless this Agreement is terminated as herein provided, the Appraised Value of the Applicant's Qualified Property for the District's maintenance and operations ad valorem tax purposes shall not exceed the lesser of the Market Value of the Qualified Property or \$10,000,000.00 for the third (3rd) through the tenth (10th) calendar years of the tax limitation under this Agreement, as provided in Chapter 313 of the Code.

ARTICLE 3 – PROTECTION OF DISTRICT REVENUES

Section 3.1 INTENT OF THE PARTIES

The Parties understand and agree that the Applicant shall compensate the District for any loss in District Funding Revenue incurred because of District's participation in this Agreement. Such reimbursement shall be in addition to the receipt of payments in lieu of taxation or payment of Extraordinary Education-Related Expenses reasonably anticipated or incurred by the District as set forth below in Article 4. **APPLICANT UNDERSTANDS AND AGREES THAT IT SHALL BEAR ANY NEGATIVE FINANCIAL CONSEQUENCE SUFFERED BY THE DISTRICT AS A RESULT OF THE DISTRICT ENTERING INTO THIS AGREEMENT. THE PURPOSE OF THIS SECTION 3.1 IS TO ENSURE THAT THE RISK OF ANY NEGATIVE FINANCIAL CONSEQUENCE TO THE DISTRICT IS BORNE BY THE APPLICANT AND NOT BY THE DISTRICT.**

Section 3.2 CALCULATING LOSS OF DISTRICT REVENUES

Any compensation paid by the Applicant to the District for loss of District Funding Revenues shall be determined in accordance with then-current School Finance Law. Any calculation to make the District whole after a loss under this Article 3 shall be made in accordance with Schedule 3.2 of this Agreement, which is incorporated herein by reference, and subject to the provisions of Article 5 herein.

Section 3.3 COMPENSATION FOR LOSS OF OTHER REVENUES

To the extent not included in the amounts calculated pursuant to Schedule 3.2, Applicant, on an annual basis, shall also pay to the District all non-reimbursed costs incurred in paying or otherwise crediting amounts for the benefit of Applicant, including, but not limited to (a) any

Maintenance and Operations Revenue or Tax Credit to which the Applicant may be entitled pursuant to Chapter 313 of the Code for which the District does not receive reimbursement from the State, whether pursuant to TEC §42.2515 or otherwise; (b) all non-reimbursed costs incurred by the District for Extraordinary Education-Related Expenses related to the project and not directly funded in state aid formulas, including expenses for the purchase of portable classrooms and the hiring of additional personnel to accommodate a temporary increase in student enrollment attributable to the project; (c) any loss incurred by the District resulting from successful judicial challenge to this Agreement; (d) any reasonable attorneys' fees or other costs incurred by the District due to any legal defense of this Agreement, irrespective of whether or not this Agreement is ultimately determined to be valid; and (e) any non-reimbursed costs incurred by the District and related to this Agreement, either directly or indirectly.

Section 3.4 THIRD PARTY CALCULATIONS

All calculations made pursuant to this Agreement shall be verified annually by an independent third party ("Consultant") selected by the District with the Applicant's consent, which consent shall not be unreasonably withheld, delayed or conditioned. Applicant will be solely responsible for the payment of Third Party fees up to Four Thousand Dollars, (\$4,000.00) for the first year of this Agreement. This amount may be increased each year of this Agreement by not more than five percent (5%) from the prior year. All calculations shall initially be based upon good-faith estimates using all available information and shall be adjusted to reflect "near final" or "actual" data for the applicable year as the data becomes available.

Section 3.5 DATA FOR CALCULATIONS

The initial calculations for any payments owing under this Agreement shall be based upon the valuations placed upon the Qualified Property by the Appraisal District in its annual certified tax roll submitted to the District pursuant to §26.01 of the Code in or about July of each year of this Agreement. The certified tax roll data shall form the basis from which any and all amounts due under this Agreement are calculated, and the data utilized by the Consultant will be adjusted as necessary to reflect any subsequent adjustments by the Appraisal District to the District's tax roll. Any estimates used by the Consultant to make calculations as required by this Agreement shall be based on the best and most current information available. The Consultant shall from time to time adjust the data utilized to reflect actual amounts, subsequent adjustments by the Crosby County Appraisal District to the District's certified tax roll, or any other relevant changes to material items such as student counts or tax collections. In the event Applicant challenges any valuations set by the Appraisal District, District agrees that such challenge shall not be a breach of this Agreement by Applicant.

Section 3.6 DELIVERY OF CALCULATIONS

3.6.1 All calculations required under Article 3 or Article 4 shall be made by the Consultant on or before November 1 of each year for which this Agreement is effective. The Consultant shall forward such calculations to the Parties in sufficient detail to allow the Parties to understand the manner in which the calculations were made. The Consultant shall maintain supporting data consistent with generally accepted accounting practices. The Consultant shall

preserve all documents and data related to all calculations required under this Agreement for a period of three (3) years. Employees and agents of the Parties shall have reasonable access to the Consultant's offices, personnel, books, and records pertaining to all calculations and fees.

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

Section 3.7 PAYMENT BY APPLICANT

On or before the January 31 next following the tax levy for each year for which this Agreement is effective, and subject to the limitations contained in Section 5.1, the Applicant shall pay any amount determined to be due and owing to the District (subject to final settle up), any amount billed by the Consultant, and any reasonable and necessary expenses paid by the District to its attorneys, auditors, or financial consultants for work resulting from the District's participation in this Agreement.

Section 3.8 CHALLENGING CALCULATION RESULTS

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

Section 3.9 EFFECT OF PROPERTY VALUE APPEAL OR ADJUSTMENT

In the event that the Taxable Value of the Qualified Property is changed after an appeal of its valuation, or the Taxable Value is otherwise altered for any reason, the calculations required under Article 3 of this Agreement shall be recalculated by the Consultant at Applicant's sole expense using the revised property values. The Consultant shall transmit the revised calculations to the Parties and any Party owing funds to the other Party shall pay such funds within thirty (30) days after receipt of the new calculations.

Section 3.10 EFFECT OF STATUTORY OR OTHER LEGAL CHANGES

If the District will receive less District Funding Revenue, or, if applicable, will be required to increase its payment of funds to the State due to the District's participation in this Agreement because of changes to School Finance Law or administrative or legal interpretations by the office of the Comptroller, the Commissioner of Education, the Texas Education Agency, the Courts of the State of Texas or any other authority having proper jurisdiction over the District or Texas school finance, then the Applicant shall make payments to the District within thirty (30) days of receipt of written notice, up to the limit on the revenue protection amount set forth in Section 5.1 below. The Parties understand and agree that the foregoing payments to the District are necessary to (a) offset any negative impact on the District as a result of its participation in this Agreement; and (b) secure for the District an amount of District Funding Revenue not less than that which the District would have received from State and local funds had the District not

entered into this Agreement.

