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: 2/2/11 (Revised)

First Name: Terry
Last Name: Pittman
Title: Superintendent
School District Name: Sweetwater Independent School District
Street Address: 207 Musgrove
Mailing Address: Same
City: Sweetwater
State: Texas
ZIP: 79556
Phone Number: (325) 235-8601
Fax Number: (325) 235-5561
Mobile Number (optional):
E-mail Address: tpittman@sweetwaterisd.net

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

Will consultant be primary contact? . . . . . ☑ Yes ☐ No

Form 50-290

SCHOOL DISTRICT INFORMATION - CERTIFICATION OF APPLICATION (CONTINUED)

Authorized School District Consultant (If Applicable)

First Name: Dan
Last Name: Casey
Title: Parter
Firm Name: Moak, Casey & Associates
Street Address: 400 W 15th St # 1410
Mailing Address: Same
City: Austin
State: Texas
ZIP: 78701
Phone Number: (512) 485-7878
Fax Number: (512) 485-7888
Mobile Number (Optional):
E-mail Address: dcasey@moakcasey.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): [signature]
Date: 2/21/11

Has the district determined this application complete? ☒ Yes ☐ No

If yes, date determined complete: 2/3/11

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

SCHOOL DISTRICT CHECKLIST AND REQUESTED ATTACHMENTS

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

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

APPLICANT INFORMATION - CERTIFICATION OF APPLICATION

Authorized Business Representative (Applicant)

First Name: David
Last Name: Fiorelli
Title: Executive Vice President
Organization: Tenaska Trailblazer I, LLC, managing partner of Tenaska Trailblazer Partners, LLC
Street Address: 1701 E. Lamar Blvd., Suite 100
Mailing Address: Same
City: Arlington
State: Texas
ZIP: 76006
Phone Number: (817) 462-1500
Fax Number: (817) 462-1510
Mobile Number (optional):
Business e-mail Address: dfiorelli@tnsk.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: Helen
Last Name: Manroe
Title: Manager, Development
Organization: Tenaska, Inc.
Street Address: 1701 E. Lamar Blvd., Suite 100
Mailing Address: Same
City: Arlington
State: Texas
ZIP: 76006
Phone Number: (817) 462-1500
Fax Number: (817) 462-1510
Mobile Number (optional):
E-mail Address: hmanroe@tnsk.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	Last Name
Chris	Shields

Title
President

Firm Name
Christopher S. Shields, P.C.

Street Address
1005 Congress Avenue, Suite 480

Mailing Address
Same

City	State	ZIP
Austin	Texas	78701

Phone Number	Fax Number
(512) 476-2644	(512) 476-7297

Business email Address
cshields@thetexascapitol.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))*	Date
Carol Prorelli	Feb. 2, 2011

GIVEN under my hand and seal of office this 2 day of February, 2011

Dixie A. Pearson

Notary Public, State of Nebraska

GENERAL NOTARY - State of Nebraska
DIXIE A. PEARSON
My Comm. Exp. May 30, 2014

(Notary Seal)

My commission expires May 30, 2014

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

Tenaska Trailblazer Partners, LLC

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

12619052884

NAICS code

221112

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 Corporation

1. Is the applicant a combined group, or comprised of members of a combined group, as defined by Texas Tax Code Chapter 171.0001(7)? ☐ Yes ☑ No
   If so, please attach documentation of the combined group membership and contact information.

2. Is the applicant current on all tax payments due to the State of Texas? ☑ Yes ☐ No

3. Are all applicant members of the combined group current on all tax payments due to the State of Texas? ☑ NA ☐ Yes ☐ No

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

ELIGIBILTY UNDER TAX CODE CHAPTER 313.024

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

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

(1) manufacturing ☐ Yes ☑ No

(2) research and development ☐ Yes ☑ No

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

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

(5) renewable energy electric generation ☐ Yes ☑ No

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

(7) nuclear electric power generation ☐ Yes ☑ No

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

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

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

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

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

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

PROJECT DESCRIPTION

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

Attachment, Checklist Item 4

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

Attachment, Checklist Item 4

PROJECT CHARACTERISTICS (CHECK ALL THAT APPLY)

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

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

☐ Consolidation ☐ Relocation within Texas

PROJECTED TIMELINE

Begin Construction Q2 2012 Begin Hiring New Employees Q2 2015

Construction Complete Q2 2017 Fully Operational Q2 2017

Purchase Machinery & Equipment 2012 - 2017

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? Q2 2017

ECONOMIC INCENTIVES

Identify state programs the project will apply for:

State Source	Amount
Section 79, HB 4586 (Supplemental Appropriations Bill, 2009)	
Advanced Clean Energy Project Grant	$7,000,000
Total	$7,000,000

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.)

Chapter 312 Tax Abatement Agreement granted by Nolan County; Nolan County Hospital District; Nolan County Farm to Market Road District

THE PROPERTY

Identify county or counties in which the proposed project will be located: Nolan County (see Attachment - Checklist Item 11 for additional information)

Central Appraisal District (CAD) that will be responsible for appraising the property: Nolan 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: Nolan County 100% (Name and percent of project)

City: _____ (Name and percent of project)

Hospital District: Nolan County Hospital District 100% (Name and percent of project)

Water District: _____ (Name and percent of project)

Other (describe): Nolan County Farm to Market Road District 100% (Name and percent of project)

Other (describe): _____ (Name and percent of project)

Is the project located entirely within this ISD? ☑ Yes ☐ No

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

INVESTMENT

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

At the time of application, what is the estimated minimum qualified investment required for this school district? $30,000,000

What is the amount of appraised value limitation for which you are applying? $30,000,000

What is your total estimated *qualified* investment? $4,219,438,638.00 (Please see Schedule A for additional information)

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 - June 1, 2011 (NOTE: ACEPs have a FIVE year qualifying period)

What is the anticipated date of the beginning of the qualifying time period? Q2 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? $4,229,438,638

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

Attach the following items to this application:

(1) a specific and detailed description of the qualified investment you propose to make on the property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,

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

(3) a map of the qualified investment showing location of new buildings or new improvements with vicinity map.

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

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

(1) in or on the new building or other new improvement for which you are applying? ☑ Yes ☐ No

(2) if not in or on the new building or other new improvement for which you are applying for an appraised value limitation, is the personal property necessary and ancillary to the business conducted in the new building or other new improvement? ☑ Yes ☐ No

(3) on the same parcel of land as the building for which you are applying for an appraised value limitation? ☑ Yes ☐ No

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

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

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

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

QUALIFIED PROPERTY

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

Attach the following items to this application:

(1) a specific and detailed description of the qualified property for which you are requesting an appraised value limitation as defined by Tax Code §313.021,

(2) a description of any new buildings, proposed improvements or personal property which you intend to include as part of your qualified property and

(3) a map of the qualified property showing location of new buildings or new improvements – with vicinity map.

Land

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

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

Will the applicant own the land by the date of agreement execution? ☑ Yes ☐ No

Will the project be on leased land? ☐ Yes ☑ No

QUALIFIED PROPERTY (CONTINUED)

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

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

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

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

Miscellaneous

Is the proposed project a building or new improvement to an existing facility? ☐ Yes ☑ No

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

List current market value of existing property at site as of most recent tax year. $1,786,000 (Market Value) 2010 (Tax Year)

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

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

WAGE AND EMPLOYMENT INFORMATION

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

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

☐ First Quarter ☐ Second Quarter ☐ Third Quarter ☑ Fourth Quarter of 2010 (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 105

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

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

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

What is the maximum number of qualifying jobs meeting all criteria of §313.021(3) you are committing to create? 100

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 $642.95

110% of the county average weekly wage for manufacturing jobs in the county is $833.53

110% of the county average weekly wage for manufacturing jobs in the region is $759.88

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? $39,513.76

What is the estimated minimum required annual wage you are committing to pay for each of the qualifying jobs you create on the qualified property? $40,000.00

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? Approximately 5%

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.)

Attachment, Checklist Item 15

ECONOMIC IMPACT

Is an Economic Impact Analysis attached (If supplied by other than the Comptroller's office)? ☑ Yes ☐ No

Is Schedule A completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule B completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule C (Application) completed and signed for all years and attached? ☑ Yes ☐ No

Is Schedule D completed and signed for all years and attached? ☑ Yes ☐ No

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

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

CONFIDENTIALITY NOTICE

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

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

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

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

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

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

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

Other information in the custody of a school district or the comptroller submitted in connection with the application, including information related to the economic impact of a project or the essential elements of eligibility under Texas Tax Code, Chapter 313, such as the nature and amount of the projected investment, employment, wages, and benefits, will not be considered confidential business information and will be posted on the internet.

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

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

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

COMPANY CHECKLIST AND REQUESTED ATTACHMENTS

	Checklist	Page X of 16	Check Completed
1	Certification pages signed and dated by Authorized Business Representative (applicant)	4 of 16	✓
2	Proof of Payment of Application Fee (Attachment)	5 of 16	✓
3	For applicant members, documentation of Combined Group membership under Texas Tax Code 171.0001(7) (if Applicable) (Attachment)	5 of 16	✓
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.**

Schedule A : Property Investment Amounts

Applicant Name Tenaska Trailblazer Partners, LLC

ISD Name Sweetwater ISD

Form 50-296

PROPERTY INVESTMENT AMOUNTS

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

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year below) YYYY	Column A: Tangible Personal Property The amount of new investment (original cost) placed in service during this year	Column B: Building or permanent nonremovable component of building (annual amount only)	Column C: Sum of A and B Qualifying Investment (during the qualifying time period)	Column D: Other investment that is not qualified investment but investment affecting economic impact and total value	Column E: Total Investment (A+B+D)
	Investment made before filing complete application with district (neither qualified property nor eligible to become qualified investment)		2010-2011 and prior years	2010	$ -	$ -		$ 16,291,361	$ 16,291,361
	Investment made after filing complete application with district, but before final board approval of application (eligible to become qualified property)		2011-2012	2011	$ -	$ -		$ 10,000,000	$ 10,000,000
The year preceding the first complete tax year of the qualifying time period (assuming no deferrals)	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)		2012-13	2012		$ 365,062,600	$ 365,062,600	$ -	$ 365,062,600
Qualifying Time Period	Complete tax years of qualifying time period	1	2013-2014	2013		$ 999,773,712	$ 999,773,712		$ 999,773,712
		2	2014-2015	2014	$ 2,500,000	$ 1,213,418,302	$1,215,918,302		$ 1,215,918,302
		3	2015-2016	2015	$ 2,500,000	$ 989,402,615	$ 991,902,615		$ 991,902,615
		4	2016-2017	2016	$ 66,000,000	$ 580,781,409	$ 646,781,409		$ 646,781,409
		5	2017-2018	2017			$ -		$ -
Tax Credit Period (with 50% cap on credit)	Value Limitation Period	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					
		13	2025-2026	2025					
Credit Settle-Up Period	Continue to Maintain Viable Presence	14	2026-2027	2026					
		15	2027-2028	2027					
		16	2028-2029	2028					
Post- Settle-Up Period		17	2029-2030	2029					
Post- Settle-Up Period		18	2030-2031	2030					

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

Column A: This represents the total dollar amount of planned investment in tangible personal property the applicant considers qualified investment - as defined in Tax Code §313 021(1)(A)-(D)
For the purposes of investment, please list amount invested each year, not cumulative totals.
[For the years outside the qualifying time period, this number should simply represent the planned investment in tangible personal property]. $ 4,219,438,638
Include estimates of investment for "replacement" property-property that is part of original agreement but scheduled for probable replacement during limitation period. $ 4,229,438,638

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

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

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

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

Paul Fiorelli

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Feb. 2, 2011

DATE

Schedule B: Estimated Market And Taxable Value

Applicant Name: Tenaska Trailblazer Partners, LLC

ISD Name: Sweetwater ISD

Form 50-296

					Qualified Property			Reductions from Market Value	Estimated Taxable Value	
		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Estimated Market Value of Land	Estimated Total Market Value of new buildings or other new improvements	Estimated Total Market Value of tangible personal property in the new building or "in or on the new improvement"	Exempted Value	Final taxable value for I&S - after all reductions	Final taxable value for M&O–after all reductions
		pre- year	2011-12	2011	$ 2,290,361	$ -	$ -	$ -	$ 2,290,361	$ 2,290,361
	partial qualifying year		2012-13	2012	$ 2,290,361	$ -	$ -	$ -	$ 2,290,361	$ 2,290,361
	Complete tax years of qualifying time period	1	2013-2014	2013	$ 2,290,361	$ 264,983,576	$ -	$ 119,963,020	$ 147,310,917	$ 147,310,917
		2	2014-2015	2014	$ 2,290,361	$ 990,677,233	$ -	$ 448,498,108	$ 544,469,486	$ 544,469,486
		3	2015-2016	2015	$ 2,290,361	$ 1,871,446,505	$ 2,500,000	$ 847,238,826	$ 1,028,998,040	$ 1,028,998,040
		4	2016-2017	2016	$ 2,290,361	$ 2,589,612,220	$ 5,000,000	$ 1,172,365,874	$ 1,424,536,707	$ 1,424,536,707
		5	2017-2018	2017	$ 2,290,361	$ 3,011,177,000	$ 71,000,000	$ 1,363,216,132	$ 1,721,251,229	$ 1,721,251,229
	Value Limitation Period	6	2018-2019	2018	$ 2,290,361	$ 2,950,953,460	$ 69,600,000	$ 1,335,951,810	$ 1,686,892,011	$ 30,000,000
Tax Credit Period (with 50% cap on credit)		7	2019-2020	2019	$ 2,290,361	$ 2,890,729,920	$ 68,200,000	$ 1,308,687,487	$ 1,652,532,794	$ 30,000,000
		8	2020-2021	2020	$ 2,290,361	$ 2,830,506,380	$ 66,800,000	$ 1,281,423,164	$ 1,618,173,577	$ 30,000,000
		9	2021-2022	2021	$ 2,290,361	$ 2,770,282,840	$ 65,400,000	$ 1,254,158,842	$ 1,583,814,359	$ 30,000,000
		10	2022-2023	2022	$ 2,290,361	$ 2,710,059,300	$ 64,000,000	$ 1,226,894,519	$ 1,549,455,142	$ 30,000,000
		11	2023-2024	2023	$ 2,290,361	$ 2,649,835,760	$ 62,600,000	$ 1,199,630,196	$ 1,515,095,925	$ 30,000,000
		12	2024-2025	2024	$ 2,290,361	$ 2,589,612,220	$ 61,200,000	$ 1,172,365,874	$ 1,480,736,707	$ 30,000,000
		13	2025-2026	2025	$ 2,290,361	$ 2,529,388,680	$ 59,800,000	$ 1,145,101,551	$ 1,446,377,490	$ 30,000,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	14	2026-2027	2026	$ 2,290,361	$ 2,469,165,140	$ 58,400,000	$ 1,117,837,229	$ 1,412,018,272	$ 1,412,018,272
		15	2027-2028	2027	$ 2,290,361	$ 2,408,941,600	$ 57,000,000	$ 1,090,572,906	$ 1,377,659,055	$ 1,377,659,055
		16	2028-2029	2028	$ 2,290,361	$ 2,348,718,060	$ 55,600,000	$ 1,063,308,583	$ 1,343,299,838	$ 1,343,299,838
Post- Settle-Up Period		17	2029-2030	2029	$ 2,290,361	$ 2,288,494,520	$ 54,200,000	$ 1,036,044,261	$ 1,308,940,620	$ 1,308,940,620
Post- Settle-Up Period		18	2030-2031	2030	$ 2,290,361	$ 2,228,270,980	$ 52,800,000	$ 1,008,779,938	$ 1,274,581,403	$ 1,274,581,403

Notes: Market value shown above on this Schedule B and on the previous Schedule A represent the applicant's good faith estimate of the future fair market value and may not reflect the actual fair market values for this project. Fair market value and the final taxable value can be affected by economic and other market conditions, obsolescence, federal and state legislation, EPA regulations, production costs, as well as other factors.

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.

Paul Fiorelli

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Feb. 2, 2011

DATE

Schedule C- Application: Employment Information

Applicant Name Tenaska Trailblazer Partners, LLC
ISD Name Sweetwater ISD

Form 50-296

		Year	School Year (YYYY-YYYY)	Tax Year (Fill in actual tax year) YYYY	Construction: Column A: Number of Construction FTE's or man-hours (specify)	Construction: Column B: Average annual wage rates for construction workers	New Jobs: Column C: Number of new jobs applicant commits to create (cumulative)	New Jobs: Column D: Average annual wage rate for all new jobs	Qualifying Jobs: Column E: Number of qualifying jobs applicant commits to create meeting all criteria of Sec. 313 021(3) (cumulative)	Qualifying Jobs: Column F: Average annual wage of qualifying jobs
		pre- year	2011-2012	2011	0	$ -	0	$ -	0	$ -
	partial qualifying year		2012-2013	2012	105	$ 52,000	0	$ -	0	$ -
	Complete tax years of qualifying time period	1	2013-2014	2013	708	$ 52,000	0	$ -	0	$ -
		2	2014-2015	2014	1424	$ 52,000	0	$ -	0	$ -
		3	2015-2016	2015	1381	$ 52,000	12	$ 75,000	12	$ 75,000
		4	2016-2017	2016	153	$ 52,000	105	$ 75,000	100	$ 75,000
		5	2017-2018	2017	0		105	$ 75,000	100	$ 75,000
	Value Limitation Period	6	2018-2019	2018	0		105	$ 75,000	100	$ 75,000
Tax Credit Period (with 50% cap on credit)		7	2019-2020	2019	0		105	$ 75,000	100	$ 75,000
		8	2020-2021	2020	0		105	$ 75,000	100	$ 75,000
		9	2021-2022	2021	0		105	$ 75,000	100	$ 75,000
		10	2022-2023	2022	0		105	$ 75,000	100	$ 75,000
		11	2023-2024	2023	0		105	$ 75,000	100	$ 75,000
		12	2024-2025	2024	0		105	$ 75,000	100	$ 75,000
		13	2025-2026	2025	0		105	$ 75,000	100	$ 75,000
Credit Settle-Up Period	Continue to Maintain Viable Presence	14	2026-2027	2026	0		105	$ 75,000	100	$ 75,000
		15	2027-2028	2027	0		105	$ 75,000	100	$ 75,000
		16	2028-2029	2028	0		105	$ 75,000	100	$ 75,000
Post- Settle-Up Period		17	2029-2030	2029	0		105	$ 75,000	100	$ 75,000
Post- Settle-Up Period		18	2030-2031	2030	0		105	$ 75,000	100	$ 75,000

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

Chad Fiorelli

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Feb. 2, 2011

DATE

Schedule D: Other Tax Information

Applicant Name: **Tenaska Trailblazer Partners, LLC** ISD Name: **Sweetwater ISD** Form 50-296

					Sales Tax Information		Franchise Tax	Other Property Tax Abatements Sought			
					Sales Taxable Expenditures		Franchise Tax	County	City (Industrial District Agreement	Drainage	College
		Year	School Year (YYYY-YYYY)	Tax/ Calendar Year YYYY	Column F: Estimate of total annual expenditures* subject to state sales tax	Column G: Estimate of total annual expenditures* made in Texas NOT subject to sales tax	Column H: Estimate of Franchise tax due from (or attributable to) the applicant	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement	Fill in percentage exemption requested or granted in each year of the Agreement
		Pre Year 1	2011-2012	2011	0	0	$ -	0%	0%	0%	0%
The year preceding the first complete tax year of the qualifying time period (assuming no		partial	2012-2013	2012	$ 7,576,423	$ 357,486,177	$ -	0%	0%	0%	0%
	Complete tax years of qualifying time period	1	2013-2014	2013	$ 20,749,067	$ 979,024,645	$ -	0%	0%	0%	0%
		2	2014-2015	2014	$ 25,234,881	$ 1,190,683,421	$ -	0%	0%	0%	0%
		3	2015-2016	2015	$ 20,585,712	$ 971,316,903	$ -	0%	0%	0%	0%
		4	2016-2017	2016	$ 13,423,148	$ 633,358,261	$ -	0%	0%	0%	0%
		5	2017-2018	2017			$ -	75%	0%	75%	0%
	Value Limitation Period	3	2018-2019	2018			$ -	75%	0%	75%	0%
Tax Credit Period (with 50% cap on credit)		4	2019-2020	2019			$ -	75%	0%	75%	0%
		5	2020-2021	2020			$ -	75%	0%	75%	0%
		6	2021-2022	2021			$ -	75%	0%	75%	0%
		7	2022-2023	2022			$ -	75%	0%	75%	0%
		8	2023-2024	2023			$ -	75%	0%	75%	0%
		9	2024-2025	2024			$ -	75%	0%	75%	0%
		10	2025-2026	2025			$ -	75%	0%	75%	0%
Credit Settle-Up Period	Continue to Maintain Viable Presence	11	2026-2027	2026			$ -	75%	0%	75%	0%
		12	2027-2028	2027			$ -	0%	0%	0%	0%
		13	2028-2029	2028			$ -	0%	0%	0%	0%
Post- Settle-Up Period		14	2029-2030	2029			$ -	0%	0%	0%	0%
Post- Settle-Up Period		15	2030-2031	2030			$ -	0%	0%	0%	0%

*For planning, construction and operation of the facility.