ARTICLE 4 - PAYMENTS IN LIEU OF TAXATION

Section 4.1 SEPARATE AND INDEPENDENT INDEMNITY AMOUNTS

In addition to payment of the amounts set forth under Article 3 of this Agreement, and as consideration for the execution of this Agreement by the District, Applicant shall be responsible to the District for payments in lieu of taxation (“PILOT”) and payments for Extraordinary Education-Related Expenses (“PEERE”), as set forth in this Article 4. Any and all obligations for any PILOT and PEERE payments shall be separate and independent of Applicant’s obligations under Article 3 of this Agreement.

Section 4.2 CALCULATION OF PAYMENTS IN LIEU OF TAXATION

4.2.1 Subject to Section 5.1, for each of years one (1) through thirteen (13) of this Agreement, the District shall be entitled to receive as payments in lieu of taxation an amount equal to One Hundred Dollars (\$100.00) per Student in Average Daily Attendance (ADA), as determined for that particular school year. In the event Chapter 313 is modified or amended to allow the District to receive payments in lieu of taxation in excess of the foregoing ADA limitation, Applicant agrees to cooperate with District in amending this Agreement to allow District to receive the maximum amount of payments in lieu of taxation; provided however, Applicant’s tax saving under this Agreement shall not be less than sixty percent (60%).

4.2.2 Payment of amounts due under this Section shall be made as set forth in Section 3.7 of this Agreement and is subject to the limitations contained in Section 5.1. Payments made under this Article 4 shall not exceed the Aggregate Limit.

Section 4.3 PAYMENT OF EXTRAORDINARY EDUCATION-RELATED EXPENSES

4.3.1 Applicant agrees and acknowledges that construction and installation of its Qualified Property is expected to bring an extraordinary influx of workers into the District. Applicant further agrees and acknowledges that these workers are expected to result in an undetermined increased enrollment for the District, and that such increased enrollment may subject the District to Extraordinary Education-Related Expenses that are not directly funded in school financing funding formulas. Accordingly, Applicant agrees to reimburse to the District any Extraordinary Education-Related Expenses paid by the District during years two through twelve of this Agreement. Any such reimbursement shall not exceed \$25,000 in year two of this Agreement or \$10,000 thereafter through year 12, unless otherwise agreed in writing by the Parties.

4.3.2 In the event that the District incurs reimbursable Extraordinary Education-Related Expenses, the District will notify Applicant and provide a detailed explanation for such expenses prior to reimbursement by Applicant.

4.3.3 Payments of amounts due under this Section shall be made as set forth in Section 3.7 of this Agreement.

ARTICLE 5 - LIMITATION OF PAYMENTS BY APPLICANT

Section 5.1 LIMITATION AFTER FIRST THREE YEARS

5.1.1 For each of the Tax Years and notwithstanding anything to the contrary in this Agreement, in no event shall the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such Tax Year exceed the amount of the maintenance and operations ad valorem taxes that the Applicant would have paid to the District for such Tax Year if the Parties had not entered into this Agreement.

5.1.2 A comparison of (a) the sum of the maintenance and operations ad valorem taxes paid by the Applicant to the District plus the sum of all payments otherwise due from the Applicant under Articles 3 and 4 with respect to such Tax Year; and (b) the taxes Applicant would have paid to the District if this Agreement had not been entered into shall be included in the Consultant's calculations made pursuant to Section 3.4 of this Agreement. The Consultant shall include a credit for the amount of taxes actually paid by the Applicant on the Qualified Property when making this comparison.

5.1.3 During Tax Years four (4) through ten (10), should the sum of the Applicant's maintenance and operations ad valorem taxes plus the sum of all payments otherwise due from the Applicant under Article 3 and Article 4 exceed the maintenance and operations ad valorem taxes that the Applicant would have paid if the Parties had not entered into this Agreement, then the payments due from the Applicant to the District under Articles 3 and 4 shall be reduced until such excess is eliminated.

Section 5.2 OPTION TO CANCEL AGREEMENT

5.2.1 For years four (4) through ten (10) of this Agreement, in the event that payments by Applicant to the District become limited as described in Section 5.1 above, the Applicant shall have the option to terminate this Agreement. Applicant may exercise such option by notifying the District of its election in writing not later than July 31 of any year next following the tax year in which the payments were limited. The cancellation of this Agreement under this Subsection shall be effective as of the commencement of the second tax year next following the year in which the limitation giving rise to the option occurred.

5.2.2 For years three (3) through ten (10) of this Agreement, the Applicant shall have the option to terminate this Agreement in the event that the Appraised Value of the Qualified Property falls below the Tax Limitation Amount. The Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing not later than October 31 of any year. The cancellation of this Agreement under this Subsection shall be effective immediately.

5.2.3 The Applicant shall have the right to terminate this Agreement in the event of a change in the School Finance Law, administrative interpretations by the Comptroller, Commissioner of Education, or the Texas Education Agency, or for any other statutory or regulatory change which materially reduces the benefits to Applicant under this Agreement. Applicant may exercise such option by notifying the District and the Appraisal District of its election in writing. Upon receipt of such written notice, this Agreement shall terminate effective December 31 of the year in which the notice is received by the District.

5.2.4 The rights and obligations of the Parties under this Agreement through and including the Tax Year during which notice of termination of this Agreement is delivered shall survive such termination and remain until satisfied.

Article 6 – TAX CREDITS

Section 6.1 TAX CREDIT DESCRIPTION AND ELIGIBILITY

Upon the Applicant's compliance with all requirements of Chapter 313 of the Code and the Comptroller, and in addition to the limitation on the Appraised Value of the Qualified Property as described in Article 5 above, the Applicant shall be entitled to a Tax Credit from the District in an amount equal to the amount of ad valorem taxes paid to the District on that portion of the Appraised Value of the Qualified Property that exceeds the amount of the limitation agreed to by the Parties in each year of the Qualifying Time Period.

6.1.1 The application for a Tax Credit as described in this Article 6 shall be made in accordance with §313.103 of the Code.

Section 6.2 DISTRICT OBLIGATIONS REGARDING TAX CREDITS

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

6.2.1 The Board of Trustees shall grant Applicant's application for the tax credit as provided in §313.104 of the Code as well as Comptroller and/or TEA rules.

Section 6.3 TAX CREDIT PROTECTION REVENUE LOSS

If the District does not receive aid pursuant to TEC §42.215 of the Texas Education Code (or similar or successor statute) after Applicant receives a Tax Credit as described under this Article 6, and such failure is not the result of District's failure to comply with the requirements of obtaining such aid, then the District shall so notify the Applicant in writing. The Applicant shall, within thirty (30) days after notice, pay to the District the amount of such Tax Credit the District did not receive. Conversely, the District shall pay to the Applicant the amount of state aid the District received that was solely attributable for any portion of a Tax Credit paid by Applicant to the District.

ARTICLE 7 - ADDITIONAL OBLIGATIONS OF APPLICANT

Section 7.1 INFORMATION REQUESTS

7.1.1 Upon written request, Applicant shall be obligated to provide the District and the Appraisal District with all information and data necessary to determine whether all obligations under this Agreement are being met. In the event that the District requests information which the Applicant regards as being technical or business information which is proprietary, a trade secret or confidential in nature or is subject to a confidentiality agreement with any third party, and subject to §313.028 of the Code, Applicant shall inform the District of its concerns and suitable arrangements shall be made for the District to have access to the information in a manner which does not compromise the confidentiality of the information to other third parties.

7.1.2 Applicant shall be obligated to provide the Comptroller or other governmental agency with all information required for such agency to complete any reports or analysis pursuant to Chapter 313 of the Code, Comptroller or TEA rule, or other law or administrative regulation.

7.1.3 Applicant shall allow authorized employees of the District and Appraisal District access to all property that is subject to a limitation on the local ad valorem property values called for under this Agreement during the term of this Agreement for the purposes of appraisal or determination of compliance with this Agreement. All inspections or appraisals will be made at a mutually agreeable time after no less than forty-eight (48) hours prior written notice.

7.1.4 Applicant shall timely make any reports that may be required under law or administrative regulation, including but not limited to the annual report or certifications that may be required by the Comptroller under the provisions of Texas Tax Code § 313.032. Applicant shall forward a copy of all such required reports or certifications to the District at the time of such filing. Timely performance of all required filings shall be a material obligation under this Agreement.

Section 7.2 MAINTAINING VIABLE PRESENCE

By entering into this Agreement, Applicant represents, covenants and warrants that it will abide by all of the terms of this Agreement and that it will Maintain a Viable Presence (as defined in this Agreement) in the District for a period of at least three (3) years after the termination of the limitation on the local ad valorem property values called for under this Agreement and as demonstrated in Schedule 1.2. Applicant shall not be in breach of this covenant to Maintain a Viable Presence to the extent such failure is caused by an event of Force Majeure, provided Applicant makes commercially reasonable efforts to Maintain a Viable Presence at the conclusion of any period of Force Majeure.

ARTICLE 8 - BREACH

As stated in Section 2.3.3 above, the failure by Applicant to make a Qualified Investment of at least Ten Million Dollars (\$10,000,000.00) during the Qualifying Time Period shall result

in this Agreement being null and void as of December 31, 2012. This Article 8 shall control in all other instances of Applicant's failure to perform according to the terms of this Agreement.

Section 8.1 DISTRICT'S DETERMINATION OF BREACH

8.1.1 In the event Applicant terminates this Agreement without the consent of the District, except as provided in Section 5.2, or should Applicant or Applicant's successor in interest fail to comply with any material term or meet any material obligation of this Agreement, after the notice and cure period provided herein, District shall be entitled to: (a) the recapture of all ad valorem tax revenue that would have been due from Applicant without the benefit of this Agreement; and (b) all penalty and interest as calculated under Section 8.4. For purposes of the recapture calculation, the Applicant shall be entitled to a credit for all payments made under Article 3 and Article 4.

8.1.2 Notwithstanding Section 8.1.1, in the event the District determines that the Applicant has failed to Maintain a Viable Presence and provides written notice of termination, Applicant shall pay to District liquidated damages equal to the total of the District ad valorem taxes that would have been due from Applicant without the benefit of this Agreement for all of the Tax Years for which a Tax Limitation was granted pursuant to this Agreement, plus penalty and interest. Applicant shall be entitled to a credit for all payments made to the District pursuant to Article 3 and Article 4.

8.1.3 Prior to making a determination that Applicant has committed a material breach of this Agreement, the District shall provide the Applicant with a written notice of the facts which the District believes constitute the material breach and, if a cure is feasible, the cure proposed by the District. After receipt of the notice, Applicant shall have ninety (90) days to present any facts or argument to the Board of Trustees showing that it is not in material breach of its obligations under this Agreement or that it has cured any such material breach.

8.1.4 Upon the expiration of Applicant's opportunity to respond, the Board of Trustees shall conduct a hearing to determine whether or not a material breach of this Agreement has occurred and, if so, the date such material breach occurred. Applicant shall have the opportunity to be heard before the Board of Trustees at such hearing. In the event that the Board of Trustees determines that a material breach has occurred, it shall also determine the amounts of recaptured taxes to be paid by Applicant to District under Section 8.2 below.

8.1.5 After a determination under Section 8.1.2, the Board of Trustees shall notify Applicant, in writing, of its determination and the amount of recaptured taxes owed by Applicant, if any.

Section 8.2 REMEDIES AFTER BREACH

8.2.1 In the event of default or breach by Applicant, the District's damages shall not exceed the greater of (a) any amounts of recaptured taxes plus penalty and interest; or (b) the sum of the difference between the payments and credits due and owing to the Applicant at the time of default and the District taxes that would have been payable to the District had this

Agreement not be executed.

8.2.2 The District's sole right of equitable relief under this Agreement shall be its right to terminate this Agreement.

8.2.3 The Parties understand and agree that the damages and remedies set forth in this Section 8.2 shall be the sole and exclusive remedies, both legal and equitable, available to the District.

8.2.4 In accordance with §313.0275 of the Code, for any full tax year which beginning after the project has become operational, Applicant shall cure those material breaches defined in 8.3(d), 8.3(e), or 8.3(f), below, without the termination of this Agreement. In order to cure its noncompliance with 8.3(d), 8.3(e), or 8.3(f) for the particular Tax Year of noncompliance only, Applicant may pay liquidated damages as required by §313.0275(b) of the Code, in accordance with §313.0275(c).

Section 8.3 MATERIAL BREACH BY APPLICANT

Any one of the following acts or omissions shall constitute a material breach of this Agreement by Applicant:

- (a.) Applicant is determined to have failed to meet its obligations to have made accurate representations of fact in submission of its Application.
- (b.) Applicant fails to Maintain a Viable Presence in the District, as required by this Agreement, through the final termination date of this Agreement.
- (c.) Applicant fails to timely make any payment required under Articles 3 or 4 of this Agreement.
- (d.) Applicant fails to create and maintain, at a minimum, the number of New Jobs it committed to create in its Application.
- (e.) Applicant fails to create and maintain, at a minimum, the number of Qualifying Jobs set forth it committed to create and maintain on Schedule C, Column E of its Application.
- (f.) Applicant fails to create and maintain at least Eighty Percent (80%) of all New Jobs created on the project as Qualifying Jobs.
- (g.) Applicant makes any payments to the District or to any other person or entity in any form for the payment or transfer of money or any other thing of value in recognition of, anticipation of or consideration for this Agreement for limitation on appraised value made pursuant to Chapter 313 of the Code, in excess of the amounts set forth in Articles 3 and 4, above. Voluntary donations made by Applicant to the District after the date of execution of this Agreement, and not

mandated by this Agreement or not made in recognition of or consideration for this Agreement are not barred by this provision.