Paul Fiorelli

SIGNATURE OF AUTHORIZED COMPANY REPRESENTATIVE

Feb. 2, 2011

DATE

Checklist Item 1

CERTIFICATION PAGE SIGNED BY APPLICANT

Please see page 4 of application.

Checklist Item 2

ATTACHMENT

PROOF OF PAYMENT OF APPLICATION FEE

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)

Checklist Item 3

DOCUMENTATION OF COMBINED GROUP MEMBERSHIP

Not applicable

Checklist Item 4

ATTACHMENT

A. DETAILED DESCRIPTION OF PROJECT

B. ABILITY TO LOCATE IN ANOTHER STATE

A. DETAILED DESCRIPTION OF PROJECT

The Tenaska Trailblazer Energy Center ("Trailblazer" or "Project") is an approximately 765 MW gross and 600 MW net electric generating station that will employ best available supercritical steam, pulverized coal technology. The Project will be unique, in that it will be designed to capture 85 to 90 percent of the carbon dioxide ("CO_2") produced by combustion and deliver the CO_2 via pipeline to Permian Basin oil fields for use in enhanced oil recovery ("EOR") and, ultimately, geologic storage.

Trailblazer will produce approximately 600 MW of electricity for sale in the Electric Reliability Council of Texas ("ERCOT") market, at an estimated 90% capacity factor. It also will produce 5.7 million tons of CO_2 annually. In addition, it will produce smaller amounts of gypsum, fly ash and bottom ash.

Project Site

The Project will be located nine miles east of Sweetwater in Nolan County, Texas, on a 1,918-acre parcel owned by Tenaska Trailblazer Partners, LLC. Additional acreage has been purchased by Tenaska related entities to provide buffer space and better ingress to the site, but that land is not included as a part of this application. This site has significant strategic value with regard to key infrastructure.

Project Developer

Trailblazer is being developed for Tenaska Trailblazer Partners, LLC by Tenaska, Inc. ("Tenaska"), a highly regarded independent power producer.

Project Location

Please see Attachment – Checklist Item 11.

Project Infrastructure

With ready access to raw material and product markets, Trailblazer may be in the best location in the United States from an infrastructure perspective for a coal-fired electric generating station that captures CO_2.

Rail

Trailblazer is bordered by two major railroads – the Union Pacific Railroad to its north and the BNSF Railway to its south. Both the Union Pacific and the BNSF serve the Powder River Basin coal fields, providing Trailblazer with competing transportation service for its fuel – a critical component in keeping fuel costs low. The same railroads also could be used to transport equipment to the site during construction, and to move marketable products such as gypsum, fly ash and bottom ash should the local market be unable to use all of these products.

Due to the large size of the Project tract, a double loop rail spur able to accommodate two full 150-car trains will be constructed fully within the Project site. This will allow trains to move completely off the main track prior to unloading their cargo, thus minimizing blockages on the main lines.

Interstate Highway
The Project will have direct access to Interstate 20, a major east-west Interstate highway, via the property owned by a Tenaska affiliate. Access to I-20 will facilitate construction of the Project, and provides another mode of transportation for moving gypsum, fly ash and bottom ash to market. Initial discussions already have been held with the Texas Department of Transportation regarding upgrades that will need to be made to the I-20 access road in order to accommodate the traffic generated by the Project. Work on the upgrades will begin approximately six months prior to the commencement of construction.

Electric Transmission
Trailblazer is less than three miles from a high-voltage transmission line, which should allow for easy interconnection into ERCOT transmission system. Tenaska filed its interconnection request with ERCOT on February 19, 2008. The Project has received ERCOT's initial screening study, which did not identify any issues associated with interconnecting the Project to the transmission system. Tenaska has provided ERCOT with a notice to proceed with a full interconnection study, which must be completed before an interconnection agreement can be signed. Tenaska expects to sign an interconnection agreement sometime in 2011.

Natural Gas
A large diameter natural gas pipeline crosses the Project site. Natural gas is required during initial startup of the facility.

CO_2 Pipelines
The nearest CO_2 pipeline is about 40 miles from the Project site, although new CO_2 pipelines have been proposed that are even closer to the Project site. Other CO_2 pipelines are within 150 miles of the site.

Water
As discussed in Section 3, the Project will be dry cooled, reducing the amount of water required by more than 90% compared to traditional wet cooling used by every other commercial scale coal-fired electricity generating plant in Texas.

Local Support and Impacts
The Project has received strong support from the leadership and citizens of Sweetwater and Nolan County, who see the economic benefit the Project will bring to their community. To help quantify the benefit of the Project on the surrounding area, Tenaska commissioned TXP, Inc., a highly regarded Austin-based economic analysis firm, to study the economic impacts of the Project. TXP's report is included as Attachment – Checklist Item 16.

The report shows that the Project will inject almost $750 million into the Nolan County and the West Texas region during the five-year construction process. Once the Project is in operation, TXP estimates it will add more than $300 million of economic activity annually into Nolan County and the West Texas region. In addition, the CO_2 captured by the Project will be used to recover approximately 10 billion barrels of oil from the Permian Basin annually.

B. ABILITY TO LOCATE IN ANOTHER STATE OR REGION OF THE STATE

Many states around the country and many countries around the world are seeking the development of clean coal projects such Tenaska is proposing to develop with its Trailblazer project near Sweetwater. Tenaska has designed the project to take advantage of the unique attributes of the particular site they have secured. In particular, the site's location between two railroad lines and its proximity to existing CO2 pipeline infrastructure are critical to the economics of the project. The design of the project is also partly based on the altitude and other factors specific to the site. That having been said, there are multiple locations throughout the country seeking the deployment of capital by companies like Tenaska to build the next generation of cutting-edge technology that will produce electricity with significantly lower air emissions and that will capture CO2 that would otherwise be emitted into the atmosphere. Tenaska has chosen Texas because of its willingness to support the development of projects such as Trailblazer with financial incentives, and because we believe that it has a regulatory framework in place that will maximize our chances to bring a high-risk project like this to financial close and successful completion.

Checklist Item 5

MULTIPLE DISTRICT LOCATIONS

Not Applicable

Checklist Item 6

ATTACHMENT

DESCRIPTION OF QUALIFIED INVESTMENT

The qualified investment will consist of expenditures necessary to build the Project that is more fully described in Attachment for Checklist Item 4 above (Detailed Description of Project). More specifically, the qualified investments will be for buildings and structures (or additions, upgrades, or portions thereof), other improvements and machinery and equipment, including, but not limited to, fixed machinery, equipment and process units consisting of coal unloading equipment; coal handling system; loop rail tracks; water and waste water treatment facilities; on-site solid waste and byproduct storage facilities; a pulverized coal fired boiler; a steam turbine; cooling systems including surface condensers, air cooled condensers, fin fan coolers, pumps, piping, and tanks; flue gas cleaning systems; related filter and emissions control equipment, including but not limited to, those needed to limit sulfur dioxide, nitrogen oxides, mercury and particulate matter; CO_2 recovery systems including CO_2 compression and dehydration pipelines of all services; fire protection equipment, piping and auxiliaries; one or more electrical substations; electric transmission facilities; all transformers; appurtenant electric equipment; power, control and communication cable; data collection facilities; plant control systems; and all related improvements within the Nolan County Trailblazer Energy Center Reinvestment Zone.

All of these investments are more fully described in the Project Overview set forth below.

Project Overview

Tenaska is proposing to construct a greenfield power production facility in Nolan County, Texas. The proposed site is approximately 9 miles east of Sweetwater and 28 miles west of Abilene. The plant will be an approximate 600 MW net output (with CO_2 capture) unit firing southern Powder River Basin sub-bituminous coal. The Project will be designed for 85-90% CO_2 capture (approximately 17,500 TPD or 300 MMcf/day). Commercial operation of the Project is targeted for Q2 2017.

The boiler will be a pulverized coal (PC) fired boiler of balanced-draft combustion design. Steam generated by the boiler will be supplied to the steam turbine to complete the power generation cycle. Preliminary design is based on a supercritical steam cycle (nominal 3,900 psig/1,085°F/1,105°F) with eight stages of feedwater heating. The steam turbine exhaust will be condensed using an air-cooled condenser.

The Project will be an Exempt Wholesale Generator under FERC regulations. The Project will connect to the ERCOT power grid at 345 kV.

The 1,918-acre project site has direct access to Interstate 20 via the adjacent property owned by an affiliate of Tenaska, and is bounded on the north by the Union Pacific Rail Road (UPRR) and on the south by the Burlington Northern Railway (BNSF). Loop tracks will be installed to sufficiently accommodate a 150-rail car (plus locomotives) loaded unit train positioned upstream of the coal unloader, and a 150-rail car empty unit train positioned downstream of the coal unloader, without interfering with either the UPRR or BNSF main lines. The track shall accommodate bottom dumping cars. This dual rail site will enable the Project to take advantage of a competitive coal supply environment by utilizing both UPRR and BNSF to transport coal to the project site.

Ammonia for use in the Selective Catalytic Reduction (SCR) system is stored in tanks as a pressurized liquid equipped with pressure vent valves set to minimize standing losses. The ammonia is vaporized and transported from the storage tanks to the injection location.

Limestone for use in the wet flue gas desulphurization ("WFGD") system is typically delivered by truck and unloaded to a limestone storage pile. It is reclaimed from the pile via front-end loader and conveyed to the WFGD system for use to reduce SO_2 emissions.

Coal is delivered to the facility by rail. The coal handling system includes a receiving area, conveyors, active and inactive storage, a reclaim system, a crusher house, and a tripper room. Various dust control measures such as passive bin vent filters, active fabric filters (i.e., baghouses), and wet suppression are used to control PM/PM_{10} emissions.

Fly ash removed from the flue gas is pneumatically conveyed to storage silos and then transported to an onsite landfill via trucks, or to purchasers of fly ash via rail or truck. Bottom ash, which includes furnace ash from the boiler, pyrites from the mills, and economizer ash, is collected by a drag chain conveyor and then conveyed to a storage bunker. From the bunker, the bottom ash is loaded into trucks and hauled to disposal in the onsite landfill, or transported to purchasers of bottom ash via rail or truck.

A diesel-fired emergency generator is used to supply power during outages and a small diesel-fired engine is used to pump water needed for fire suppression. Diesel fuel is stored in tanks.

The Project will be designed to comply with applicable environmental regulations. The Project will utilize best available control technology (BACT) to limit emissions and will include flue gas cleaning to reduce air pollutants, including sulfur dioxide, nitrogen oxide, mercury and particulate matter created during combustion. Use of low NO_x burners and over fire air will control NO_x at the boiler outlet. The preliminary design for air quality control includes SCR system for NO_x control, wet SO_2 scrubbers for SO_2 control and a fabric filter baghouse for particulate control. Activated carbon or other sorbent injection will be used to control mercury.

A CO_2 recovery system will capture 85% - 90% of the CO_2 from the boiler's flue gas. The flue gas to the carbon capture plant must be low in reactive impurities (sulfur compounds, nitrogen oxides, particulate material and mercury), otherwise these impurities will react preferentially with the solvent causing high rates of solvent consumption and corrosion of the Project.

Post-combustion CO_2 capture first involves pre-treating the flue gas to remove a number of impurities. The flue gas is then sufficiently cooled in a flue gas water cooler prior to entering the CO_2 absorber column. Once inside the CO_2 absorber, the flue gas comes into contact with a solvent, which is distributed over structured packing, and is absorbed into the solvent and collected at the bottom of the absorber. The flue gas then passes a washing section at the top of the absorber column before exiting the absorber into the atmosphere. The CO_2 'rich' solvent,

collected from the bottom of the CO_2 absorber column, is then directed to the Solvent Regeneration column (or stripper) where low pressure steam introduced from a reboiler separates the CO_2 from the solvent. This solvent is then directed back to the absorber column and the process repeats itself in a closed loop. The high purity CO_2 is then directed to a compression and dehydration facility before being delivered to a transportation pipeline where it is moved to market.

Wastewater may be discharged to a watercourse via permitted outfall. A zero liquid discharge also is being considered. The Project will be permitted to operate up to 8,760 hours per year.

Energy from the Project will be dispatched per the applicable power purchase agreement(s). The Project is expected to be operated at or near baseload with minimal turndown at night and on weekends. Daily on/off cycling of the Project is not anticipated. The Project is anticipated to be operated on a three shift basis with all routine start-up and shutdown operations being executed from a central control room via a distributed control system (DCS). Annual plant capacity factor is expected to range from 85% to 90% but may vary from this range. The estimated annual unit equivalent availability factor (EAF) for the Project averaged over the first 30 years of operation is 90%. The Project will be equipped with automatic controls of both frequency and voltage response and equipped to respond to signals for raising and lowering generation from automatic generation control and communication equipment.

The steam generator and accessory equipment will be designed for safe and reliable operation from startup to the maximum capability of the unit. The unit will be specified to be capable of stable firing without the use of supplemental fuel from approximately 35 percent of maximum to the maximum capability. The maximum steaming capacity of the steam generator will correspond to the maximum capability of the turbine.

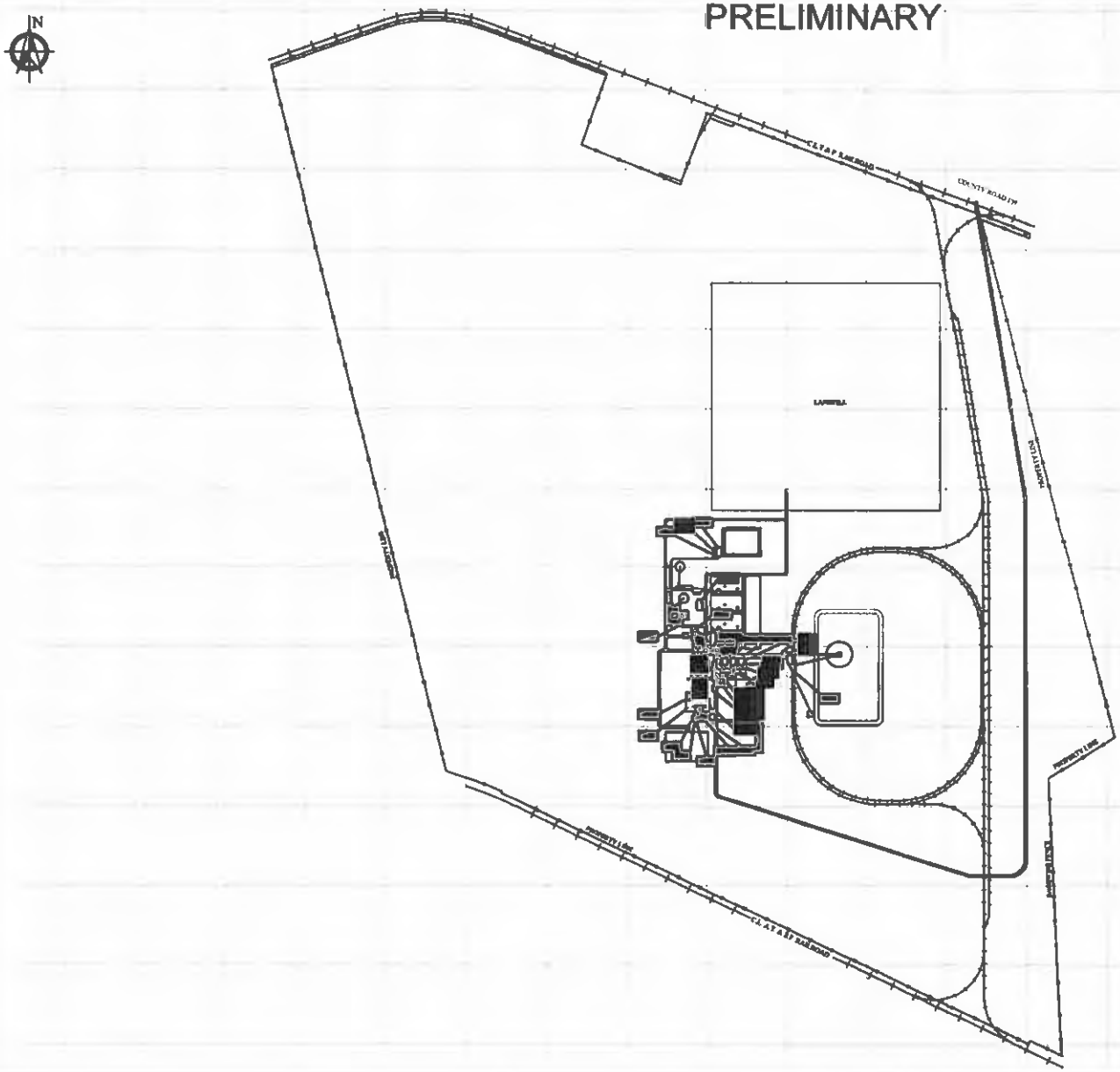
The Project will be designed and operated in accordance with industry standards and practices. All equipment will be new. Plant design and construction shall provide for effective plant operation and maintenance in accordance with Good Utility Practice. Facility automation will be designed for secure and safe operation of all equipment. Tenaska will work with the EPC Contractor to perform a reliability, availability, and maintainability (RAM) study and risk analysis. This analysis will evaluate reliability and availability of plant equipment and systems to optimize plant design in terms of the tradeoff between capital costs and the cost of unit unavailability. The Project will be designed for a three week plant outage every year and a six week plant outage every six years. The frequency of scheduled maintenance/overhaul cycles for individual equipment varies from one to ten years. Electrical output shall be controllable from 35% of rated load to MCR with no support fuel, and shall be suitable for continuous operation across the range. Full steam temperatures shall be achievable from 40% to 100% MCR.

Checklist Item 7

ATTACHMENT

MAP OF QUALIFIED INVESTMENT SHOWING LOCATION OF NEW BUILDINGS OR NEW IMPROVEMENTS WITH VICINITY MAP.

PRELIMINARY



GENERAL NOTES

1. THE COORDINATE SYSTEM SHOWN IS THE TEXAS STATE PLANE COORDINATE SYSTEM (SOUTH CENTRAL ZONE).

REFERENCE DRAWINGS

1. ALTA/ACSM FIELD SURVEY FOR THE TRINITY ONE INVESTMENTS, INC. COUNTY ROAD 170 - EAST OF THE CITY OF SWEETWATER, NOLAN AND NUECES COUNTIES, STATE OF TEXAS, DATED [illegible], BY [illegible] HALLIBURTON ENERGY SERVICES, INC. OKLAHOMA CITY, OK.

LEGEND

A. ACTIVATED CARBON SILO
B. ADMINISTRATION BUILDING
C. AMMONIA TANK
D. BOX LOCK
E. BOX ELECTRICAL BUILDING
F. BOX SERVICE WATER TANK
G. AUXILIARY BOILER AND STACK
H. AUXILIARY STORAGE AND ASTACK TANK
I. BAGS SILO AND LIMESTONE SLURRY PREP BUILDING
J. BOTTOM ASH HOPPERS
K. BYPASS SILO
L. CONDENSATE STATION
M. COAL SILO BUILDING
N. CEM COMPRESSOR BUILDING
O. CEM RECOVERY PLANT
P. COAL CONVEYOR
Q. COAL SILO/BUNKER
R. CONDENSATE TANK
S. CONTROL BUILDING
T. DEMINERALIZED WATER STORAGE TANK
U. DRAIN AND SEAL WATER COOLING SPRAY TANKS
V. DUALS CONTACT PLATE SCRUBBER
W. EMERGENCY DIESEL FIRE PUMP AND STACK
X. EMERGENCY DIESEL GENERATOR AND STACK
Y. FABRIC FILTER
Z. FIRE WATER TANK
AA. FLY ASH SILO
AB. FLY ASH SILO
AC. GYPSUM (SUPERNATANT)
AD. GYPSUM PILE
AE. HS STORAGE
AF. LIMESTONE CONVEYOR SPRAY BAR
AG. LIMESTONE CONVEYOR TRANSFER TO PILE
AH. LIMESTONE DAY BIN
AI. LIMESTONE CRUSHER HOPPER
AJ. LIMESTONE STORAGE PILE
AK. MACHINE SHOP
AL. MAGNET LAMB
AM. PRE WASTE-COAL FEED SILOS
AN. RAIL CAR UNLOADING FACILITY
AO. REAGENT STORAGE TANKS
AP. [illegible]
AQ. SOLID WASTE MAINTENANCE
AR. STORAGE BUILDING
AS. UNIT 1 CHIMNEY
AT. WAREHOUSE
AU. WATER TREATMENT BUILDING
AV. WET COOLING TOWER
AW. CHLORINE REPAIR KIT
AX. PRIMARY WATER WELL AND PUMP
AY. BOILER WATER MAKEUP TANK
AZ. DEMINERALIZED WATER CONVEYOR
BA. DEMINERALIZER BLOWDOWN PUMPS
BB. LIMESTONE TO MAKE-UP PUMPS
BC. [illegible]
BD. COAL CONVEYOR TRANSFER TOWER
BE. DISTRICT WATER PUMPS
BF. BAGHOUSE TRANSFORMER AREA
BG. [illegible]
BH. [illegible]
BI. BOILER LIFT STATION
BJ. [illegible]
BK. BAGHOUSE PICK AND BAGGED DRIVE EQUIPMENT
BL. [illegible]
BM. [illegible]
BN. [illegible]
BO. [illegible]
BP. [illegible]
BQ. [illegible]
BR. [illegible]
BS. [illegible]
BT. BOILER WATER REPLENISH PUMP/MECHANICAL FILTER
BU. [illegible]
BV. WATER WALLS FLUSHING STATION
BW. CONTROL HOUSE
BX. [illegible]
BY. LIMESTONE UNLOADING STATION

SCALE
1" = [illegible]'

TENASKA

UTILITY ENGINEERING

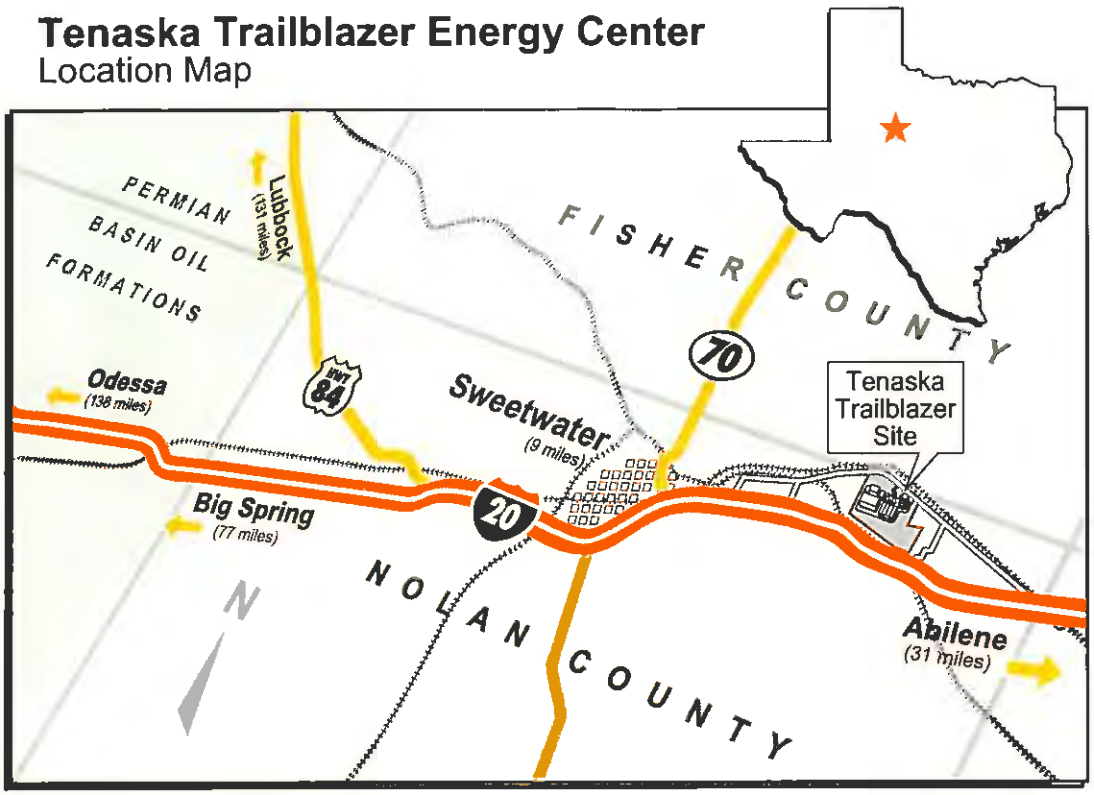
TENASKA TRAILBLAZER ENERGY CENTER

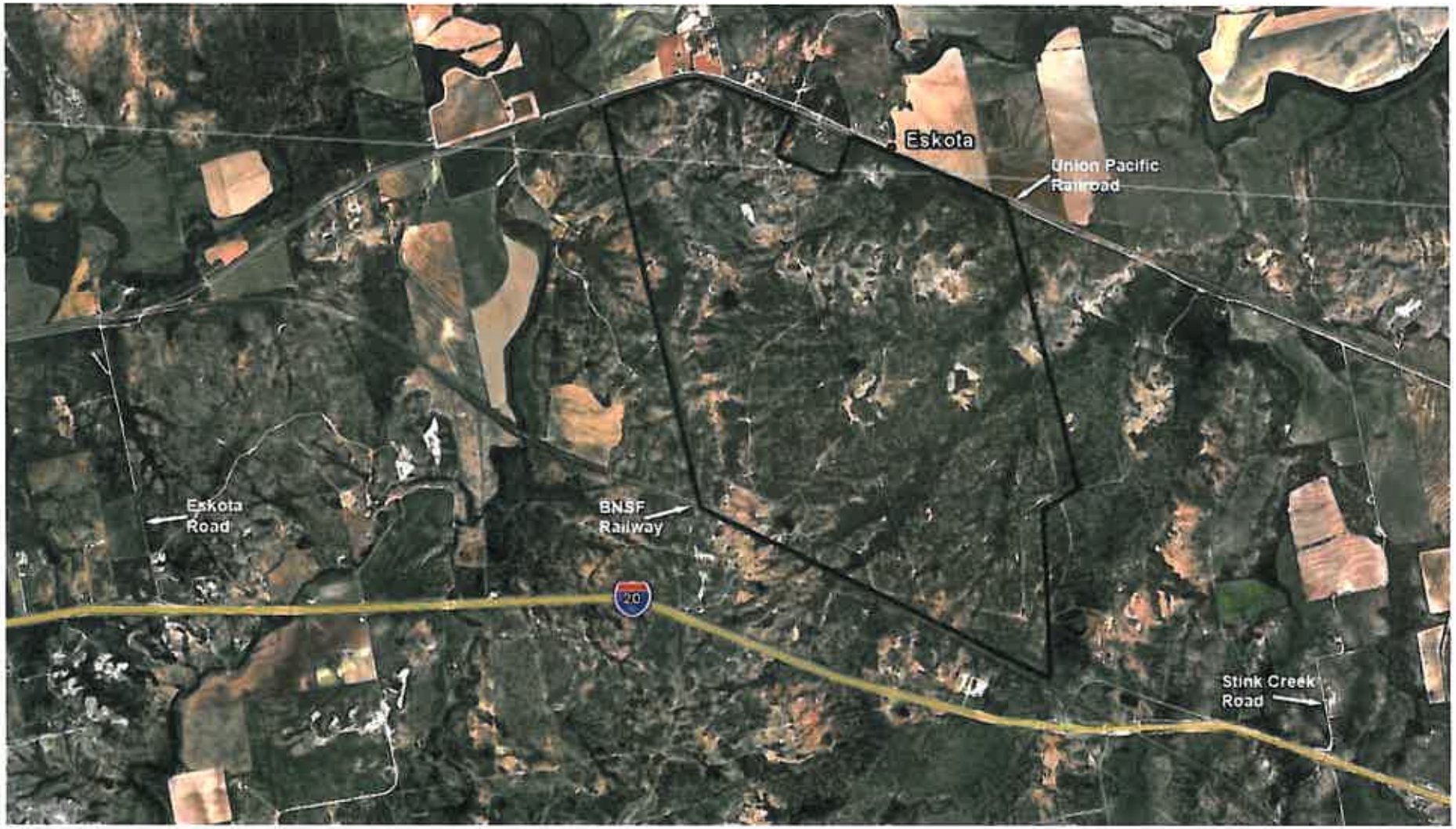
PULVERIZED COAL - 900 MW - ETB

PLAN

D013358-SAWL00001 | 01 | A

Tenaska Trailblazer Energy Center
Location Map




Eskota
Union Pacific
Railroad
Eskota
Road
BNSF
Railway
20
Stink Creek
Road

Checklist Item 8

DESCRIPTION OF QUALIFIED PROPERTY

Qualified investment describes qualified property exactly.

Please see Attachment for Checklist Item 6.

Checklist Item 9

ATTACHMENT

MAP OF QUALIFIED PROPERTY

Please see Attachment for Checklist Item 7 - Map of Qualified Investment.

Checklist Item 10

ATTACHMENT

DESCRIPTION OF LAND

Legal description of land, parcel numbers, owner, current taxable value and map attached.

TaxNetUSA : Nolan County Property Information

GEO Number: N1564-0000-00 **Account Number:** 21041

Owner Name	**TENASKA TRAILBLAZER PARTNERS LLC**
Mailing Address	% JOHNSON DAVID 1044 N 115TH ST STE 400 OMAHA, NE 68154
Location	TX
Legal	1564 ABST 074 T&P 074 T&P

Data up to date as of Aug 12, 2010 including 2010 Certified values.

Entity Code	Entity Name	Tax Rate 2009
CAD		
01N	Nolan County	0.301340
03S	Sweetwater ISD	1.230000
04W	Wes-Tex Ground WCD	0.005000
051	Nolan Co Hospital Dist	0.254170
11N	Farm-Marker Road	0.047830
	Total	1.83834
	*Total Estimated Taxes	**$3,082.71**

Note:The Total Estimated Taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. *Tax amount does not include any abatements or exemptions.

Property Details

Exemptions	
State Code	D1
Land Acres	179.5440
Neighborhood	0
Map ID	077B

Value Information	2010 Certified
Land Value	$0.00
Improvement Value	$0.00
AG Value	$5,190.00
AG Productivity Value	$167,690.00
Assessed Value	$5,190.00
Total Value	**$167,690.00**

Improvement Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Improv_Info.php on line 12

Bldg. No.	Bldg. Type	Year Built	Bldg. Area	Value

Sales Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Sales_Info.php on line 13

Sale No.	Seller	Purchaser	Sale Volume	Sale Page	Sale Deed Date

Land Information

Land No.	Acres	SQFT	Front	Rear	AG Value	Value
10	95.805000	0.000000	0.000000	0.000000	$3260	$89,480.00
15	83.739000	0.000000	0.000000	0.000000	$1930	$78,210.00

Improvement Sketch

There is no sketch data available for this parcel.

TaxNetUSA : Nolan County Property Information **GEO Number:** N1102-0000-00 **Account Number:** 20073

Owner Name	**TENASKA TRAILBLAZER PARTNERS LLC**
Mailing Address	% JOHNSON DAVID 1044 N 115TH ST STE 400 OMAHA, NE 68154
Location	TX
Legal	1102 ABST 293 VAUGHAN JAMES 293 VAUGHAN JAMES

Entity Code	Entity Name	Tax Rate 2009
CAD		
01N	Nolan County	0.301340
03S	Sweetwater ISD	1.230000
04W	Wes-Tex Ground WCD	0 005000
051	Nolan Co Hospital Dist	0 254170
11N	Farm-Marker Road	0.047830
	Total	1.83834
	*Total Estimated Taxes	**$6,514.53**

Data up to date as of Aug 12, 2010 including 2010 Certified values.

Note:The Total Estimated Taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. *Tax amount does not include any abatements or exemptions.

Property Details	
Exemptions	
State Code	D1
Land Acres	345.0000
Neighborhood	0
Map ID	178B

Value Information	2010 Certified
Land Value	$0.00
Improvement Value	$32,140.00
AG Value	$9,460.00
AG Productivity Value	$322,230.00
Assessed Value	$41,600.00
Total Value	**$354,370.00**

Improvement Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Improv_Info.php on line **12**

Bldg. No.	Bldg. Type	Year Built	Bldg. Area	Value

Sales Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Sales_Info.php on line **13**

Sale No.	Seller	Purchaser	Sale Volume	Sale Page	Sale Deed Date

Land Information

Land No.	Acres	SQFT	Front	Rear	AG Value	Value
5	20.000000	0.000000	0.000000	0.000000	$780	$18,680.00
10	109.000000	0.000000	0.000000	0.000000	$3710	$101,810.00
15	216.000000	0.000000	0.000000	0.000000	$4970	$201,740.00

Improvement Sketch

There is no sketch data available for this parcel.

TaxNetUSA : Nolan County Property Information **GEO Number:** N0525-0003-00 **Account Number:** 19058

Owner Name	**TENASKA TRAILBLAZER PARTNERS LLC**
Mailing Address	% JOHNSON DAVID 1044 N 115TH ST STE 400 OMAHA, NE 68154
Location	TX
Legal	0525 ABST 291 STOCKMAN HENRY J 291 STOCKMAN HENRY J

Entity Code	Entity Name	Tax Rate 2009
CAD		
01N	Nolan County	0.301340
03S	Sweetwater ISD	1.230000
04W	Wes-Tex Ground WCD	0.005000
051	Nolan Co Hospital Dist	0.254170
11N	Farm-Marker Road	0.047830
	Total	1.83834
	*Total Estimated Taxes	**$3,678.33**

Data up to date as of Aug 12, 2010 including 2010 Certified values.

Note:The Total Estimated Taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. *Tax amount does not include any abatements or exemptions.

Property Details

Exemptions	
State Code	D2
Land Acres	214.2290
Neighborhood	0
Map ID	189B

Value Information — 2010 Certified

Land Value	$200,090.00
Improvement Value	$0.00
AG Value	$0.00
AG Productivity Value	$0.00
Assessed Value	$200,090.00
Total Value	**$200,090.00**

Improvement Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Improv_Info.php on line 12

Bldg. No.	Bldg. Type	Year Built	Bldg. Area	Value

Sales Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Sales_Info.php on line 13

Sale No.	Seller	Purchaser	Sale Volume	Sale Page	Sale Deed Date

Land Information

Land No.	Acres	SQFT	Front	Rear	AG Value	Value
5	42.280000	0.000000	0.000000	0.000000	$2030	$39,490.00
10	9.022000	0.000000	0.000000	0.000000	$350	$8,430.00
15	138.707000	0.000000	0.000000	0.000000	$4720	$129,550.00
20	24.220000	0.000000	0.000000	0.000000	$560	$22,620.00

Improvement Sketch

There is no sketch data available for this parcel.

TaxNetUSA : Nolan County Property Information **GEO Number:** N1081-0000-00 **Account Number:** 20010

Owner Name	**TENASKA TRAILBLAZER PARTNERS LLC**
Mailing Address	% JOHNSON DAVID 1044 N 115TH ST STE 400 OMAHA, NE 68154
Location	TX
Legal	1081 ABST 292 GOSSETT PRESLEY 292 GOSSETT PRESLEY

Entity Code	Entity Name	Tax Rate 2009
CAD		
01N	Nolan County	0.301340
03S	Sweetwater ISD	1.230000
04W	Wes-Tex Ground WCD	0.005000
051	Nolan Co Hospital Dist	0.254170
11N	Farm-Marker Road	0.047830
	Total	1.83834
	*Total Estimated Taxes	**$17,405.40**

Data up to date as of Aug 12, 2010 including 2010 Certified values.

Note:The Total Estimated Taxes are provided as a courtesy and should not be relied upon in making financial or other decisions. *Tax amount does not include any abatements or exemptions.

Property Details

Exemptions	
State Code	D1
Land Acres	977.3840
Neighborhood	0
Map ID	189B

Value Information — 2010 Certified

Land Value	$0.00
Improvement Value	$33,920.00
AG Value	$37,830.00
AG Productivity Value	$912,880.00
Assessed Value	$71,750.00
Total Value	**$946,800.00**

Improvement Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/improv_Info.php on line 12

Bldg. No.	Bldg. Type	Year Built	Bldg. Area	Value

Sales Information

Warning: mysql_fetch_array(): supplied argument is not a valid MySQL result resource in /var/www/html/taxnetusa/texas/papc2010/Sales_Info.php on line 13

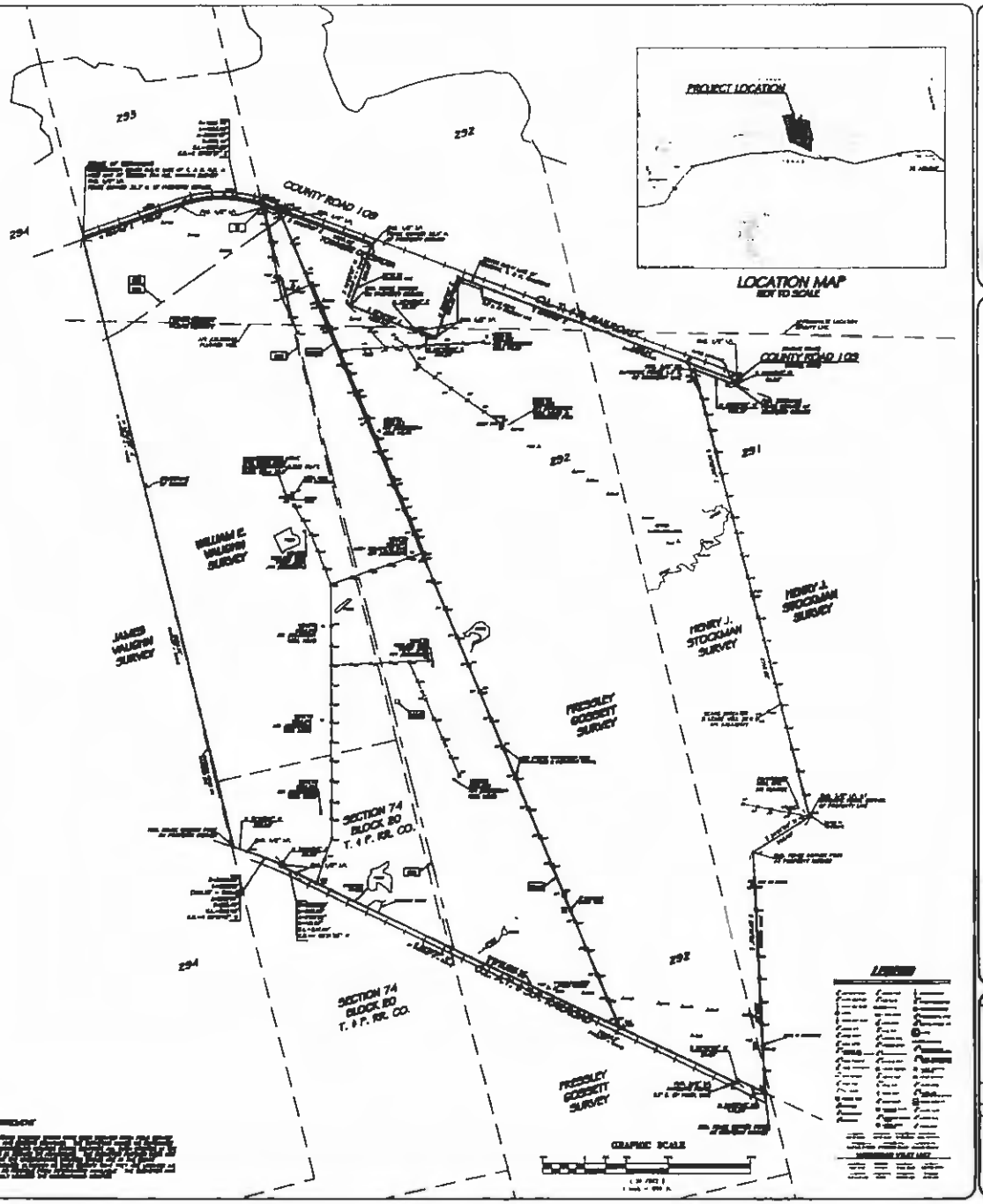
Sale No.	Seller	Purchaser	Sale Volume	Sale Page	Sale Deed Date

Land Information

Land No.	Acres	SQFT	Front	Rear	AG Value	Value
5	85.000000	0.000000	0.000000	0.000000	$4080	$79,390.00
10	582.560000	0.000000	0.000000	0.000000	$28620	$637,510.00
15	209.824000	0.000000	0.000000	0.000000	$7130	$195,980.00

Improvement Sketch

There is no sketch data available for this parcel.