- (h.) Applicant fails to comply with any other term of this Agreement, or Applicant fails to meet its obligations under the applicable Comptroller's rules or Chapter 313 of the Code.

Section 8.4 CALCULATION OF PENALTY AND INTEREST

In determining the amount of penalty and interest due in the event of a breach of this Agreement, the District shall determine the base amount of taxes owed less any Tax Credit under Article 6 of this Agreement for each Tax Year during the term of this Agreement since the Commencement Date. The District shall calculate penalty or interest for each Tax Year during the term of this Agreement since the Commencement Date in accordance with the methodology set forth in Chapter 33 of the Texas Tax Code, as if the base amount calculated for such Tax Years less all credits under Article 6 had become due and payable on February 1 of the calendar year following such Tax Year. Penalties on said amounts shall be calculated in accordance with the methodology set forth in the Code § 33.01(a) or its successor statute. Interest on said amounts shall be calculated in accordance with the methodology set forth in the Code § 33.01(c), or its successor statute.

Section 8.5 DISPUTE RESOLUTION

After the Applicant receives notice of breach from District, the Applicant shall have ninety (90) days to either (a) tender payment, (b) submit evidence of its efforts to cure, or (c) submit to the District written notice of dispute mediation. The mediation shall be conducted by a mutually agreeable mediator at a mutually convenient time and place. If no mediator is agreed upon by the Parties, a mediator shall be appointed by the judge of the district court in the judicial district containing the administrative offices of the District. The Parties agree to sign a document that provides the mediator and the mediation will be governed by the provisions of Chapter 154 of the Texas Civil Practice and Remedies Code and such other rules as the mediator shall prescribe. The Parties shall each bear one-half of the mediation fees and expenses.

In the event that any mediation is not successful in resolving the dispute or that payment is not received before the expiration of such ninety (90) days, the District shall have the remedies for the collection of the amounts determined under Section 8.2 and as set forth in Chapter 33, Subchapters B and C of the Code. In the event that the District successfully prosecutes legal proceedings under this section, the Applicant shall also be responsible for the payment of attorney's fees and a tax lien on the Applicant's Qualified Property and the Applicant's Qualified Investment pursuant to §§6.30 and 33.07 of the Code.

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

nonperformance of any covenant, agreement or undertaking made by a Party pursuant to this Agreement.

ARTICLE 9 - MISCELLANEOUS PROVISIONS

Section 9.1 NOTICES

All notices required to be sent under this Agreement shall be given in writing via certified mail, return receipt requested to the Parties hereto as follows:

To the District:

Name: Lorenzo Independent School District
Attn: Jerrod Pickering (Superintendent)
Address: P.O. Box 520
City/Zip: Lorenzo, Texas 79343-5928
Phone #: (806) 634-5591 Ext. 222
Fax #: (806) 634-5928
Email: jepickering@esc17.net

With a copy to:

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

To the Applicant:

Name: Shannon Adkins
Address: 1120 West Loop 289, Suite 101
City/Zip: Lubbock, Texas 79423
Phone #: (806) 785-7770
Fax #: (972) 290-0823
Email: sadkins@triglobalenergy.com

Section 9.2 AMENDMENT

This Agreement may not be modified, amended, or terminated except by written mutual agreement of the District and the Applicant. No amendments to this Agreement shall be effective until the same are approved, accepted, and signed by the Parties.

Section 9.3 ASSIGNMENT

Applicant may assign this Agreement, or a portion of this Agreement, to a new Applicant or lessee of the Qualified Property upon the written approval of the District, which approval shall not be unreasonably withheld. It shall be presumed that the District will approve and consent to assignments that are similar to other assignments allowed on similar wind projects in other Counties and Districts. It shall not be unreasonable for the District to withhold approval if the Applicant is liable to the District for outstanding taxes or other obligations arising under this Agreement.

Section 9.4 ENTIRE AGREEMENT

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

Section 9.5 MAINTENANCE OF APPRAISAL DISTRICT RECORDS

When appraising an Applicant's Qualified Property subject to a limitation on Appraised Value under this Agreement, the chief appraiser of the Appraisal District shall determine the market value of the property and include both the market value and the appropriate value under this Agreement in its appraisal records.

Section 9.6 GOVERNING LAW AND VENUE

This Agreement and the transactions contemplated hereby shall be governed by and interpreted in accordance with the laws of the State of Texas without giving effect to principles thereof relating to conflicts of law rules that would direct the application of the laws of another jurisdiction. The exclusive venue for any action between the Parties shall be in the County of the District's central administrative office.

Section 9.7 AUTHORITY TO EXECUTE AGREEMENT

Each of the Parties signing below expressly warrants that he or she has been authorized to execute this Agreement for and on behalf of the respective Party.

Section 9.8 SEVERABILITY

Every provision of this Agreement is intended to be severable. If any term or provision of this Agreement is illegal or invalid for any reason whatsoever, such illegality or invalidity shall not affect the validity of the remainder of this Agreement unless the invalidity of any provision(s) would have a material adverse effect on the purpose and intent of this Agreement. If the invalidity has a material adverse effect, the Parties shall make a good faith effort to renegotiate the terms of this Agreement consistent with the purpose and intent of the Parties prior to bringing any action.

Section 9.9 EXECUTION OF COUNTERPARTS

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

Section 9.10 ACCURACY OF REPRESENTATIONS IN APPLICATION

The Parties acknowledge that this Agreement has been negotiated, and is being executed,

in reliance upon the information contained in the Application. Applicant warrants that all information, facts, and representations contained therein are true and correct, to the best of Applicant's knowledge. The parties agree that the Application and all related attachments are included by reference in this Agreement as if fully set forth herein. It is expressly understood and agreed that this Agreement shall be void and of no further effect if any material misrepresentations were made in the Application.

Section 9.11. BINDING ON SUCCESSORS

In the event the District should merge or consolidate with another school district or other governmental entity, this Agreement shall be binding on the successor school district or governmental entity, and the duties and obligations of Applicant shall inure to the benefit of such successor school district or governmental entity.

Section 9.12 PUBLICATION

The Parties hereby acknowledge that certain documentation relating to the Application, including this Agreement and all economic analyses submitted to the District, are to be published for public inspection. Information that is confidential under §313.028 of the Code is excepted from publication.

[The remainder of this page is intentionally left blank by the parties.]

IN WITNESS WHEREOF, this Agreement has been executed by the District and the Applicant in duplicate originals on this 27th day of August, 2012.

CROSBY COUNTY WIND FARM LLC
Texas Taxpayer ID No. 32039178531

By: _____
Shannon Adkins, President

Date: _____

LORENZO INDEPENDENT SCHOOL DISTRICT

By _____
Brad Aycock, President

Date: _____

Attest:

By _____

Proposed

SCHEDULE 1.2

| <u>Year of Agreement</u> | <u>Date of Appraisal</u> | <u>School Year</u> | <u>Tax Year</u> | <u>Summary Description</u> |
|---------------------------------|---------------------------------|---------------------------|------------------------|--------------------------------------------------------------------------------------------------------|
| 1 | January 1, 2013 | 2013-14 | 2013 | No appraisal limitation. |
| 2 | January 1, 2014 | 2014-15 | 2014 | No appraisal limitation. |
| 3 | January 1, 2015 | 2015-16 | 2015 | \$10 million appraisal limitation. |
| 4 | January 1, 2016 | 2016-17 | 2016 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 5 | January 1, 2017 | 2017-18 | 2017 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 6 | January 1, 2018 | 2018-19 | 2018 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 7 | January 1, 2019 | 2019-20 | 2019 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 8 | January 1, 2020 | 2020-21 | 2020 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 9 | January 1, 2021 | 2021-22 | 2021 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 10 | January 1, 2022 | 2022-23 | 2022 | \$10 million appraisal limitation. Possible tax credit for Applicant. |
| 11 | January 1, 2023 | 2023-24 | 2023 | No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence. |
| 12 | January 1, 2024 | 2024-25 | 2024 | No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence. |
| 13 | January 1, 2025 | 2025-26 | 2025 | No appraisal limitation. Possible tax credit for Applicant. Applicant must Maintain a Viable Presence. |

SCHEDULE 1.3

DEFINITIONS

Wherever used in this Agreement, the following terms shall have the following meanings, unless the context in which the term is used clearly indicates a different meaning:

"Aggregate Limit" means, for any year of this Agreement, the total of the Annual Limit amount for the current year and all previous years of the Agreement, less amounts paid by the Applicant to or on behalf of the District under Article 4, below.

"Agreement" means this Agreement.

"Application Date" means the date as set forth in the Recitals.

"Applicant" means the company listed in the Preamble of this Agreement, who filed its Application with the District for a Limitation on Qualified Property on the Application Date, pursuant to Chapter 313 of the Code. The term shall also include the Applicant's permitted successors in interest.

"Application" means the Application for Appraised Value Limitation on Qualified Property (Chapter 313, Subchapter B or C, Property Tax Code) which filing with the District by Applicant was completed on the Application Date (unless otherwise specified in the Recitals) by the tender of its Application fee.

"Appraisal District" means the Crosby County Appraisal District.

"Appraised Value" has the same meaning as in Section 1.04(8) of the Texas Tax Code.

"Comptroller" means the Texas Comptroller of Public Accounts.

"Comptroller's Rules" means the applicable rules and regulations of the Comptroller set forth in title 34 of the Texas Administrative Code or Chapter 313 of the Texas Tax Code, together with any court or administrative decisions interpreting same.

"County" means the County identified in the Preamble of this Agreement, which shall be the county in which the School District's administrative offices are located.

"District" or "School District" means the Lorenzo Independent School District listed in the Preamble of this Agreement, being a duly incorporated and operating independent school district in the State of Texas, having the power to levy, assess, and collect ad valorem taxes within its boundaries.

"District Funding Revenue" means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to TEC §45.002 and Article VII §3 of the Texas Constitution. The term also includes all State revenues to which the

District is or may be entitled under Chapters 41 and 42 of the TEC or any other statutory provision as well as any amendment or successor statute to these provisions. The term shall exclude any amounts necessary to reimburse the State of Texas or another school district for the education of additional students pursuant to Chapter 41 of the TEC.

“Enterprise Zone” means the District’s enterprise zone, if any, created pursuant to Chapter 2303 of the Texas Government Code and as further described by the legal description attached hereto as Schedule 2.1.

“Extraordinary Education-Related Expenses” means those additional expenses that the District may estimate and/or incur related to the project that are not directly funded in state aid formulas including, but not limited to, expenses for portable classrooms and hiring additional personnel attributable to increased enrollment due to project personnel.

“Force Majeure” means a failure caused by a provision of law, rules, regulations, or orders of any governmental authority having jurisdiction over the Applicant or the Qualified Investment, or any arrest, restraint, or decree of any court, natural disaster, riot, war, labor dispute, act of God, act of terrorism, or any other cause which inhibits performance and over which Applicant has no reasonable control.

“Maintain a Viable Presence” means the operation over the life of this Agreement of the facility, facilities, or property for which the tax limitation agreement is granted and the retention over the entire term of this Agreement, as defined in Section 1.2 above, of not fewer than the number of Qualifying Jobs and New Jobs required by the Code, or as found by the District’s Board of Trustees to exceed the industry standard for number of jobs. Applicant shall be deemed to have maintained a viable presence in the event of a temporary interruption in operations due to strike, judicial decision, weather, or other act of God. In the event a fire, flood, windstorm or other disaster shuts down facility operations, Applicant will be deemed to have maintained a viable presence so long as it commences repairs and/or reconstruction of the damaged within one hundred eighty (180) days after the catastrophic event. In the event of a closure due to environmental reasons, Applicant will be deemed to have maintained a viable presence so long as it commences remediation or otherwise acts in accordance with the order of the court or environmental agency.

“Maintenance and Operations Revenue” means those revenues which the District receives from the levy of its annual ad valorem maintenance and operations tax pursuant to § 45.002 of the Texas Education Code and Article VII § 3 of the Texas Constitution, plus all State revenues to which the District is or may be entitled under Chapter 42 of the Texas Education Code or any other statutory provision as well as any amendment or successor statute to these provisions.

“New Jobs” means the jobs defined by 34 Tex. Admin. Code § 9.1051 and which Applicant will create by and through the project which is the subject of its Application. Under Texas Tax Code § 313.024(d), Eighty Percent (80%), of all New Jobs created by Applicant on the project shall also be Qualifying Jobs, as defined below.

“Qualified Investment” has the meaning as that term is defined in §313.021(1) of the Code.

“Qualified Property” has the meaning as that term is defined in §313.021(2) of the Code.

“Qualifying Job” means the number of New Jobs Applicant will create by and through the project that is the subject of this Application and which meet the requirements of Texas Tax Code 313.021(3).

“Qualifying Time Period” has the meaning as that term is defined in §313.021(4) of the Code.

“Reinvestment Zone” means the District’s Reinvestment Zone created pursuant to Code §312.0025 by action of the Board of Trustees or by the County and as further described by the legal description of said Reinvestment Zone attached hereto as Schedule 2.1, which is incorporated herein by reference for all purposes.

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

“State” means the State of Texas.

“Tax Credit” means the credit to be received by the Applicant as computed under the provisions of Subchapter D of the Texas Economic Development Act and 34 Tex. Admin. Code §9.1056, provided that the Applicant timely complies with the requirements under such provisions, including the filing of a completed application under §313.103 of the Code and 34 Tex. Admin. Code §9.1054.

“Tax Limitation Amount” means the amount of Ten Million Dollars (\$10,000,000.00), for the purposes of this Agreement and §313.027 of the Code.

“Taxable Value” has the same meaning as in Section 1.04(10) of the Texas Tax Code.