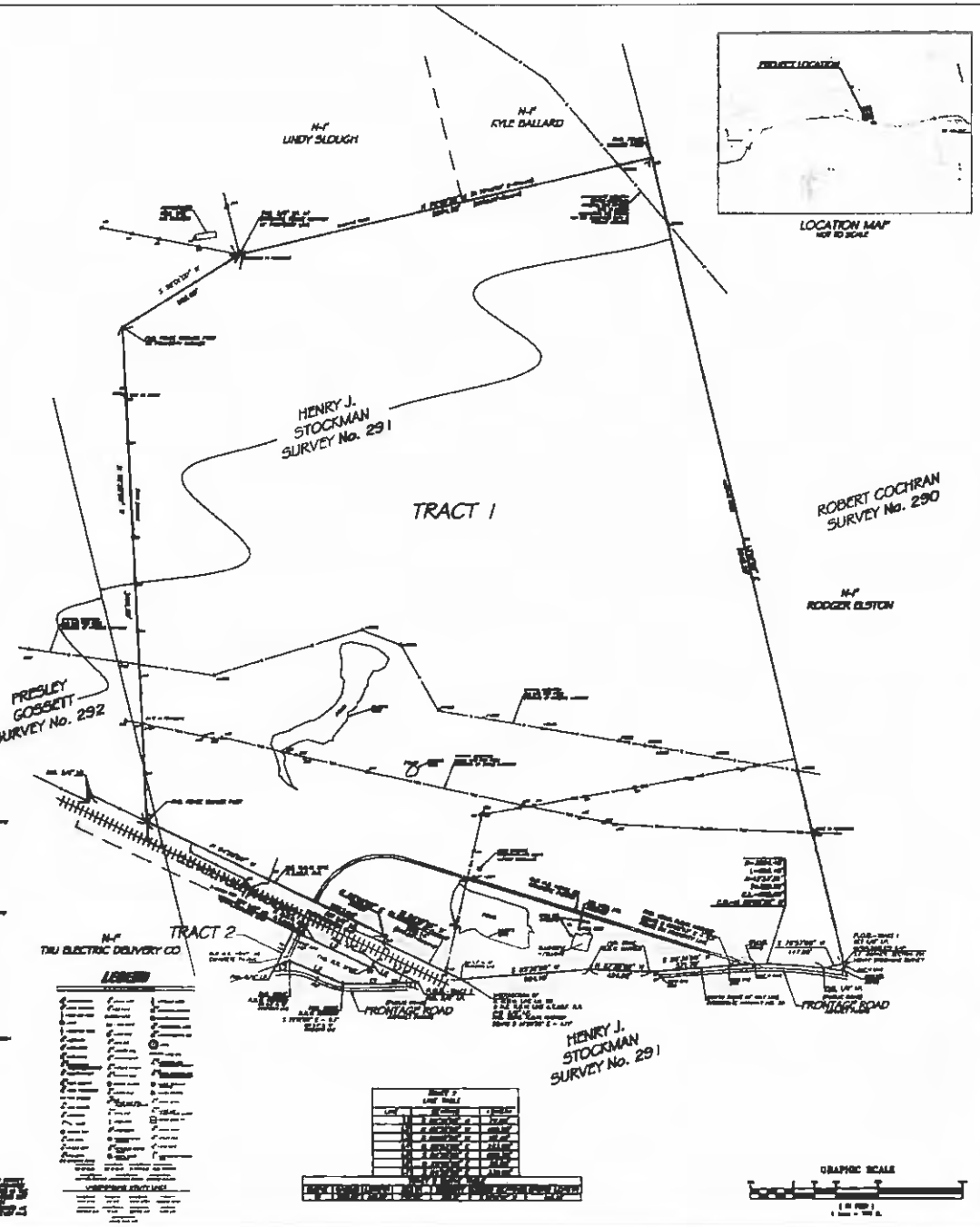


SMITH, ROBERTS, BALDISCHWILER, LLC.
ENGINEERS · SURVEYORS · PLANNERS

TEN THIRTY ONE INVESTMENTS

COUNTY ROAD 109 - EAST OF CITY OF SWEETWATER
FISHER and NOLAN COUNTIES
STATE OF TEXAS
ALTA/ACSM LAND TITLE SURVEY

SURVEYOR'S CERTIFICATE



SMITH ROBERTS BALDISCHWILER, LLC.

TEN THIRTY ONE INVESTMENTS, INC. - SMITH TRACTS

COUNTY ROAD 100 - EAST OF THE CITY OF STEEPTAVERN
NOLAN COUNTY
STATE OF TEXAS
ALTA/ACSM LAND TITLE SURVEY

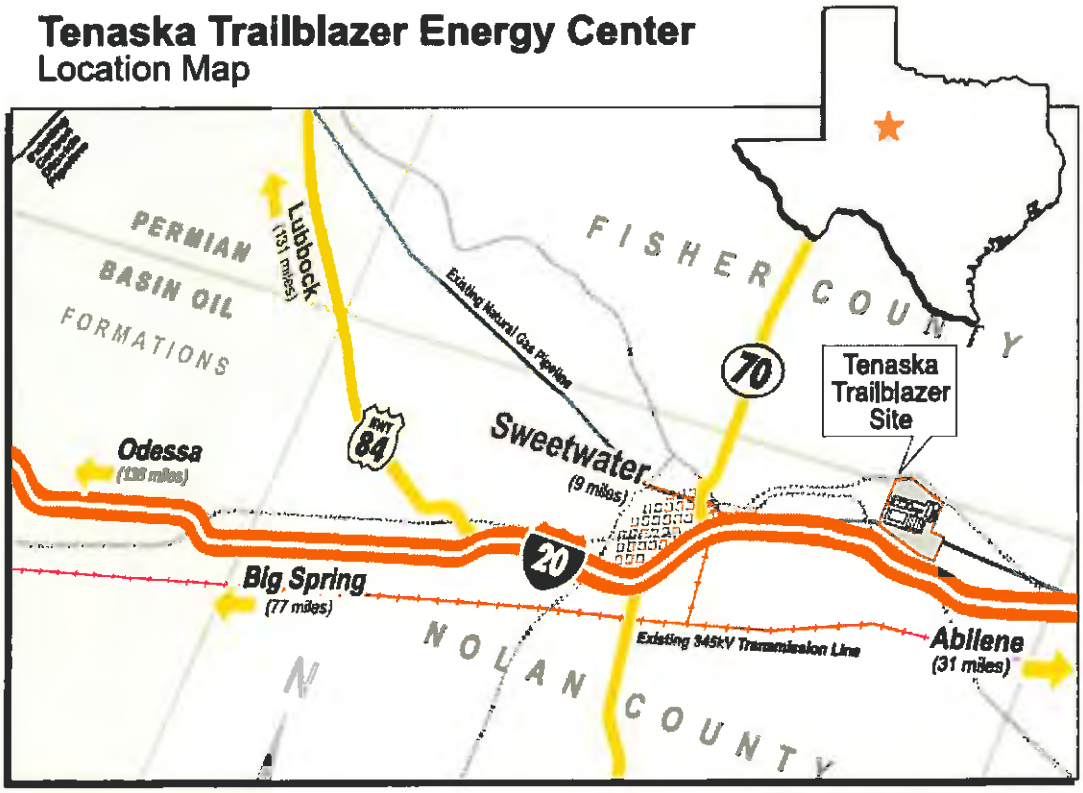
Checklist Item 11

ATTACHMENT

DETAILED MAP SHOWING LOCATION OF LAND WITH VICINITY MAP.

Energy Center Location

Trailblazer will be located on an approximately 1,900-acre tract of ranchland approximately nine miles east of Sweetwater, Texas. A Tenaska affiliate owns an adjacent 500 acres, upon which the entrance road to the Project will be built. The Project itself will require approximately 600 acres, leaving 1800 acres of buffer land. The figure below is a map showing the Project's location. As shown in this figure, a small portion of the Tenaska Trailblazer Partners, LLC, property is located in Fisher County. It is not anticipated that any meaningful improvements will be constructed in Fisher County.



Checklist Item 12

DESCRIPTION OF EXISTING IMPROVEMENTS

There are no existing improvements.

Checklist Item 13

REQUEST FOR WAIVER OF JOB CREATION REQUIREMENT

No waiver is requested.

Checklist Item 14

ATTACHMENT

CALCULATION OF WAGE REQUIREMENTS

110% of County Average Weekly Wage for all Jobs

2009	3Q	577
2009	4Q	616
2010	1Q	561
2010	2Q	584

2338/4 = $584.50 average weekly salary
X 1.1 (110%)
$642.95 *110% of County Average Weekly Wage for all Jobs*

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

2009	3Q	777
2009	4Q	764
2010	1Q	734
2010	2Q	756

3031/4 = $757.75 average weekly salary
X 1.1 (110%)
$**833.53** *110% of County Average Weekly Wage for Manufacturing Jobs*

110 % of County Average Weekly Wage for Manufacturing Jobs in Region (West Central Texas Council of Governments)

$17.27 per hour
X 40 hr per week
$ 690.80 average weekly salary

$690.80 average weekly salary
X 1.10 (110%)
$759.88

$759.88
X 52 weeks
$39,513.76 *110% of County Average Weekly Wage for all Jobs in Region*

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Nolan County	Private	00	0	10	Total, All Industries	$561
2010	2nd Qtr	Nolan County	Private	00	0	10	Total, All Industries	$584
2009	3rd Qtr	Nolan County	Private	00	0	10	Total, All Industries	$577
2009	4th Qtr	Nolan County	Private	00	0	10	Total, All Industries	$616

Quarterly Employment and Wages (QCEW)

Back

Page 1 of 1 (40 results/page)

Year	Period	Area	Ownership	Division	Level	Ind Code	Industry	Avg Weekly Wages
2010	1st Qtr	Nolan County	Private	31	2	31-33	Manufacturing	$734
2010	2nd Qtr	Nolan County	Private	31	2	31-33	Manufacturing	$756
2009	3rd Qtr	Nolan County	Private	31	2	31-33	Manufacturing	$777
2009	4th Qtr	Nolan County	Private	31	2	31-33	Manufacturing	$764

2009 Manufacturing Wages by Council of Government Region
Wages for All Occupations

COG	Wages Hourly	Wages Annual
Texas	**$21.43**	**$44,583**
1. Panhandle Regional Planning Commission	$18.38	$38,227
2. South Plains Association of Governments	$15.67	$32,596
3. NORTEX Regional Planning Commission	$19.60	$40,768
4. North Central Texas Council of Governments	$23.44	$48,754
5. Ark-Tex Council of Governments	$15.14	$31,489
6. East Texas Council of Governments	$16.87	$35,091
7. West Central Texas Council of Governments	$17.27	$35,916
8. Rio Grande Council of Governments	$15.26	$31,732
9. Permian Basin Regional Planning Commission	$19.11	$39,757
10. Concho Valley Council of Governments	$14.80	$30,784
11. Heart of Texas Council of Governments	$17.41	$36,206
12. Capital Area Council of Governments	$25.60	$53,244
13. Brazos Valley Council of Governments	$15.33	$31,893
14. Deep East Texas Council of Governments	$15.46	$32,151
15. South East Texas Regional Planning Commission	$25.53	$53,095
16. Houston-Galveston Area Council	$22.90	$47,629
17. Golden Crescent Regional Planning Commission	$19.84	$41,273
18. Alamo Area Council of Governments	$16.82	$34,984
19. South Texas Development Council	$13.68	$28,445
20. Coastal Bend Council of Governments	$22.10	$45,967
21. Lower Rio Grande Valley Development Council	$13.52	$28,114
22. Texoma Council of Governments	$18.42	$38,305
23. Central Texas Council of Governments	$16.58	$34,484
24. Middle Rio Grande Development Council	$13.66	$28,416

Source: Texas Occupational Employment and Wages
Data published: July 2010
Data published annually, next update will be June 2011.

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.

Checklist Item 15

ATTACHMENT

DESCRIPTION OF BENEFITS

In addition to the annual salary, each qualified position will be eligible to receive Medical, Dental, Vision and voluntary life insurance. Additionally, the company pays 100% of the following benefits: Life & AD&D, Short and Long Term Disability Insurance, and Employee Assistance Program EAP. Additionally, each full-time employee is eligible to participate in the company 401 K which includes a discretionary company profit sharing contribution targeted to be at least 7.5% each year.

Checklist Item 16

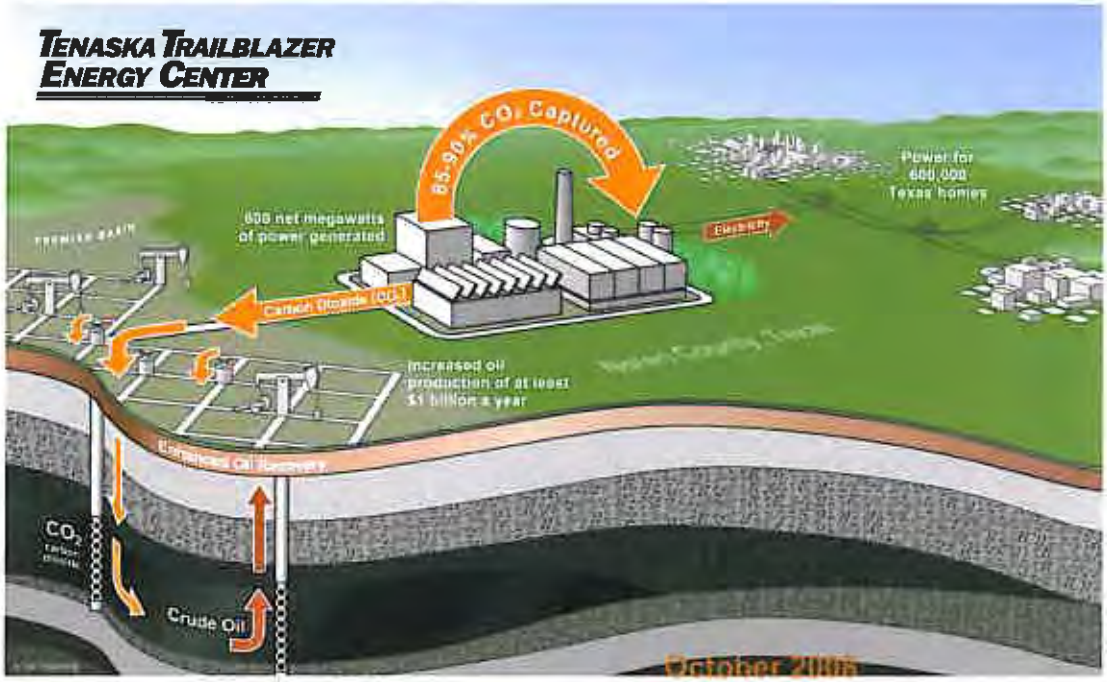
ATTACHMENT

ECONOMIC IMPACT

Please find attached two economic impact studies that were prepared in connection with the Tenaska Trailblazer Energy Center project.

The Potential Economic and Tax Revenue Impact of the Tenaska Trailblazer Energy Center

Tenaska, Inc.



TXP, Inc.
1310 South 1st Street; Suite 105
Austin, Texas 78704
(512) 328-8300 phone
(512) 462-1240 fax
www.txp.com

Summary

TXP was retained to help Tenaska, Inc. evaluate the economic and tax impact of its proposed Tenaska Trailblazer Energy Center (TTEC) in Nolan County, Texas. The project as planned will generate approximately 765 megawatts (MW) gross and 600 MW net of electricity, using best available supercritical steam, pulverized coal technology. The plant will be designed to capture 85 to 90 percent of the carbon dioxide (CO_2) produced by combustion and deliver it via pipeline to Permian Basin oil fields for use in enhanced oil recovery (EOR) and ultimately, geologic storage. TTEC will be the first conventional coal-fueled power plant in the United States to use carbon management technology on a commercial scale.

TTEC Economic Impact

The construction phase of the TTEC will have a positive impact on the local economy, injecting over $742 million in economic activity and supporting approximately 1,500 jobs during its peak. Once the plant is up and running, the ongoing economic benefits of TTEC to Nolan County consist of the day-to-day operation of project, normal operating expenditures, purchases from local vendors, and spending of people employed by these businesses. For example, TTEC anticipates paying an average annual base salary of $75,000, well above the reported Nolan County average wage of roughly $27,200, while $1.4 billion in additional property value will increase Nolan County's property values by more than 50% and will be the largest single property value created in the entire state in recent years.

Once fully operational, the total impact will yield an annual increase of over $12.7 million in employee compensation, while supporting a total of 176 local full-time jobs (105 directly at the facility and 71 due to impact of increased local spending). Just as important, there could be significant local taxes collected, along with enhanced capacity for oil extraction in the Permian Basin .TTEC will generate significant tax revenue for Nolan County and strengthen the West Texas economy by adding more than $1 billion of oil production annually through enhanced oil recovery in the Permian Basin.

TTEC Range of Benefits

Construction Jobs	1,500 at peak
Economic Benefit of Construction	$742 million over a 5-year period
Average Salary During Operations	$75,000 (base salary)
Direct Full time Jobs Created	105
Indirect Full time Jobs created	71
Additional Oil Production in Permian Basin	$1 billion annually

Strategic Implications of the TTEC

Does the TTEC match the long-term economic growth plan of Texas as set forth in the Texas ED Plan? The answer is clearly yes. The overarching theme of the Texas ED Plan centers on emerging technologies – "In the broadest sense, Texas must build a knowledge-based economy." Firms that fit this profile will require highly skilled workers, pay above-average wages and invest millions of dollars in facilities. While the Texas ED Plan does not explicitly cite clean coal or renewable energy, an emphasis was placed on using technology to preserve the viability of the state's utility and energy sectors. Clearly, TTEC's proposed investment in state-of-the-art energy technologies coupled with the need for highly skilled workers meets these criteria.

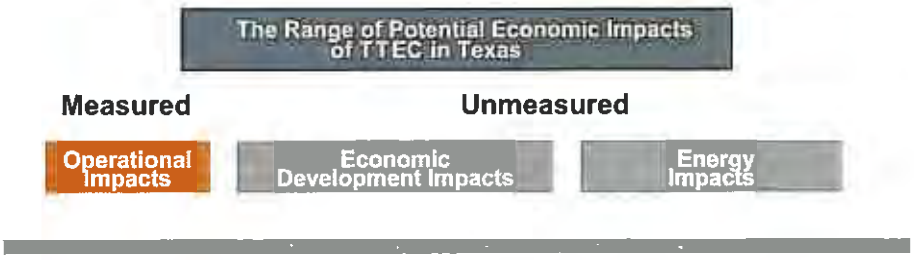
At the same time, the energy sector of West Texas has been significantly diversified in recent years, as surging retail prices have combined with evolving social values and enabling technology to create strong demand for energy from renewable sources, including wind. TXP estimates that just over $10 billion has been or will be invested in creating just under 8,000 MW of regional wind-generation capacity in the coming years, along with approximately 400 direct jobs. The TTEC extends this diversification effort, and will have a substantial impact on the local economy as well. The following table compares the direct economic "footprint" of TTEC vs. the average wind farm in the region.

TTEC vs. Average Wind Farm

	Total Appraised Value	Total Earnings	Total Employment
TTEC	$1.4 billion	$12.7 million	176
Wind Farm	$0.2 billion	$0.6 million	26

Source: TXP

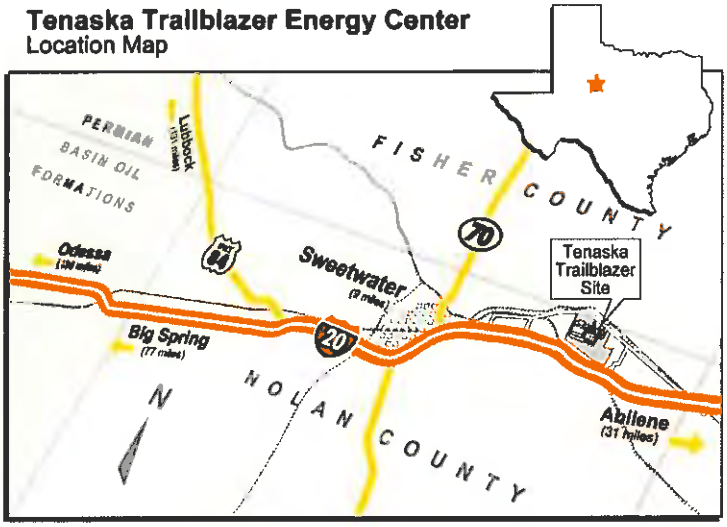
As the data indicates, TTEC's impact on the region is at least seven times that of the typical wind farm. When the other unmeasured benefits outlined below are factored into the equation, the gain to the state and region seems clear.



Overview

In 2001, the 77th Texas Legislature addressed the disproportionate burden placed on capital-intensive industries. Of concern was the disadvantage that Texas faced when competing for economic development projects. Specifically, more aggressive incentive programs and investment tax credits offered by other states were feared to make location in Texas too costly. The *Texas Strategic Economic Development Plan 1998-2008* (Texas ED Plan) found that the lack of R&D and investment tax credits and relatively high property tax rates "place Texas at a significant disadvantage when competing with other states for high capital-intensive projects." Little has changed in the ensuing years, as the move toward higher added-value industries and increased global competition heightens the stakes for economic recruitment and development.

Figure 1



TXP was retained to assist Tenaska, Inc. for evaluation of the economic and tax impact of its proposed Tenaska Trailblazer Energy Center (TTEC) in Nolan County. The project as planned will generate approximately 765 megawatts (MW) gross and 600 MW net, using best available supercritical steam, pulverized coal technology. The plant will be designed to capture 85-90 percent of the CO_2 produced by combustion and deliver it via pipeline to Permian Basin oil fields for use in enhanced oil recovery (EOR) and ultimately, geologic storage. Several different cost numbers related to the TTEC are used in this and other published reports regarding the project.

TXP has reviewed the Nolan County region's economic base and demographic data, researched the utilities and energy industries, and built econometric

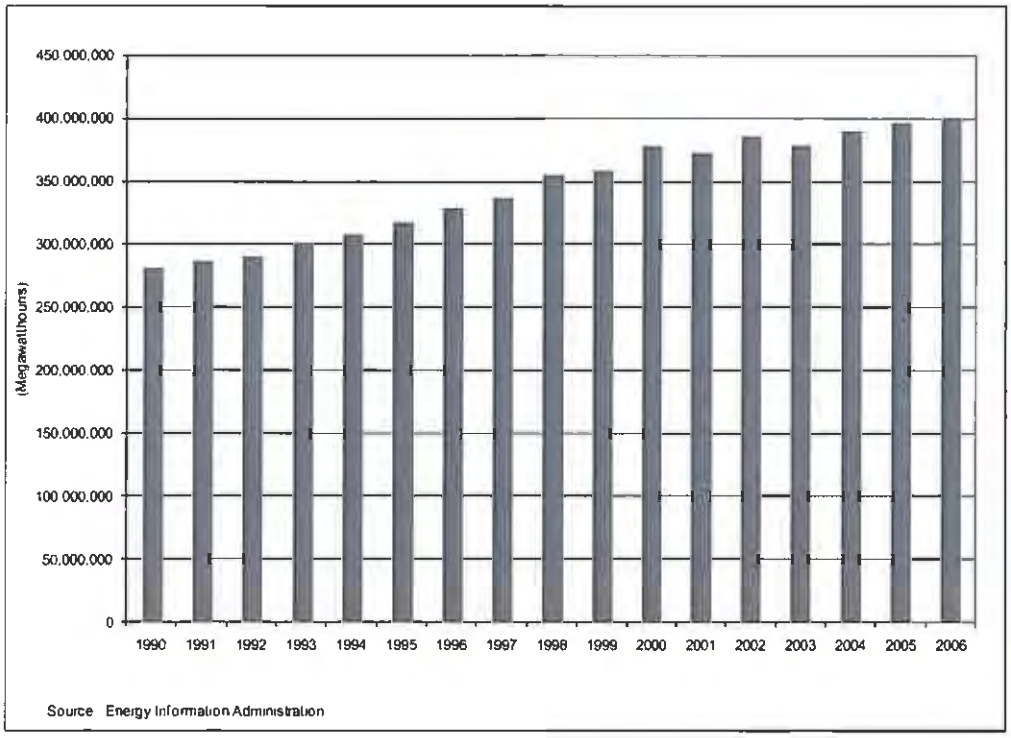
models to simulate the project's impact on the regional economy. The result is a detailed report that will assist area leaders in determining the economic benefits generated by TTEC.

Texas Energy Sector

Texas Energy and Natural Resource Sectors

For much of the 20th century, an abundance of oil and natural gas reserves "fueled" the growth of the Texas economy. The exploration of oil fields throughout East Texas, for example, drove the expansion of Houston, Beaumont, and Port Arthur. Close proximity to the oil fields promoted the growth of related industries such as chemical manufacturing and petroleum refineries along Texas' coastline. Royalties generated from these sectors subsidized public higher education and social programs throughout the state. Texas utility companies were also able to leverage the abundance of natural resource inputs. According to the Energy Information Administration (EIA), Texas firms in 2006 generated over 400,000,000 MWh of electric power.

Figure 2: Total Texas Electric Power Generation



Over the past two decades, the highly cyclical nature of oil prices, international competition, and the shifting role of technology resulted in significant layoffs in the state's natural resource and energy industries. Regional headquarters

operations were closed in Midland and Odessa in favor of consolidation in the Houston area. While demand and prices have surged in recent months, the fact remains that Texas natural resource and energy industries have experienced tremendous consolidation and change over the past 25 years. Despite this fact, Texas continues to maintain its position among the nation's leading energy and natural resource producers. Currently, Texas' natural resource and energy sector employs approximately 375,000 workers.

Figure 3: Texas Employment in the Natural Resource & Energy Industries

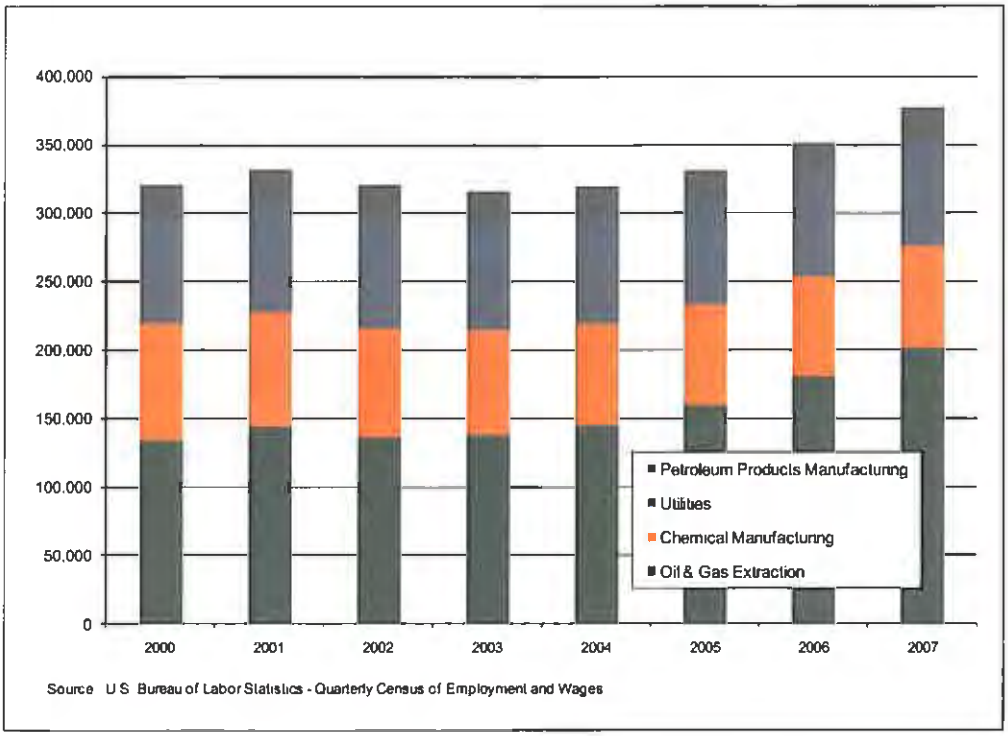


Table 1: Employment in the Natural Resource & Energy Industries (2006)

Sector	United States	Texas	Texas as % of U.S.
Petroleum Manufacturing	113,063	23,480	20.8%
Chemical Manufacturing	860,835	73,148	8.5%
Oil & Gas Extraction	273,619	180,762	66.1%
Utilities	803,929	74,045	9.2%
Total	**2,051,446**	**351,435**	**17.1%**

Petroleum Mfg. = NAICS 324; Chem. Mfg. = NAICS 325; Oil & Gas Extraction = NAICS 211, 21311, & 54136

Even though Texas is one of the nation's leading producers of energy and petroleum related products, ever-growing local demand for energy has outpaced local supply, as the state has shifted from net exporter of energy in the 1970s to major importer of fuels just thirty years later. A 2006 quote from Secretary of

Energy Samuel W. Bodman posted on the U.S. Department of Energy website highlights this national trend:

> With America now importing 60% of the oil we use and a national bill for this habit that came to $250 billion last year, there is simply no time to waste. With worldwide demand growing rapidly, and with concern about the environmental impact of greenhouse gases rising, the deployment of clean, reliable sources of energy is clearly in our national interest.

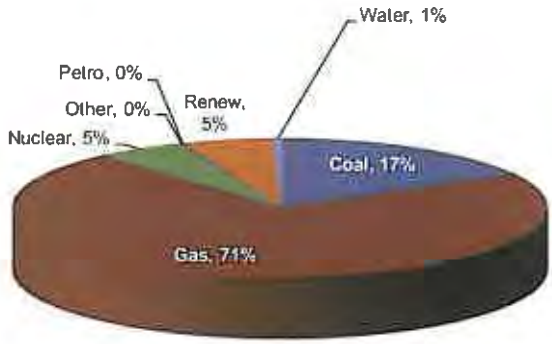
To partially address this shortage and rising costs, many federal and state agencies as well as the private sector are focusing on renewable energy as the alternative energy source of the future. As reported in *Business Week* several years ago;

> An array of alternative-energy, energy-efficiency, and other green technologies -- together known as "cleantech" -- are beginning to boom. A host of forces is responsible for the trend: high prices for oil, gas, and coal; expanded government incentives and mandates; advances in technology that are reducing costs; concern over global warming; and investors looking for the Next Big Thing.

Coal as an Energy Source

The U.S. Department of Energy conservatively forecasts that the United States will need 40 percent more electricity by 2030. Coal is an abundant natural resource that currently supplies more than half of the nation's electricity and will continue to do so for the foreseeable future. Today, coal is the most widely used fuel for generating electricity in the world and accounts for about 37 percent of total worldwide electricity production. Although coal reserves are widely distributed throughout the globe, over half the recoverable reserves are located in China, the United States, and the former Soviet Union. The United States has nearly 275 billion tons of recoverable coal, which represents more than 250 years of supply at today's usage rates and accounts for approximately 95 percent of the nation's fossil energy reserves.

Figure 4: Texas ERCOT Fuel Percentage by Nameplate Capacity (2008)



Source: Global Energy Decisions, Inc.

Coal is also the cheapest source of power fuel per million Btu, averaging less than a quarter of the price of oil and natural gas.

Texas, like most of the world, has relied largely on fossil fuels such as oil, gas and coal to meet its energy needs. According to the EIA, coal is the second largest source of electricity generation in Texas. In 2008 coal represents about one-sixth of the Electric Reliability Council of Texas (ERCOT's) generating capacity, while it represents about one-third of the U.S. total.

According to an energy report produced by the Texas State Comptroller's office:

> Demand for coal is increasing across the globe and some governments, including the U.S., are considering limitations on greenhouse gas emissions. Such factors could impact the development of new coal plants, at least until technology to capture carbon emissions becomes cost-effective.

Because of coal's abundance, it is likely to continue to be an important part of the state's fuel mix. And, as new technologies such as carbon sequestration prove effective, coal could have increased prominence.

Carbon Sequestration

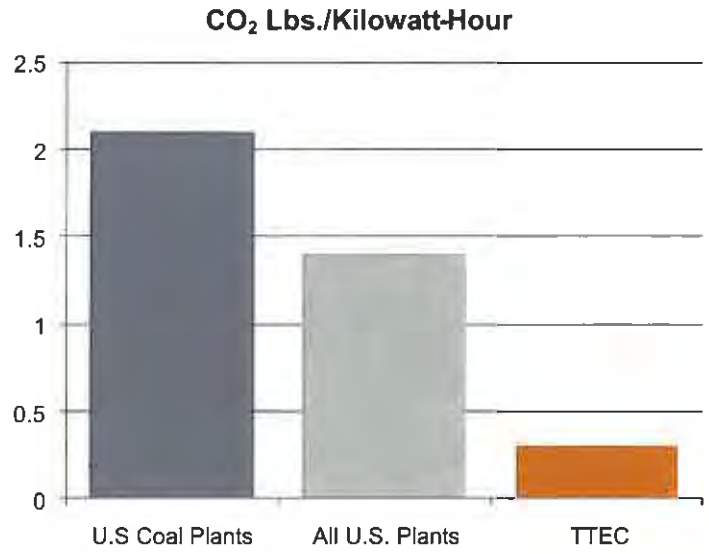
Carbon sequestration is the placement of CO_2 into a repository in such a way that it will remain permanently sequestered. EOR, which will be used to sequester the CO_2, involves injecting carbon dioxide into underground reservoirs that have the ability to securely contain it.

CO_2 is routinely separated and captured in other industrial processes, such as ammonia and hydrogen production, natural gas processing and limestone calcinations. However, CO_2 separation and capture technology have yet to be applied to new conventional coal-fueled power plants on a commercial scale, except in very small research and demonstration projects. The illustration on the front cover graphically depicts the process by which the carbon dioxide will be captured and sequestered at TTEC.

The design of TTEC will be a conventional generating station utilizing supercritical steam technology to produce electricity using low-sulfur Powder River Basin coal. The term "supercritical" refers to the use of steam at a higher temperature and pressures to drive the turbine, which generates the power. The use of these higher temperatures and pressures results in cleaner, more fuel-efficient power generation.

The TTEC will capture, dehydrate and compress for use in ERO 85 to 90 percent of the CO_2 produced by combustion of the plant's fuel – sub-bituminous, low-sulfur coal. TTEC will be the first conventional coal-fueled power plant operating on a commercial scale today to capture and sequester most of the CO_2 it produces. The figure below shows average U.S. industry emission rates for CO_2in 2004 versus anticipated TTEC emission rates.

Figure 5: U.S. Industry Average Emissions (2004) vs. Anticipated TTEC Emission Rates



Source: Environmental Protection Agency, eGRID2006 Version 2.1, April 2007 and Tenaska, Inc.

In addition, sulfur dioxide, nitrogen oxides, mercury, particulate matter and other emissions will be controlled utilizing a combination of low-sulfur coal, combustion controls, catalytic reduction, fabric filters, activated carbon injection, and flue gas scrubbers. The plant will be designed to meet the environmental standards for sulfur dioxide, nitrogen oxide and mercury removal outlined in House Bill 3732, Texas' "Advanced Clean Energy Project" legislation, passed in 2007.

Nolan County Economic Climate

Nolan County's employment base expanded slightly over the past year, adding 6 jobs or a 0.1 percent increase in total employment. In Q4 2007, the most recent data published by the Texas Workforce Commission, there were approximately 6,026 Nolan County-based business employees. Much of the gains that did occur over the past year were in the natural resources and mining, manufacturing, and education and health services sectors. Despite overall stability in the local job base, Nolan County residents continue to seek employment in surrounding counties. In 2007, 7,312 Nolan County residents were employed – indicating that almost 1,300 Nolan County residents were working for businesses located in surrounding counties.

The Manufacturing, Trade, Transportation & Utilities (T.T.U.), and Local Government sectors play a large role in the local economy. These sectors account for more than 57.1 percent of Nolan County's current total employment, compared to 41.4 percent for Texas. During the 1990s, the County's employment base fluctuated between 5,500 and 6,000 jobs. This trend has continued over the past few years as overall with total employment approaching a 20-year high. Agriculture and oil production, which are not counted in the Quarterly Census of Employment and Wages (QCEW) data, are also important to the local economy. In 2006, the total value of oil and gas production based on the taxable production value and net value determined by the Comptroller was $89.8 million. According to the 2002 Census of Agriculture, 516 farms generated $13.4 million in agricultural products.

Consistent with a relatively small economic job base and high percentage of workers who seek employment outside of the County, Nolan County's unemployment rate has remained under 6.0 percent over the past few years. In 2003, local unemployment was 5.9 percent. By 2007, the unemployment rate had fallen to 3.8 percent, below the state's unemployment rate of approximately 4.3 percent.

Local population has been slowly declining this decade. Since 2000, the County has lost about 1,100 residents, a decrease of 7.2 percent. Nolan County's

declining growth is noticeable when compared to Texas' significant population growth rate of 14.1 percent. This declining population growth rate is higher than the West Central Texas rate of 0.4 percent. Per capita income levels have been increasing each year, but at a slower rate than the State of Texas. Nolan County's per capita personal income ($25,828) is now 73.4 percent of the Texas average ($35,166), falling from a high of 79.3 percent of the state average in 1990.Wages paid to area workers are also lagging state levels. Over the past ten years, Nolan County's workers earned about 20 percent less than the state average. In 2006, an employee earned $27,166, compared to the Texas average of $41,918.