SCHEDULE 2.1

DESCRIPTION AND MAP OF REINVESTMENT ZONE and/or ENTERPRISE ZONE

The reinvestment zone shall be comprised of the following parcels. In the event of discrepancy between this legal description and the map which follows, the map shall control.

A 2,072 acre tract (more or less) of land located in Crosby County, Texas, said 2,072 acre tract being more particularly described as follows:

The south half of Section 888, AB & M Survey, Abstract 1089, less and except 2 acres in the southwest corner of the east 151 acres of the south half of Section 888

All of Section 889, AB & M Survey, Abstract 205

All of Section 4, E. L. & R.R. Railroad Company Survey, Abstract 1086

138 acres more or less out of the O. O. Eddy Survey, Abstract 789

All of the J. A. Noble Survey, Abstract 750

All of the T. J. Wilson Survey, Abstract 770

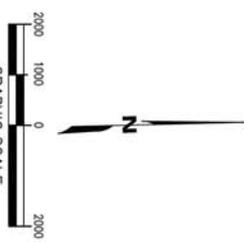
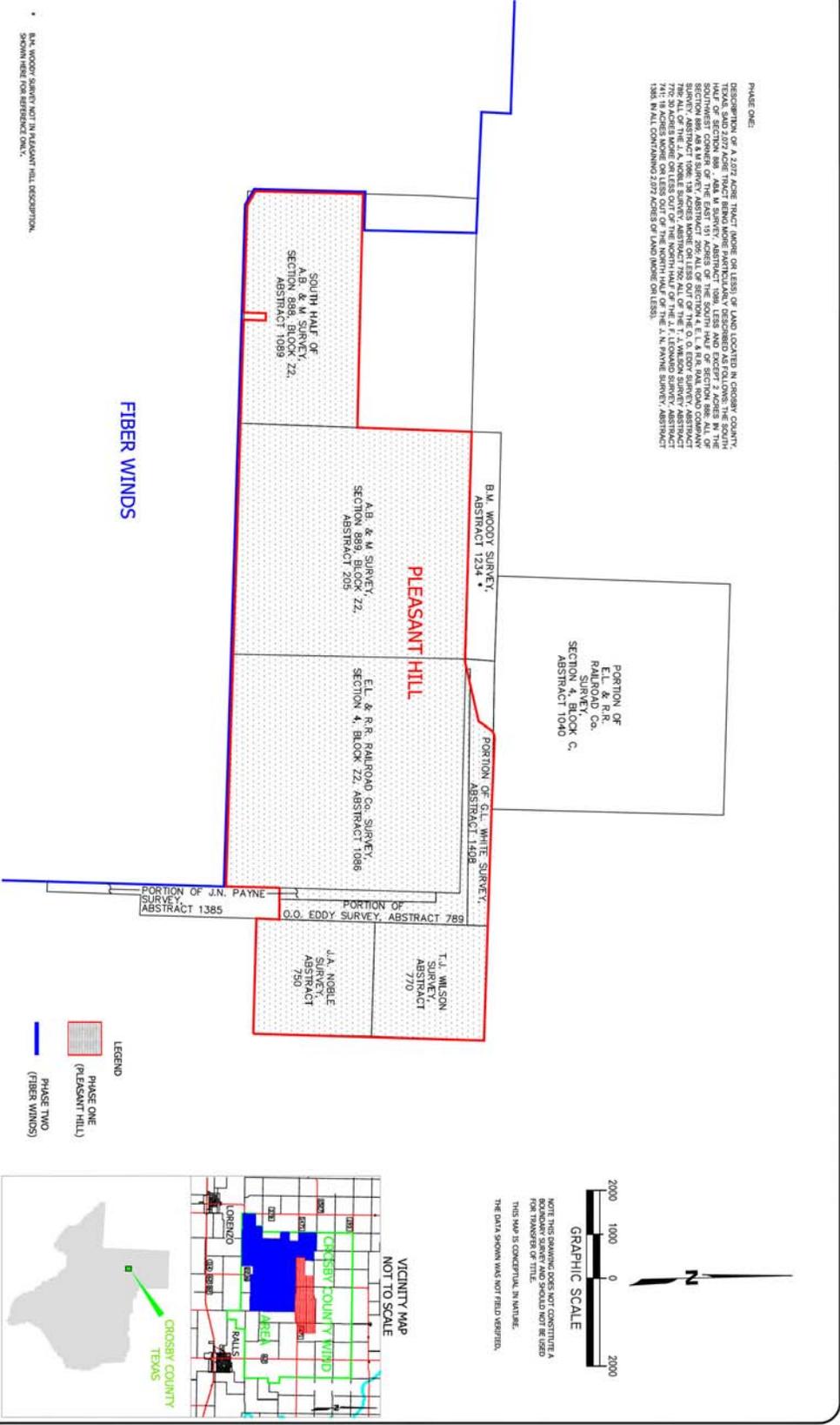
30 acres more or less out of the north half of the J. F. Leonard Survey, Abstract 741

18 acres more or less out of the north half of the J. N. Payne Survey, Abstract 1385

IN ALL CONTAINING 2,072 ACRES OF LAND (MORE OR LESS)

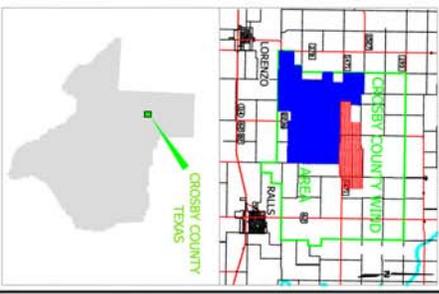
PHASE ONE
 DESCRIPTION OF A 2,072 ACRES TRACT MORE OR LESS OF LAND LOCATED IN CROSBY COUNTY TEXAS SAID 2,072 ACRES TRACT BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS: THE SOUTH HALF OF SECTION 888 4th 1/4 M SURVEY ABSTRACT 1088 LESS AND EXCEPT 2 ACRES IN THE SECTION 888 4th 1/4 M SURVEY ABSTRACT 206 ALL OF SECTION 4 E.L. & R.R. RAIL ROAD COMPANY SURVEY ABSTRACT 1098 1/4 ACRES MORE OR LESS OUT OF THE O.C. EDDY SURVEY ABSTRACT 789 30 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J.F. LEONARD SURVEY ABSTRACT 1086 1/4 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J.N. PAYNE SURVEY ABSTRACT 1385 1/4 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J.A. NOBLE SURVEY ABSTRACT 770 1/4 ACRES MORE OR LESS OUT OF THE NORTH HALF OF THE J.A. NOBLE SURVEY ABSTRACT 790 1/4 ACRES MORE OR LESS OF LAND BEING THE E.L. & R.R. RAILROAD Co. SURVEY ABSTRACT 1086

B.M. WOODY SURVEY NOT IN NEIGHBORING HILL DESCRIPTION SHOWN HERE FOR REFERENCE ONLY.