Table 2: Nolan County Employment Trends (NAICS) Trends

Description	Employment 2002 Q4	Employment 2006 Q4	Employment 2007 Q4	Change 06-07	% Change 06-07
Natural Resources & Mining	252	320	385	65	20.3%
Construction	120	206	219	13	6.3%
Manufacturing	856	816	886	70	8.6%
Trade, Transport & Utilities	1,321	1,291	1,197	-94	-7.3%
Information	53	53	51	-2	-3.8%
Financial Activities	177	166	174	8	4.8%
Professional & Bus. Services	130	247	237	-10	-4.0%
Education & Health Services	472	331	380	49	14.8%
Leisure & Hospitality	472	569	561	-8	-1.4%
Other Services	181	133	130	-3	-2.3%
Nonclassifiable	1	486	401	-85	-17.5%
Federal Government	51	45	47	2	4.4%
State Government	466	0	0	0	0.0%
Local Government	1,315	1,357	1,358	1	0.1%
Total Employment	**5,867**	**6,020**	**6,026**	**6**	**0.1%**

Source: Texas Workforce Commission

Figure 6: Nolan County-Based Employment Trends

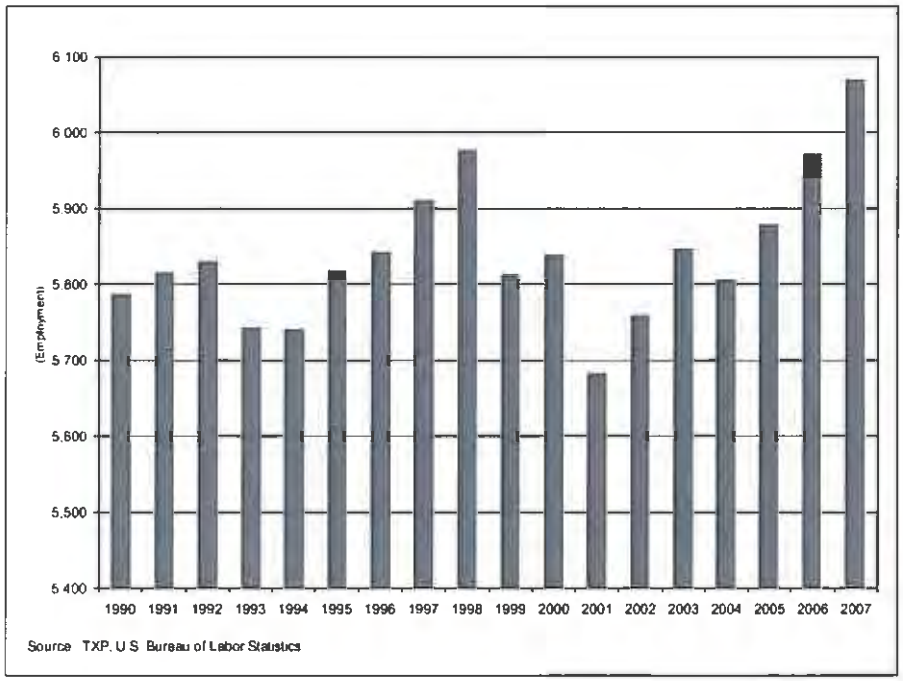


Figure 7: Regional Unemployment Trends (2007)

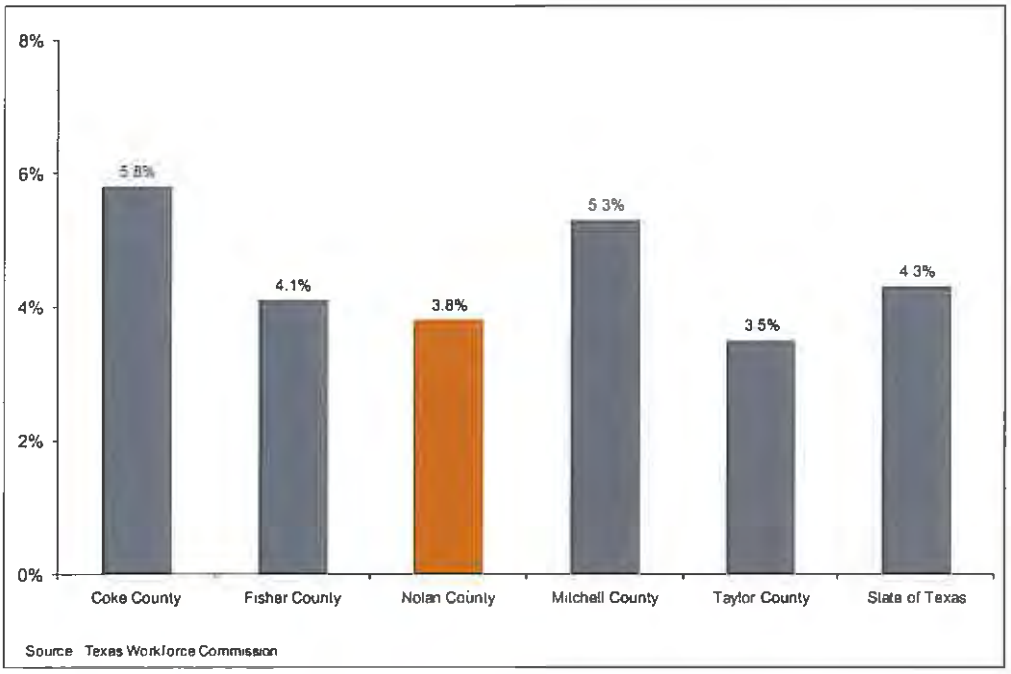


Figure 8: Nolan County Population Trends

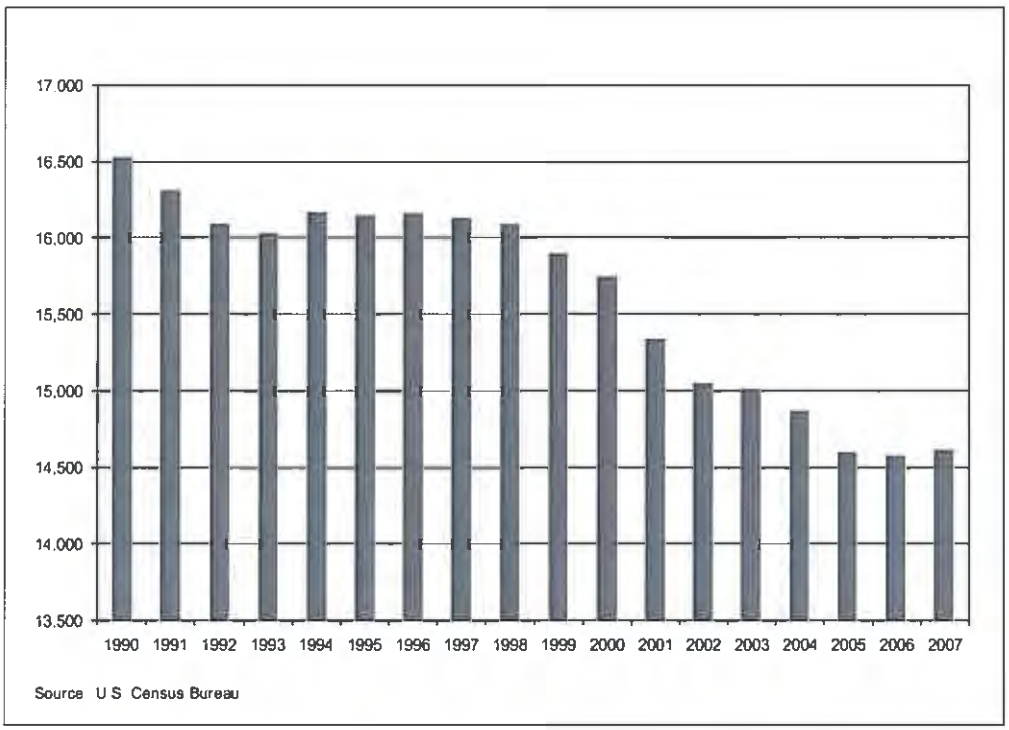


Figure 9: Nolan County Per Capita Income Trends (1990-2006)

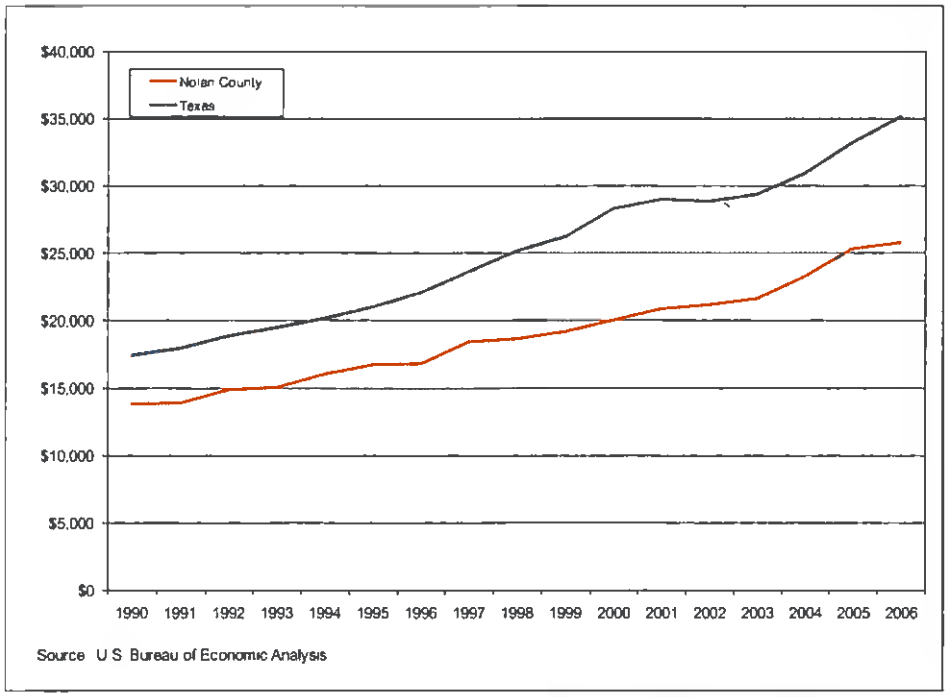
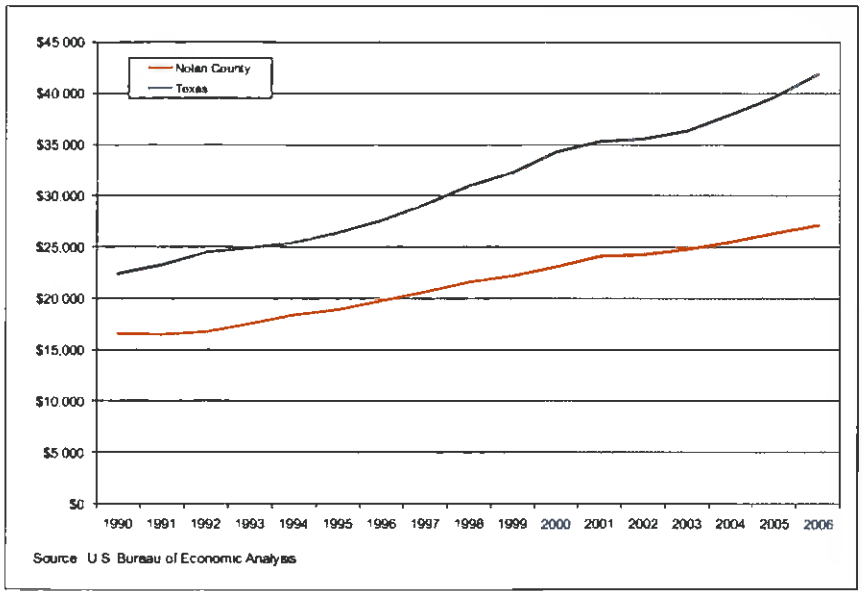


Figure 10: Nolan County Wage Trends (1990-2006)



TTEC Economic & Tax Revenue Impact

The construction phase of the TTEC will have a positive impact on the local economy, injecting over $742 million in economic activity and supporting approximately 1,500 jobs during its peak. Once the plant is up and running, the ongoing economic benefits of TTEC to Nolan County consist of the day-to-day operation of project, normal operating expenditures, purchases from local vendors, and spending of people employed by these businesses. The economic benefits of this economic activity materialize primarily in the form of increased regional employment and income. The assumptions on the plant's local direct economic "footprint" are summarized in the table below.

Table 3: TTEC Nolan County Total Taxable Investment

Year	Jobs	Payroll	Average Salary Per Job	Total Appraised Value	Investment per Job
2014	105	$10,500,000	$100,000	1,454,837,000	$13,855,590
2015	105	$10,815,000	$103,000	1,460,548,000	$13,909,981
2016	105	$11,139,450	$106,090	1,465,637,000	$13,958,448
2017	105	$11,473,634	$109,273	1,470,067,000	$14,000,638
2018	105	$11,817,843	$112,551	1,473,806,000	$14,036,248
2019	105	$12,172,378	$115,927	1,476,812,000	$14,064,876
2020	105	$12,537,549	$119,405	1,479,049,000	$14,086,181
2021	105	$12,913,676	$122,987	1,480,476,000	$14,099,771
2022	105	$13,301,086	$126,677	1,481,052,000	$14,105,257
2023	105	$13,700,118	$130,477	1,480,732,000	$14,102,210
Average	**105**	**$12,381,967**	**$134,392**	**$1,472,301,600**	**$14,021,920**

Source: TXP, Tenaska, Inc. TEC. * TXP has applied an inflation factor to the payroll data based on growth in the county's average annual wage over the past ten years.

Economic Impact Methodology

As stated above, TXP has calculated the total economic impact of TTEC's business activity based on annual investment and employment levels. The economic assumptions underlying the analysis are summarized in Section 3. Specifically, this analysis measures the anticipated economic impacts of the TTEC using the IMPLAN input-output economic system and RIMS II (a similar system produced by the Census Bureau). TXP has customized the models by modifying the underlining industry data and by altering regional purchasing coefficient assumptions.

An economy can be measured in a number of ways. Three of the most common are "**Output**," which describes total economic activity and is equivalent to a firm's gross sales, "**Employee Earnings**," which corresponds to wages and benefits, and "**Employment**," which refers to permanent jobs that have been created in the local economy.

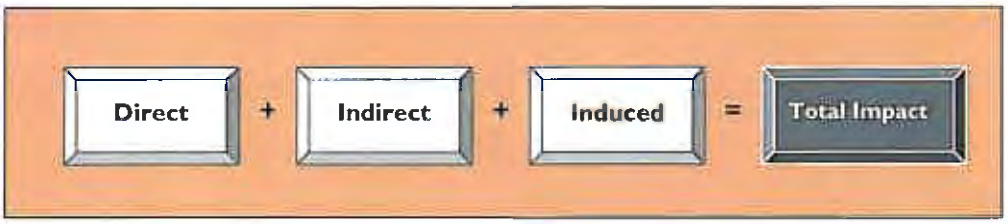
In an input-output analysis of new economic activity, it is useful to distinguish three types of expenditure effects: direct, indirect, and induced.

Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a hotel operator is an example of a direct effect, as the money that out-of-town visitor spends at restaurants.

Indirect effects are production changes in backward-linked industries caused by the changing input needs of directly affected industries – typically, additional purchases to produce additional output. Satisfying the demand for an overnight stay will require the hotel operator to purchase additional cleaning supplies and services, for example, and while restaurant owners have to buy food and other supplies. These downstream purchases affect the economic status of other local merchants and workers.

Induced effects are the changes in regional household spending patterns caused by changes in household income generated from the direct and indirect effects. Both the hotel operator and restaurant experience increased income from the visitor's stay, for example, as do the cleaning supplies outlet and the food service vendor. Induced effects capture the way in which this increased income is in turn spent by them in the local economy.

Figure 11: The Flow of Economic Impacts



The interdependence between different sectors of the economy is reflected in the concept of a "multiplier." An output multiplier, for example, divides the total (direct, indirect and induced) effects of an initial spending injection by the value of that injection – i.e., the direct effect. The higher the multiplier, the greater the interdependence among different sectors of the economy. An output multiplier of 1.4, for example, means that for every $1,000 injected into the economy, another $400 in output is produced in all other sectors.

Economic Impact Results

The total cost of the TTEC is estimated to be about $3 billion. About $600 million of that amount is comprised of development, legal and financing costs, leaving the "hard" costs of the project at approximately $2.4 billion. About $1 billion of those hard costs are associated with pollution control equipment for the project, and those costs automatically are removed from the taxable value of the facility. Absent these costs, the actual taxable property value of the project will be about $1.4 billion.

Given a project of this magnitude, the construction phase will generate thousands of jobs for the region. However, a large portion of this investment will be in equipment imported to the region and will not have a Nolan County economic impact (no local jobs or firms built the equipment). TXP used a conservative approach to calculate the economic impact of the construction phase. Based on direct employment and existing construction wages, it was possible to estimate the construction impact of the project.

Definitions

Output: describes total economic activity and is closely linked to a firm's gross sales

Employee Earnings: corresponds to wages and benefits

Employment: refers to the jobs that have been created in the local economy

Table 4: Aggregate Impact of TTEC's Construction Phase (2009 – 2013)

Year	Output	Earnings	Employment
2009	$98,996,000	$53,374,667	671
2010	$222,741,000	$120,093,000	1,509
2011	$222,741,000	$120,093,000	1,509
2012	$160,868,500	$86,733,833	1,090
2013	$37,123,500	$20,015,500	251
Total	$742,470,000	$400,310,000	5,029

Source: TXP, Tenaska, Inc. Note: Values may not sum to total due to rounding.

Table 5: Aggregate Impact of TTEC's Operations (2014 – 2023)

Year	Output	Earnings	Employment
2014	$308,589,500	$12,658,350	176
2015	$317,847,185	$13,038,101	176
2016	$327,382,601	$13,429,244	176
2017	$337,204,079	$13,832,121	176
2018	$347,320,201	$14,247,084	176
2019	$357,739,807	$14,674,497	176
2020	$368,472,001	$15,114,732	176
2021	$379,526,161	$15,568,174	176
2022	$390,911,946	$16,035,219	176
2023	$402,639,304	$16,516,276	176
	$3,537,632,785	$145,113,798	N.A.

Source: TXP, Tenaska, Inc. Note: Values may not sum to total due to rounding.

Regional Tax Revenue Impact

Beyond the economic impacts detailed above, the TTEC could generate a significant amount of tax revenue for local taxing jurisdictions. All levels of government – school districts, city, county, and special taxing authorities – would be very positively impacted by the development of the facility, although the level of ultimate benefit will be influenced by any tax incentives that are approved. Tax rates were obtained directly from the Nolan County Appraisal District.

Note: Since this economic and tax impact analysis is conducted before negotiations of value limitations, it should be noted that the tax revenue figures shown for the school district and other taxing jurisdictions reflect the projected tax collections based on the anticipated value of the project, in the absence of any approved limitations on value, state school financing legislation, or any other type of favorable tax treatment from any public sector jurisdiction.

Table 6: Estimated Tax Impact of TTEC (2014 – 2023)

	Total Taxable Prop. Value*	Sweetwater ISD	Nolan County	Nolan County FM	Hospital District	Other Taxes**	Total Tax Revenue
	Tax Rate	$1.1234	$0.3723	$0.0330	$0.1414	N/A	N/A
2014	$1,454,837,000	$16,343,639	$5,416,358	$480,096	$2,057,140	$306,880	$24,713,226
2015	$1,460,548,000	$16,407,796	$5,437,620	$481,981	$2,065,215	$316,086	$24,818,240
2016	$1,465,637,000	$16,464,966	$5,456,567	$483,660	$2,072,411	$325,569	$24,913,095
2017	$1,470,067,000	$16,514,733	$5,473,059	$485,122	$2,078,675	$335,336	$24,997,180
2018	$1,473,806,000	$16,556,737	$5,486,980	$486,356	$2,083,962	$345,396	$25,069,966
2019	$1,476,812,000	$16,590,506	$5,498,171	$487,348	$2,088,212	$355,758	$25,130,756
2020	$1,479,049,000	$16,615,636	$5,506,499	$488,086	$2,091,375	$366,431	$25,178,957
2021	$1,480,476,000	$16,631,667	$5,511,812	$488,557	$2,093,393	$377,424	$25,213,889
2022	$1,481,052,000	$16,638,138	$5,513,957	$488,747	$2,094,208	$388,746	$25,234,875
2023	$1,480,732,000	$16,634,543	$5,512,765	$488,642	$2,093,755	$400,409	$25,241,169
	TOTALS	$165,398,362	$54,813,789	$4,858,595	$20,818,345	$3,518,036	$250,511,352

Source: TXP, Tenaska Inc., TEC

* Calculations assume Total Taxable Property Value (Real & Business Personal Property) = Assessed Value

** This value is for indirect and induced Nolan County property taxes and general sales tax collections.

Strategic Implications of the TTEC

Does the TTEC match the long-term economic growth plan of Texas as set forth in the Texas ED Plan? The answer is clearly yes. The overarching theme of the Texas ED Plan centers on attracting and developing industries using emerging technologies – "In the broadest sense, Texas must build a knowledge-based economy." Firms that fit this profile will require highly skilled workers, pay above-average wages and invest millions of dollars in physical facilities. While the Texas ED Plan does not explicitly cite clean coal or other forms of renewable energy, an emphasis was placed on using technology to preserve the viability of the state's utility and energy sectors. Clearly, TTEC's proposed investment in state-of-the-art energy technologies coupled with the need for highly skilled workers meets these criteria. At the same time, the energy sector of West Texas has been significantly diversified in recent years, as surging retail prices have combined with evolving social values and enabling technology to create strong demand for energy from renewable sources, including wind. TXP estimates that just over $10 billion has been or will be invested in creating just under 8,000 MW of regional wind-generation capacity in the coming years, along with approximately 400 direct jobs.

The TTEC extends this diversification effort, and will have a substantial impact on the local economy as well. For example, TTEC anticipates paying an average annual salary of $100,000, above the Nolan County average wage of roughly $27,000, while $1.4 billion will be the largest single property value

created in recent years (and the equivalent of well over ten percent of the total wind-related investment in the region). Once fully operational, the total impact will yield an annual increase of over $12.1 million in employee compensation, while supporting a total of 176 local full-time jobs (105 directly at the facility and 71 due to impact of increased local spending). Just as important, there could be significant local taxes collected.

The following table provides a comparison of the direct economic "footprint" of TTEC vs. the average wind farm in the region.

Table 7: TTEC vs. Average Wind Farm

Year	Total Appraised Value	Total Earnings	Total Employment
TTEC	$1.4 billion	$12.7 million	176
Wind Farm	$0.2 billion	$0.6 million	26

Source TXP

Beyond the economic impact calculations, TTEC increases the breadth and depth of the energy sector in the Permian Basin – it represents the largest single energy-related investment ever in Nolan County, while further diversifying the regions clean energy industry. Meanwhile, the captured CO_2 could allow more than $1 billion of additional Permian Basin oil to be extracted each year.

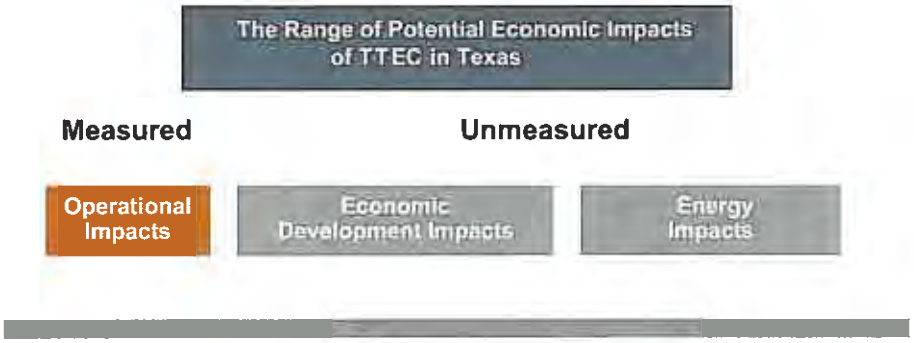
Conclusions

Attracting high-paying, capital-intensive industries is becoming extremely competitive. Communities across the country, regardless of size, have committed hundreds of millions of dollars for economic development marketing and recruitment. In Texas alone, the ½ cent sales tax for economic development has generated over $3.2 billion for economic development corporations since 1997. States and regions who want to remain competitive for large capital intensive investments, regardless of industry sector, typically must be willing to offer some form of public incentive.

As more and more states and regions consider long-term strategies for clean air regulation and compliance, it is likely that technologies that enable "greener" energy production will become highly prized. In particular, TTEC could have a significant impact on economic development in the state, as the technology and processes created and applied could help seed a new cluster that would stimulate the development and recruitment of additional economic activity. Similarly, the additional capacity of the plant and others like it could have a positive impact on regional energy costs, especially if coal continues to be a financially attractive feedstock. Taken together, the

combination of construction, operation, additional capacity, and research and economic development appears to be highly attractive potential addition to Texas' economic assets. The following figure provides a conceptual illustration of the range of impacts.

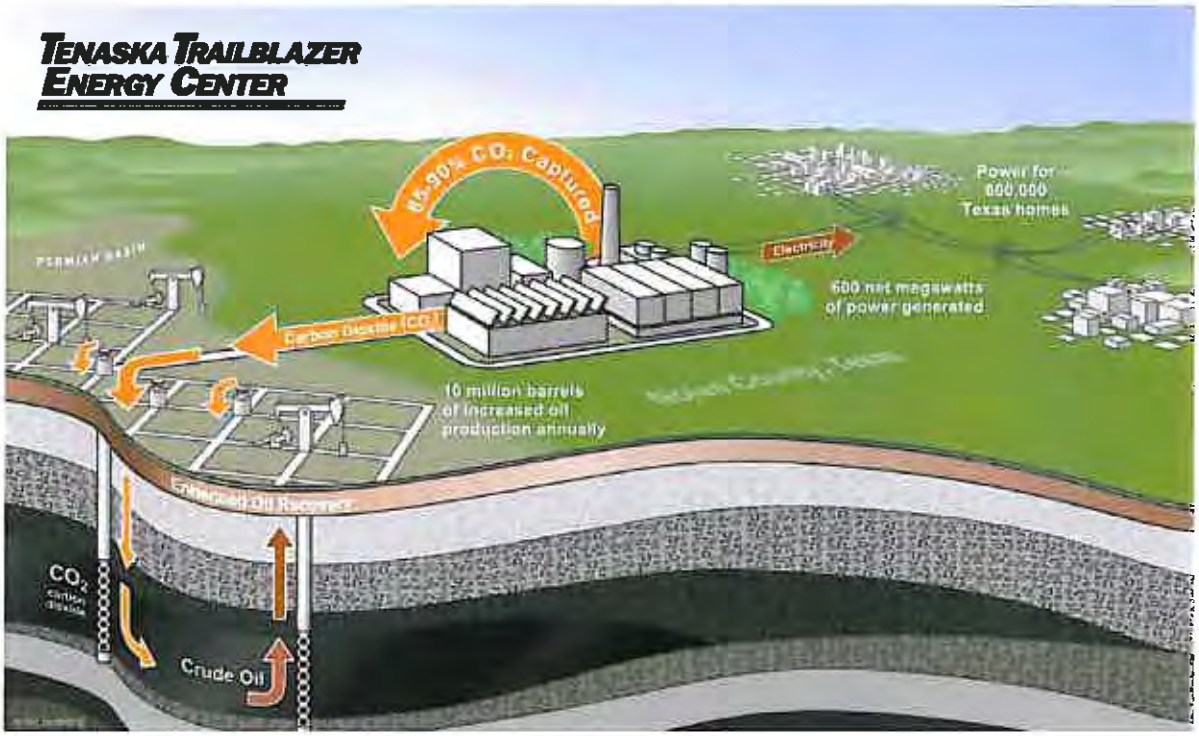
Figure 13: Areas of Potential Impact



Legal Disclaimer

TXP reserves the right to make changes, corrections and/or improvements at any time and without notice. In addition, TXP disclaims any and all liability for damages incurred directly or indirectly as a result of errors, omissions, or discrepancies. TXP disclaims any liability due to errors, omissions or discrepancies made by third parties whose material TXP relied on in good faith to produce the report.

Any statements involving matters of opinion or estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. The information and expressions of opinion contained herein are subject to change without notice, and shall not, under any circumstances, create any implications that there has been no change or updates.



Economic impact study of the Tenaska Trailblazer Energy Center (TTEC) on the City of Abilene

Prepared by

J&A Consulting Group, LLC

December 2009

Summary

Tenaska, an internationally respected energy company, retained J&A Consulting Group, LLC to provide a conservative assessment of the economic impact of the Tenaska Trailblazer Energy Center (TTEC) on the City of Abilene, Texas. The cutting edge power plant as planned would not only produce 600 megawatts of energy but would also be extremely climate sensitive and would be designed to capture 85-90% of the plant's carbon dioxide (CO_2) output that would be redirected for use in enhanced crude oil recovery in the region. The estimated total capital cost of the project is $3.5 billion. In conducting the assessment, consideration was given to the impact of the construction of a water pipeline, but no consideration was given to any revenue impact attributable to the acquisition of effluent water by Tenaska.

Impact on Abilene

The TTEC project will have a positive economic impact on the City of Abilene over the life of the plant. During the five years of construction alone, the estimated economic impact to the City ranges between $146 and $175 million. During the peak construction period, 433 additional jobs will be created for Abilene residents. Abilene will also be used for ongoing business-to-business transactions, to supply ancillary materials and equipment, and to offer temporary housing accommodations in local hotels and motels.

For the Abilene residents actually employed at the plant, the average salary is $75,000 excluding benefits in 2015 dollars (double the current average salary available in Taylor County). It is also estimated that local engineers and contractors will be paid $3.8 million each of the five years of construction for a total of $19 million over five years and that Abilene will realize an additional $24 million over a two-year period for the construction of the pipeline necessary to carry the water to the plant. Once operational, the ongoing impact to Abilene will be $3 million per year.

It is estimated that during the peak construction period 1,500 people will be employed. Many of these people will not be residents of either Nolan or Taylor County, and they must have temporary housing. The City of Sweetwater only has 531 motel rooms total with an average occupancy of 55%. The overflow of temporary residents will come to Abilene. At the time of construction, Abilene will have 3,228 motel rooms with an average occupancy of 54%. The average rate per night in Abilene for a motel room is $65. Local restaurants and merchants will also benefit from additional consumer traffic.

TTEC Range of Benefits to Abilene

Benefits	***Abilene (Conservative)***
Direct Construction Jobs at Peak (see Appendix A – Detailed Labor Schedule)	433
Additional Positions during construction (Indirect 31 and Induced 39 – Appendix A - Summary)	70
Average Construction Salary (Unloaded - Appendix B – Basic Model Assumptions)	$44,587
Average Salary for ongoing operations (Unloaded – Appendix B)	$75,000
Direct Operations Jobs (2016 - Appendix C - Summary)	35
5 Year Economic Benefit of Construction (Including Pipeline – Appendix C)	$175,633,315

Methodology

J&A Consulting Group, LLC modeled the economic impact of the TTEC's construction and business activities based on annual investments and

employment levels. Specifically, the analysis modeled the anticipated economic impacts of the power plant using the IMPLAN Pro Input and Output Modeling Software System. J&A customized the models by modifying the underlying industry data, by altering regional purchasing coefficient assumptions, and by considering various transitional assumptions. Final models were based on three key percentages:

- Ultra Conservative Model (18%) – based on the assumption that since 18% of Nolan County residents currently commute to Abilene presumably for higher wages, that a similar percentage of Abilene residents would just as likely commute from Abilene to Nolan County (i.e., the plant location – nine miles east of Sweetwater, TX). This commute involves a reasonable 35 minute drive along Interstate 20 from Abilene to the plant location. Model inputs can be found in Appendix D and overall outputs in Appendix C.

- Extra Conservative Model (25.5%) – a midpoint based on the average of the Ultra Conservative and Conservative Model. This number serves as an anchor point for discussion and comparison. Model output for this scenario is also found in Appendix C.

- Conservative (33%) – based on the historical fact that on the low end at other Tenaska plant locations 33% of the workforce for both construction and ongoing operations commuted from nearby communities. This number is considered conservative because other historical data confirms that commute percentages for other Tenaska plant locations have been as high as 75% for distances up to 50 miles. Model inputs can be found in Appendix E and outputs in Appendix C.

Data Sources

Secondary data considered in the model was obtained from a number of sources including:

- Abilene Convention and Visitors Bureau
- City Data (Website provides data on residents living in a particular county but working in a different county. This data was the basis for the ultra conservative model percentage.)
- Source Strategies.Org/Texas website
- Taylor County Data 2007 (included in the IMPLAN Pro Modeling Software)
- Texas Workforce Commission
- Tenaska, Inc. (provided basic data including construction cost estimates and schedules)
- The Potential Economic and Tax Revenue Impact of the Tenaska Trailblazer Energy Center (report produced by TXP, Inc. of Austin, TX November 2008)
- US Census Bureau Website
- Refer to Appendix G for details of data sources

Assumptions Made in Modeling

A number of assumptions were made in establishing the various economic models. These assumptions include:

- The construction cycle for the plant will be five years at a hard cost of $2.5 billion. This assumption is based on input from Tenaska engineers.
- Construction will begin in late 2010. Full-time operations will begin in late 2015. These assumptions are based on input from Tenaska. Should construction be delayed past 2010, the output from this model would need to be readjusted using economic indices to account for the change.

- Depending on the model, 18% to 33% of annual local business expenditures (cleaning contracts, security, office supplies, etc.) will be sourced from Abilene. This assumption follows the logic of job choice by regional employees where 18% of Nolan county residents choose to commute to Taylor County and Abilene for employment. The regional office supplies and business support services based in Abilene and Taylor County will seek service contracts at TTEC in a similar fashion to Abilene employees seeking employment in Nolan County.

  TTEC will ultimately spend $1 million per year on office expenses. 33% of these expenses are apportioned to Abilene based on the model employment split. In the first year of construction, TTEC will incur 50% of total operating office expenses, 33% of which are apportioned to Abilene. The percentage of total operating office expenses will increase to 75% in the second year of construction and to 100% in years three through five. During operations, it is expected that $330,000 per year in office expenses will be sourced from Abilene.

- At the peak of construction in July 2013, TTEC will need 1,500 workers for construction of the plant. A detailed construction schedule and job creation table by month is displayed in Appendix A.

- Total cost for plant site labor will be approximately $550 million across the five years of construction.

- An average of $3.8 million will be paid to local engineers and contractors from Abilene each year during the course of construction.

- Given that 80% of the distance from Abilene to the power plant in Nolan County is located in Taylor County, 80% of the construction cost for the water pipeline to transport the water from Abilene to Sweetwater over the two year period of construction will benefit Abilene.

- Given that currently Abilene hotels and motels average occupancy of 54.32% (at an average price of $65.17) across the 3,228 rooms, there is sufficient capacity for the Abilene hospitality industry to accommodate any overflow of business from Sweetwater associated with the construction or ongoing operations of the power plant. Refer to Appendix F for Abilene Hotel Rooms Required and Appendix G for Hotel Source Data.

- Note: The remaining model assumptions are detailed in Appendix B.

Variables Considered

The model uses seven major economic input factors (refer to Appendices D & E for Model Input Parameters) and applies them to 440 possible industries in the Abilene and Taylor County area over six years. The output from this model impacted over 195 industries within the Abilene and Taylor County area.

Key Definitions

In economic models, it is useful to make a distinction between three types of expenditure effects: direct, indirect, and induced.

Direct effects are production changes associated with the immediate effects or final demand changes. The payment made by an out-of-town visitor to a local motel or restaurant are examples of direct effects.

Indirect effects are impacts caused by the iteration of industries purchasing from industries resulting from direct effects. An example of an indirect effect would include meeting the demand for an overnight or extended stay by an out-of-town visitor that would require the hotel/motel operator to purchase additional supplies and services. In addition, the restaurant operator will also need to purchase additional food and other supplies in order to accommodate additional orders. These subsequent purchases also affect other merchants and local workers.

Induced effects are changes in the regional household spending patterns caused by changes in household income generated from both direct and indirect effects. In the current example, both the hotel/motel operator as well as the restaurant owner experience increased income from the guest's stay. This is also true for the various food and supplies vendors. Induced effects capture the manner in which this increased income is subsequently spent by the recipients in the local economy.

Total Impact is equal to the sum of the three effects. Thus:

Total Impact = Σ (Direct Effect + Indirect Effect + Induced Effect)

Output Multiplier describes the interdependence between different segments of the economy in terms of production or output. This type of multiplier divides the total impact (i.e., sum of the effects) by the value of the initial spending initiative by the dollar value of the initiative. The higher the multiplier, the greater the interdependence there is among the different segments of the economy. An output multiplier of 1.3, for example, means that for every $1,000 spent locally, another $300 in spending is realized in all other segments.

Job Impact

The TTEC project will have a significant impact on employment in the Abilene area. Beginning in 2011, the model indicates that construction jobs at the plant filled by workers from Abilene will increase from 21 to 433 in 2013. Indirect job creation through the construction project will range from two in 2011 to 31 in 2013 while induced job creation will range from two in 2011 to 39 in 2013.

Once the plant is fully operational in 2016, it is estimated that the plant will employ 35 full time employees from Abilene. In addition, there will be three ongoing indirect and three induced labor positions for a net total of 41 labor

positions (refer to the table below for a summary and Appendix A for a detailed labor schedule).

Average Number of Related Jobs by Year

	2011	2012	2013	2014	2015	2016
Number of Jobs	24	162	503	229	27	41

Business and Property Taxes

The TTEC project will contribute to State and Local tax revenues over the modeling period in excess of $7 million. These revenues consist of excise taxes, property taxes, fees, licenses, and sales taxes paid by businesses. These taxes occur during the normal operation of business but do not include taxes on profit or income. The amounts are derived from the U.S. Bureau of Economic Analysis Gross State Product Data. The table below contains an estimation of the tax impact over the period 2010 through 2016 by the direct types of impact.

Tax Impact

Conservative Upper End Estimate 2011 – 2016			
Direct	***Indirect***	***Induced***	***Total***
$4,525,882	$1,137,421	$1,840,769	$7,504,072

Personal Income

Personal income will be impacted for a number of households in Abilene at various income levels, especially during construction. Personal and labor income consists of employment compensation and proprietary income (self-employed persons). These amounts include wages and salaries of workers as well as benefits such as health and life insurance, retirement payments and non-cash compensation. Employee compensation is derived from each industry from the Regional Economic Information System data.

The table below presents the dollar impact by each year of the construction and the first year of operations.

Dollar Impact on Personal Income

	2011	2012	2013	2014	2015	2016
Abilene Household Income 35 - 50K	$931,870	$6,234,943	$19,311,772	$8,791,454	$1,029,961	$ -
Abilene Household Income 75 - 100K	$ -	$ -	$ -	$ -	$ -	$2,598,750

Hotel/Motel Impact

The hospitality industry in Abilene will be positively affected by the increased traffic linked to the amount of building and construction associated with the plant. The table below displays the anticipated impact on the hospitality industry for the three peak years of construction.

Hospitality Impact

	2011	2012	2013	2014	2015	2016
Abilene Hotel/Motel Impact	$ -	$4,539,989	$25,570,236	$8,634,088	$ -	$ -

Local Business Impact

A number of local businesses will reap benefits from the TTEC project. Businesses likely to benefit the most include engineering firms, construction firms, and construction material suppliers. The table below displays the anticipated impact by year by business type.

Business Impact

Topic	*2011*	*2012*	*2013*	*2014*	*2015*	*2016*
Engineering Services	$499,051	$3,339,044	$10,342,172	$4,708,151	$ 551,583	$ -
Pipeline Construction Materials	$ -	$12,000,000	$12,000,000	$ -	$ -	$ -
Business to Business	$165,000	$247,500	$330,000	$330,000	$330,000	$330,000
Construction Materials Purchased Locally	$847,154	$5,668,130	$17,556,156	$7,992,231	$ 936,328	$ -

Summary Impact

The construction of the TTEC outside of Sweetwater will have a significant ongoing impact on the City of Abilene. If 18% of the workforce commutes from Abilene, the total impact is over $140 million. If 33% of the workforce commutes from Abilene, the impact is over $175 million. The table below shows the ongoing yearly impact to the city of Abilene for the 18%, 25.5% and 33% model considerations as well as the induced, indirect and direct impact.

Overall Impact

	Ultra Conservative	*Extra Conservative*	*Conservative*
Total	**$146,400,388**	**$161,016,852**	**$175,633,315**
Induced	$23,543,314	$25,364,572	$27,185,830
Indirect	$21,251,984	$22,979,964	$24,707,943
Direct Impact	$101,605,090	$112,627,316	$123,739,542

Post Construction

The TTEC project will contribute significantly to ongoing revenue for Abilene. The project will create 41 jobs generating over $3 million in ongoing revenue for the area. Refer to the table below for details of these ongoing revenue streams.

Post Construction Impact

	Conservative Upper End Estimate 2010 – 2015			
	Direct	***Indirect***	***Induced***	***Total***
Employment	35	3	3	41
Indirect Business Taxes	$98,697	$14,122	$21,802	**$134,621**
Other Property Type Income	$253,537	$52,635	$60,393	**$366,565**
Labor Income	$476,098	$117,979	$103,302	**$697,379**
Output	$2,356,970	$348,537	$322,097	**$3,027,603**

Conclusions

The Tenaska Trailblazer Energy Center project has the potential to significantly impact the Abilene area. The project will inject over $175 million in funds over the five year construction period. The project will generate 495 positions at the peak of construction and 41 ongoing positions. 35 of these ongoing positions will be paid an average of $75,000 per year. Six indirect positions (i.e., jobs outside of the plant) will be created as a result of TTEC's full-time positions.