NOTE THIS DRAWING DOES NOT CONSTITUTE A WARRANTY OF TITLE OR A GUARANTEE OF ACCURACY FOR TRANSFER OF TITLE.
 THIS MAP IS CONCEPTUAL IN NATURE.
 THE DATA SHOWN WAS NOT FIELD VERIFIED.

VICINITY MAP
 NOT TO SCALE



LEGEND
 [Red hatched box] PHASE ONE (PLEASANT HILL)
 [Blue line] PHASE TWO (FIBER WINDS)

PROJECT: 18-23-2024-000000

| | |
|------------|-------------------|
| 200 NUMBER | 18-23-2024-000000 |
| 201 NUMBER | 18-23-2024-000000 |
| 202 NUMBER | 18-23-2024-000000 |
| 203 NUMBER | 18-23-2024-000000 |
| 204 NUMBER | 18-23-2024-000000 |
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| 218 NUMBER | 18-23-2024-000000 |
| 219 NUMBER | 18-23-2024-000000 |
| 220 NUMBER | 18-23-2024-000000 |



CROSBY COUNTY WIND FARM
 PHASE ONE (PLEASANT HILL)
 PROJECT AREA TOTAL ACRES 2,072

SHEET 1
 OF 1
 P:\18-23-2024-000000\18-23-2024-000000

SCHEDULE 2.3

DESCRIPTION OF QUALIFIED INVESTMENT AND/OR QUALIFIED PROPERTY

The property for which the Applicant is requesting an appraised value limitation shall include, but is not limited to, the following: construction of the site, construction of all foundations, turbine erection, electrical collection, substation, and other ancillary related work and equipment more particularly described as

- Access road construction;
- Turbine site preparation 12 wind turbines (300 cubic yards per foundation);
- Operations and management building (1000SF) with an appropriate foundation, electrical, plumbing, and HVAC;
- 12 wind turbines (including the towers, nacelles, rotor, and blades) with a rated capacity of 1.6 – 2.0 MW;
- Rebar installation (27 tons per foundation);
- All necessary cabling, wiring, conduit and grounding with corresponding junction cabinets as necessary;
- 1 primary electrical substation;
- 1 main power transformer;
- Service transformer;
- Steel structures;
- 69KV bus work;
- All RTU and communication equipment;
- Surface stone;
- Fencing;
- Lightning protection equipment;
- Oil containment equipment; and
- Any other ancillary equipment that may be needed to ensure proper operation for the wind project contemplated in this Agreement.

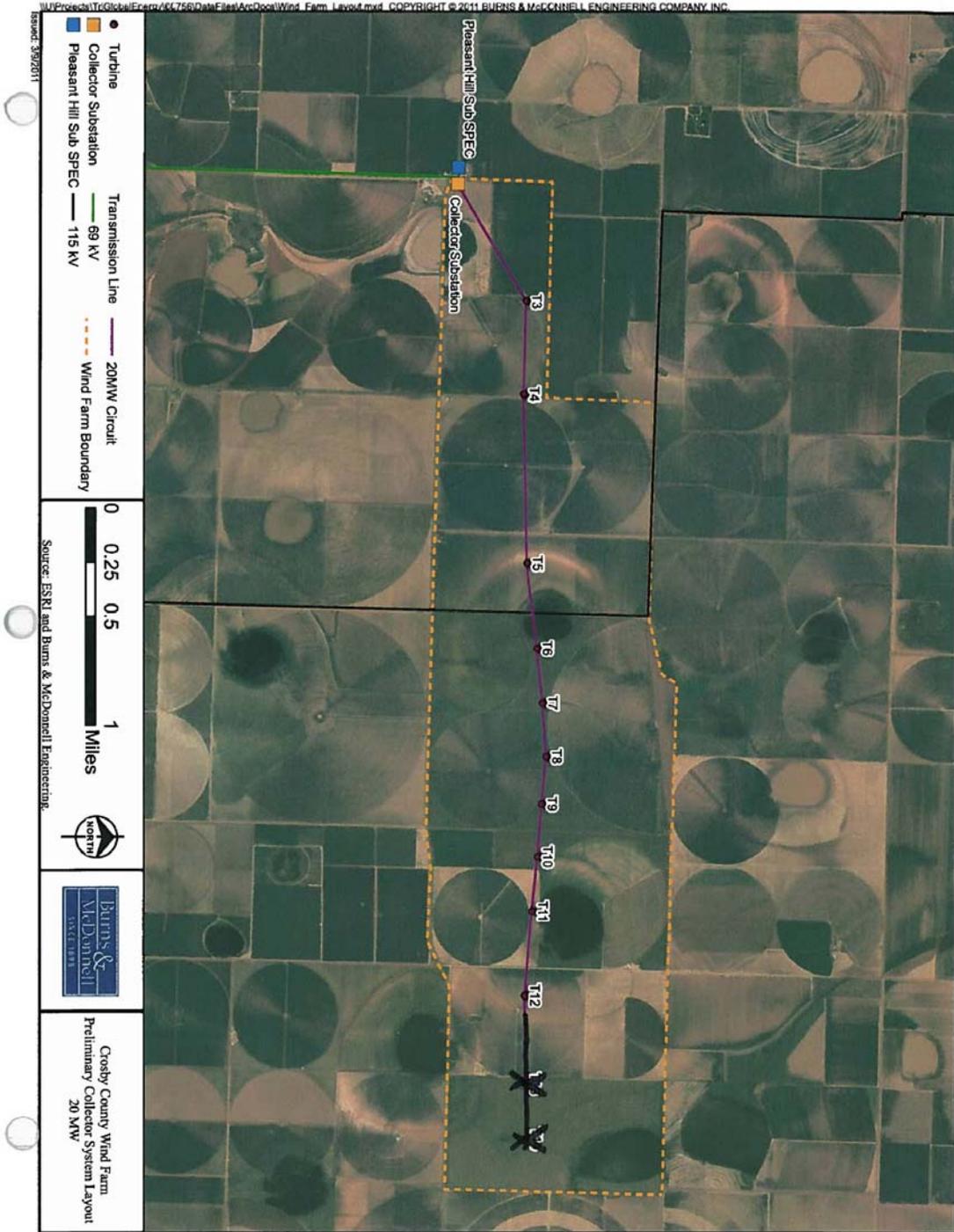
All of the improvements that make up the qualified investment and/or qualified property will be made within the project area, which is completely within the reinvestment zone as shown in Schedule 2.1.

None of the foregoing listed property is covered under an existing County Appraisal District account number.

All of the property for which the Applicant is seeking a limitation of appraised value will be owned by the Applicant, Crosby County Wind Farm LLC, or a valid assignee pursuant to this Agreement.

EXHIBIT A
to
SCHEDULE 2.3

MAP OF QUALIFIED PROPERTY/PROJECT AREA



SCHEDULE 3.2

CALCULATIONS FOR LOSS OF REVENUES BY DISTRICT

The District Funding Revenue amount owed by Applicant to District will equal:

- (a) Original District Funding Revenue minus New District Funding Revenue, where;
 - i. “Original District Funding Revenue” means the total State and local District Funding Revenue that the District would have received for the school year under the School Finance Law absent this Agreement, effective for said school year.
 - ii. “New District Funding Revenue” means the total State and local District Funding Revenue that the District actually received under the School Finance Law for said school year.
- (b) In making the calculations required by this Schedule 3.2:
 - i. The Taxable Value of property for each school year will be determined under the School Finance Law.
 - ii. All calculations using the Original District Funding Revenue and the New District Funding Revenue made for years three (3) through ten (10) of this Agreement shall be based upon the limitation of value on the Qualified Property using the Tax Limitation Amount so that Applicant is not responsible for protecting the District against any decrease in the amount of local ad valorem taxes collected.
 - iii. All calculations made under this Schedule shall be made by a methodology which isolates only the revenue impact caused by this Agreement. Applicant shall not be responsible to reimburse the District for other revenue losses created by other agreements or any other factors.
 - iv. The calculation made under this Schedule cannot result in a negative number. In the event that the calculation is a negative number, the loss to the District under this Schedule will be considered to be zero.

S U S A N

C O M B S

TEXAS COMPTROLLER *of* PUBLIC ACCOUNTS

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



August 15, 2012

Dick Van Hoose
Superintendent
Lorenzo Independent School District
P. O. Box 520
Lorenzo, Texas 79343

Re: Agreement for Limitation on Appraised Value of Property for School District
Maintenance and Operations Taxes by and between Lorenzo Independent School District
and Crosby County Wind Farm LLC

Dear Superintendent Van Hoose:

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

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

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

Sincerely,

A handwritten signature in black ink, appearing to read "R B Wood", is written over a horizontal line.

Robert B. Wood
Director
Economic Development & Analysis

cc: Audie Sciumbato, Underwood Law Firm, P.C.
Shannon Adkins, Crosby County Wind Farm, LLC

CROSBY COUNTY WIND FARM, LLC

1120 W. Loop 289, Suite 101
Lubbock, Texas 79416
(806) 785-7770

March 14, 2012

Mr. Dick Van Hoose, Superintendent
Lorenzo Independent School District
3rd and Polk
P.O. Box 520
Lorenzo, Texas 79343-5928

Re: Chapter 313 Job Waiver Request

Mr. Van Hoose,

This letter is to advise you that Crosby County Wind Farm, LLC is requesting a waiver of the requirement to create ten full-time jobs in conjunction with its Chapter 313 Application for Appraised Value Limitation on Qualified Property. As you are aware, school districts have the option of providing a waiver for the jobs requirement if they determine that the job creation requirement set forth in the Texas Tax Code (i.e., 10 jobs) would exceed the industry standard for the number of employees necessary for the operation of the facility. Crosby County Wind Farm, LLC requests that the Lorenzo Independent School District's Board of Trustees make such a finding and waive the minimum job creation requirement.

Based on the industry standard, the size and scope of this project will require fewer than 10 permanent jobs. While wind-farm projects involve a large number of part-time jobs during the construction period, the long term operational phase only requires scheduled and unscheduled maintenance typically performed by highly skilled technical contractors. We find it necessary to create three (3) new full-time, permanent positions.

The wages for these positions will likely be above the Crosby County average wage rate. Additionally, benefits such as medical, dental and vision insurance, vacation time, sick leave, and skills training will be provided.

We appreciate your consideration of our application and our job requirement waiver request. Please feel free to contact me if you need any additional information.

Sincerely,



Shannon Adkins
President

Subject: FW: Letter for Tri Global Jobs Waiver
Attachments: CCWF Job Waiver Executed.pdf

From: Damon Bowman [<mailto:DBowman@TriGlobalEnergy.com>]
Sent: Monday, September 24, 2012 12:11 PM
To: Jeff Ritter (jritter@mhba.com); Audie Sciumbato
Subject: FW: Letter for Tri Global Jobs Waiver

Here you go. Let me know if you need anything else. Also, please keep me updated on the status of this so we know when we are officially done. Thanks.

**Damon Bowman**
Chief Relationship Officer
Associate General Counsel
Tri Global Energy | 17300 N. Dallas Parkway, Ste. 2060 | Dallas TX 75248
P: 972.290.0825 C: 214-621-7647 www.TriGlobalEnergy.com
Help us conserve resources by only printing emails when necessary.

From: Shannon Adkins
Sent: Monday, September 24, 2012 12:10 PM
To: Damon Bowman
Subject: RE: Letter for TriGlobal Jobs Waiver

Damon,

Attached is the executed copy with Jerrod's name listed as the new Sup.

Shannon Adkins | Vice President, Project Origination & Sales

**Tri Global Energy** | 2721 81st | Lubbock, TX 79423
P: 806-785-7770 | C: 806-781-5007 | www.TriGlobalEnergy.com
Help us conserve resources by only printing emails when necessary.

From: Damon Bowman
Sent: Monday, September 24, 2012 9:54 AM
To: Shannon Adkins
Subject: FW: Letter for TriGlobal Jobs Waiver

Reminder to not forget the letter!

**Damon Bowman**
Chief Relationship Officer
Associate General Counsel
Tri Global Energy | 17300 N. Dallas Parkway, Ste. 2060 | Dallas TX 75248
P: 972.290.0825 C: 214-621-7647 www.TriGlobalEnergy.com
Help us conserve resources by only printing emails when necessary.

CROSBY COUNTY WIND FARM, LLC

2721 81st Street
LUBBOCK, TX 79423
806-785-7770

Mr. Jerrod Pickering, Superintendent
Lorenzo Independent School District
3rd and Polk
P. O. Box 520
Lorenzo, Texas 79343

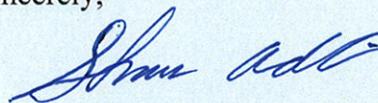
Gentlemen:

This letter is written in connection with my letter dated March 14, 2012 requesting a waiver of the job requirements under Texas Tax Code Chapter 313. That requirement requires Applicant to create at least ten jobs in order to receive a limitation on appraised value.

As you probably know, a school district's board of trustees may waive the job requirement if the required number of jobs exceeds the industry standard for the number of employees reasonably necessary to operate the facility described in the application. Wind projects create a large number of full-time, temporary jobs during the construction phase, but require a small number of highly skilled technicians to operate a wind project once construction operations cease and commercial operations start.

The comptroller's office has historically approved waivers allowing one worker for 15-20 turbines. While Applicant has not yet chosen which turbine to be used in its development in your district, none of the several turbine manufacturers the Applicant is considering require more than one worker for every 15-20 turbines, which, based on our information is the industry standard. Because that industry standard is less than the job creation requirement of Chapter 313, Applicant requests that you approve this waiver.

Sincerely,



Shannon Adkins, President
Crosby County Wind Farm, LLC