This project has the potential to significantly impact the financial legacy of 41 Abilene families. These families have the opportunity to almost double their income by working at the TTEC plant. In addition, the entire Abilene community will benefit from the additional tax and business revenues.

Legal Disclaimer

J&A Consulting Group, LLC reserves the right to make changes, corrections and/or improvements at any time and without notice. In addition, J&A Consulting Group, LLC disclaims any and all liability for damages incurred directly or indirectly as a result of errors, omissions, or discrepancies. J&A Consulting Group, LLC disclaims any liability due to errors, omissions or discrepancies made by third parties whose material J&A Consulting Group, LLC relied on in good faith to produce this report.

Any statements involving matters of opinion, estimates or assumptions, whether or not expressly stated, are set forth as such and not as representations of fact, and no representation is made that such opinions or estimates will be realized. The information and expressions of opinion contained herein are subject to change without notice and do not, under any circumstances, imply that there has been no change or updates.

Contact Information

J&A Consulting Group, LLC
1317 Canterbury Dr.
Abilene, TX 79602
325-669-4067

Darryl L. Jinkerson, PhD – Managing Partner
Ian J. Shepherd, DA – Lead Researcher

List of Appendices

A. Detailed Labor Schedule (Conservative 33%)

B. Basic Model Assumptions

C. Summary of Overall Results

D. Model Input Parameters (Ultra Conservative 18%)

E. Model Input Parameters (Conservative 33%)

F. Abilene Hotel Rooms Required - Outside Labor (Conservative 33%)

G. Hotel Source Data

Appendix A – Detailed Labor Schedule – Conservative 33%

Month	Total 2011 Labor	Total 2011 Abilene Labor 33%	Total 2011 Abilene Indirect Labor	Total 2011 Abilene Induced Labor	Total 2011 Abilene Labor	Total 2012 Labor	Total 2012 Abilene Labor 33%	Total 2012 Abilene Indirect Labor	Total 2012 Abilene Induced Labor	Total 2012 Abilene Labor	Total 2013 Labor	Total 2013 Abilene Labor 33%	Total 2013 Abilene Indirect Labor	Total 2013 Abilene Induced Labor	Total 2013 Abilene Labor
January	25	8	1	1	10	200	66	5	6	77	775	256	18	23	297
February	25	8	1	1	10	225	74	5	7	86	1,110	366	26	33	425
March	25	8	1	1	10	390	129	9	11	149	1,250	413	30	37	479
April	25	8	1	1	10	450	149	11	13	172	1,300	429	31	38	498
May	25	8	1	1	10	450	149	11	13	172	1,415	467	34	42	542
June	25	8	1	1	10	450	149	11	13	172	1,445	477	34	42	554
July	25	8	1	1	10	460	152	11	14	176	1,500	495	36	44	575
August	55	18	1	2	21	470	155	11	14	180	1,470	485	35	43	563
September	55	18	1	2	21	470	155	11	14	180	1,445	477	34	42	554
October	75	25	2	2	29	470	155	11	14	180	1,390	459	33	41	533
November	200	66	5	6	77	470	155	11	14	180	1,345	444	32	40	515
December	200	66	5	6	77	580	191	14	17	222	1,305	431	31	38	500
Average	63	21	2	2	24	424	140	10	12	162	1,313	433	31	39	503

Month	Total 2014 Labor	Total 2014 Abilene Labor 33%	Total 2014 Abilene Indirect Labor	Total 2014 Abilene Induced Labor	Total 2014 Abilene Labor	Total 2015 Labor	Total 2015 Abilene Labor 33%	Total 2015 Abilene Indirect Labor	Total 2015 Abilene Induced Labor	Total 2015 Abilene Labor	2016 Labor	Total 2016 Abilene Labor 33%	Total 2016 Abilene Indirect Labor	Total 2016 Abilene Induced Labor	Total 2016 Abilene Labor
January	1,200	396	29	35	460	165	54	4	5	63	105	35	3	3	41
February	1,165	384	28	34	446	165	54	4	5	63	105	35	3	3	41
March	1,000	330	24	29	383	140	46	3	4	54	105	35	3	3	41
April	915	302	22	27	351	80	26	2	2	31	105	35	3	3	41
May	750	248	18	22	287	55	18	1	2	21	105	35	3	3	41
June	500	165	12	15	192	55	18	1	2	21	105	35	3	3	41
July	335	111	8	10	128	55	18	1	2	21	105	35	3	3	41
August	305	101	7	9	117	25	8	1	1	10	105	35	3	3	41
September	305	101	7	9	117	25	8	1	1	10	105	35	3	3	41
October	305	101	7	9	117	25	8	1	1	10	105	35	3	3	41
November	225	74	5	7	86	25	8	1	1	10	105	35	3	3	41
December	165	54	4	5	63	25	8	1	1	10	105	35	3	3	41
Average	598	197	14	18	229	70	23	2	2	27	105	35	3	3	41

Source: Tenaska Construction Schedule

Appendix B – Basic Model Assumptions

Topic	Assumptions	Total Project	Abilene Portion
Construction Period	Tenaska Source	5 years	5 years
Annual Local Expenditures	50 mile radius $1,000,000 to $2,000,000. We used the lower estimate of $1,000,000	$ 1,000,000	$ 330,000.00
Jobs at Peak of construction	See Appendix C for a detailed schedule of production)	1,500	495
Total Project Cost (5 years)	Tenaska Source	$2,400,000,000	$2,400,000,000
Materials Purchased Locally (50 Miles) per year	Tenaska Source	$20,000,000	$6,600,000
All Labor (Engineer and Contractor)	Tenaska Source	$720,000,000	$47,520,000
Percent Engineer and Contractor Taylor County	J&A Consulting, LLC	100%	18%
Site Labor	Tenaska Source	$550,000,000	$181,500,000
TEC Average Annual base Salary	Tenaska Source - With Benefits	$100,000	$100,000
Construction Wages	Tenaska Source - Unloaded	$44,587	$44,587
Nolan County Average Salary	Tenaska Source - TXP Report	$27,200	$27,200
Taylor County Average Salary	Estimated median household income in 2007: $39,706 www.city-data.com/county/Taylor_County-TX.html	$39,706	$39,706
Texas Average Salary	2007 Annual Census - Refer Appendix I - Texas Demographic Data	$46,053	$46,053
Average Annual Employee Salary with No benefits	Tenaska Source - Without Benefits	$75,000	$75,000
Full Time Plant Jobs	Tenaska Source	105	35
Full Time External Jobs	Tenaska Source	71	23
Increased Oil Production per year	Tenaska Source @ $100/bbl	$1,000,000,000	0
Pipeline Construction	Tenaska Source	$6,000,000.00	$24,000,000.00
Materials Sourced from Abilene	Tied to Out of County Work Rate Assumption	33.0%	33.0%
Out of County Work Rate	Tenaska Source - Based on experience at other Tenaska sites - 33% to 75% of workers work up to 50 miles away.	33.0%	33.0%
Per Capita Income Texas	2007 BEA - Refer Appendix I - Texas Demographic Data	$37,083	$37,083
Total Cost TTEC	Tenaska Source	$3,500,000,000	
Development legal and financing costs	Tenaska Source	$1,000,000,000	
Hard Costs of Project	Tenaska Source	$3,500,000,000	

Appendix C – Summary of Overall Results

Category	Ultra Conservative Estimate Late 2010 – Late 2015			
	18% Commute from Taylor County to Nolan County			
	Direct	Indirect	Induced	Total
Employment	966	177	227	1,370
Indirect Business Taxes	$3,880,775	$973,399	$1,594,148	**$6,448,322**
Other Property Type Income	$9,224,033	$2,936,949	$4,416,392	**$16,577,374**
Labor Income	$35,903,586	$7,217,806	$7,547,426	$50,668,818
Output	$101,605,090	$21,251,984	$23,543,314	$146,400,388
Category	Conservative Estimate Late 2010- Late 2015			
	33% Commute from Taylor County to Nolan County			
	Direct	Indirect	Induced	Total
Employment	1,122	206	262	1,590
Indirect Business Taxes	$4,525,882	$1,137,421	$1,840,769	**$7,504,072**
Other Property Type Income	$10,967,221	$3,433,744	$5,099,611	**$19,500,576**
Labor Income	$41,374,542	$8,427,918	$8,715,233	$58,517,693
Output	$123,739,542	$24,707,943	$27,185,830	$175,633,315
Category	Extra Conservative Estimates Late 2010 – Late 2015			
	Average of 18% and 33% Commute from Taylor County to Nolan County			
	Direct	Indirect	Induced	Total
Employment	1,044	191	245	1,480
Indirect Business Taxes	$4,203,329	$1,055,410	$1,717,459	**$6,976,198**
Other Property Type Income	$10,095,627	$3,185,347	$4,758,002	**$18,038,976**
Labor Income	$38,639,064	$7,822,862	$8,131,330	$54,593,256
Output	$112,672,316	$22,979,964	$25,364,572	$161,016,852
Category	Yearly Average of Estimates Late 2010 – Late 2015			
	Average of 18% and 33% Commute from Taylor County to Nolan County			
	Direct	Indirect	Induced	Total
Employment	209	38	49	**296**
Indirect Business Taxes	$840,666	$211,082	$343,492	**$1,395,239**
Other Property Type Income	$2,019,125	$637,069	$951,600	**$3,607,795**
Labor Income	$7,727,813	$1,564,572	$1,626,266	$10,918,651
Output	$22,534,463	$4,595,993	$5,072,914	$32,203,370

Category	Conservative Estimate Late 2010 – Late 2015			
	33% Ongoing Commute from Taylor County to Nolan County			
	Direct	Indirect	Induced	Total
Employment	35	3	3	**41**
Indirect Business Taxes	$98,697	$14,122	$21,802	**$134,621**
Other **Property Type** Income	$253,537	$52,635	$60,393	**$366,565**
Labor Income	$476,098	$117,979	$103,302	$697,**379**
Output	$2,356,970	$348,537	$322,097	$3,027,603

Appendix D - Model Input Parameters
Ultra Conservative 18%

Topic	2011	2012	2013	2014	2015	2016	6 Year Total
Taylor County Household Income 35 - 50 K	$508,293	$3,400,878	$10,533,694	$4,795,339	$561,797	$ -	$19,800,000
Taylor County Household Income 75 - 100 K	$ -	$ -	$ -	$ -	$ -	$1,417,500	$1,417,500
Engineering Services Taylor County	$499,051	$3,339,044	$10,342,172	$4,708,151	$551,583	$ -	$ 19,440,000
Pipeline Construction Materials Taylor County		$12,000,000	$12,000,000	$ -	$ -	$ -	$24,000,000
Business to Business Taylor County	$90,000	$135,000	$180,000	$180,000	$180,000	$180,000	$945,000
Construction Materials Purchased Locally	$462,084	$3,091,707	$9,576,085	$4,359,399	$510,725	$ -	$18,000,000
Taylor County Hotel Impact	$ -	$4,539,989	$25,570,236	$8,634,088	$ -	$ -	$38,744,313

Appendix E - Model Input Parameters Conservative 33%

Topic	2011	2012	2013	2014	2015	2016	6 Year Total
Taylor County Household Income 35 - 50 K	$931,870	$6,234,943	$19,311,772	$8,791,454	$1,029,961	$ -	$36,300,000
Taylor County Household Income 75 - 100 K	$ -	$ -	$ -	$ -	$ -	$2,598,750	$2,598,750
Engineering Services Taylor County	$499,051	$3,339,044	$10,342,172	$4,708,151	$551,583	$ -	$19,440,000
Pipeline Construction Materials Taylor County		$12,000,000	$12,000,000	$ -	$ -	$ -	$24,000,000
Business to Business Taylor County	$165,000	$247,500	$330,000	$330,000	$330,000	$330,000	$1,732,500
Construction Materials Purchased Locally	$847,154	$5,668,130	$17,556,156	$7,992,231	$936,328	$ -	$33,000,000
Taylor County Hotel Impact	$ -	$4,539,989	$25,570,236	$8,634,088	$ -	$ -	$38,744,313

Appendix F - Abilene Hotel Rooms Required - Outside Labor 33%

Month	2012 Rollover	2012 Revenue	2013 Rollover	2013 Revenue	2014 Rollover	2014 Revenue
January			537	$1,084,038	962	$1,942,653
February			872	$1,590,426	927	$1,690,788
March	152	$306,235	1,012	$2,043,667	762	$1,538,599
April	212	$413,662	1,062	$2,075,497	677	$1,322,784
May	212	$427,451	1,177	$2,377,011	512	$1,033,532
June	212	$413,662	1,207	$2,358,987	262	$511,417
July	222	$447,653	1,262	$2,548,734	97	$195,120
August	232	$467,856	1,232	$2,488,126	67	$134,512
September	232	$452,764	1,207	$2,358,987	67	$130,173
October	232	$467,856	1,152	$2,326,505	67	$134,512
November	232	$452,764	1,107	$2,163,477		
December	342	$690,086	1,067	$2,154,782		
Average	228	$ 4,539,989	1,074	$ 25,570,236	440	$ 8,634,088

Sweetwater Hotel Rooms	531
Sweetwater Current Occupancy	55.10%
Abilene Hotel Rooms	3,228
Abilene Current 2009 Occupancy Rate	54.32%
Abilene Rooms Available	1,475
Abilene Average Daily Rate	$65.17

SOURCE: Nanci Liles
Abilene Convention and Visitors Bureau - Hotel Data 2009 (Original Source: Market Texas Tourism,
Office of the Governor, Economic Development & Tourism TEXAS HOTEL PERFORMANCE REPORT: SECOND QUARTER 2009 BY CITY YTD DATA TABLES - Appendix A

Appendix G – Hotel Source Data

Source Strategies Inc.

September 30, 2009

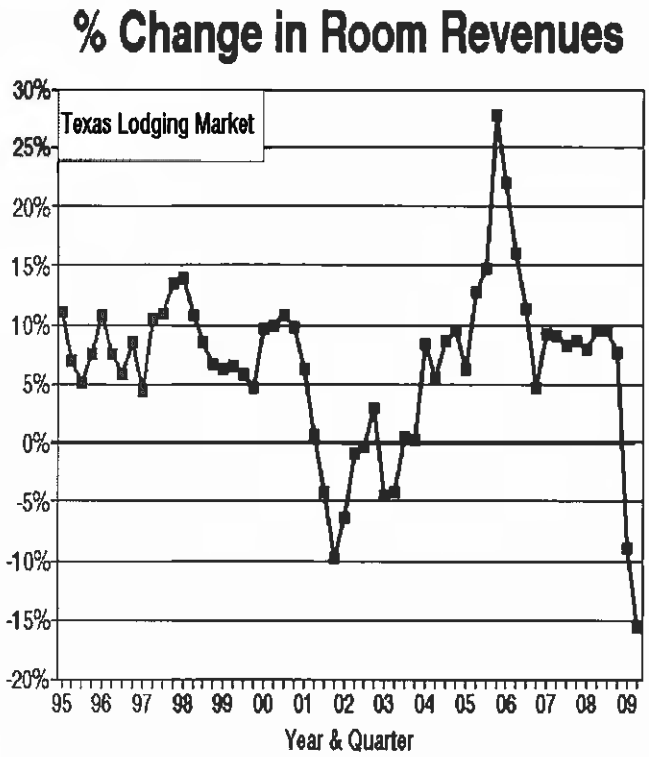
Market Texas Tourism,
Office of the Governor, Economic Development & Tourism

TEXAS HOTEL PERFORMANCE REPORT: SECOND QUARTER 2009

BY CITY YTD DATA TABLES

Texas lodging room revenues dropped 15.5 percent in the Second quarter of 2009, after gaining 8.5 percent in 2008, 8.9 percent in 2007, and 13 percent in 2006. This is the largest percentage revenue decline in 23 years (compares to -22 percent in the Third quarter of 1986).

This decline in the Second quarter represents a 25 percentage point turnaround, in the negative direction (versus the Second quarter of 2008); growth last year was +9.3 percent compared to -15.5% in the Second quarter this year. The Fourth quarter of 2008 marked the end of more than three years of quarterly revenue growth levels of at least 4 percent year-over-year.



Second quarter room revenues dropped sharply to $1.624 billion versus $1.923 billion a year ago. Second quarter prices declined by 6.7 percent, the largest price decline on record. Revenue Per Available Room per day (REVPAR) plummeted by 19.3 %.

Room-nights sold decreased by a huge 9.4 percent, almost double the 5.5 percent drop in the First quarter; room-nights sold are the fundamental measure of real demand and the most important driver of industry health. Last year, real demand gains averaged a healthy 3.2 percent following 2.9 percent in 2007. Room supply in the quarter grew 4.6 percent, growing in response to occupancies of the past three years that have been higher than any since the mid-1990's. We expect *net* new supply will decline to zero quite soon because of the current recession and its abysmal operating results, few new starts, and the closing of old hotels.

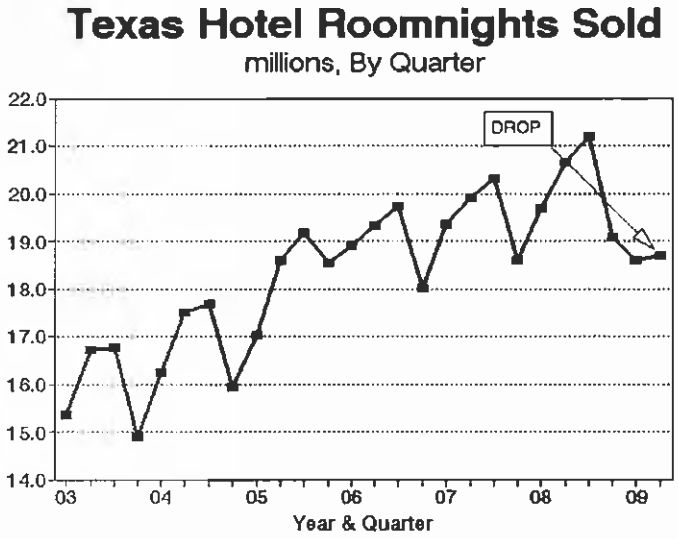
Second quarter occupancy dropped 13.5 percent, from 63.1 to 54.7 percent (by 8.4 points) and is now below the 60 percent long-term Texas industry average.

P.O. Box 120055 ◆ 134 Laurel Heights ◆ San Antonio, Texas 78212 ◆ 210-734-3434 ◆ Fax (210) 735-7970
TXTC9Y2CITY

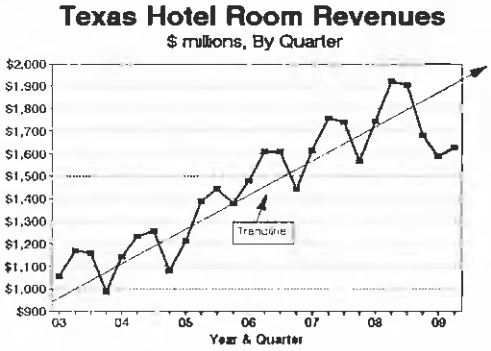
The Second quarter revenue decline of 15.5 percent is the most serious market drop since 1986, with no sign yet of slowing or 'bottoming.' The worst quarter in recent history - the 2001/ 9-11 tragedy recession - was a 10 percent revenue decline in the Fourth quarter of 2001; however, that negative economic trend was established two quarters prior to that 'bottom.

Second quarter room-nights sold were about three million lower than normal expectations (versus a reasonable 'trend' projection); room-nights sold dropped 9.4 percent instead of rising seasonally as has been typical.

If historical patterns from the 1980's recessions repeat themselves, as we expect, declines in room-nights sold will continue through year's end. Demand gains in 2010 will probably show only a modest recovery given the apparent ineffectiveness of all federal stimuli to date, and the negative economic effects of proposed programs (i.e. tax increases and nationalized health care, questionable energy development efforts).



Coastal Hurricane and Refinery Construction Impact: In one-quarter of the state's available rooms, First quarter room revenues dropped only 2.1% versus the same quarter last year (-1.6 percent in room-nights sold); these rooms were within 75 miles of the Gulf of Mexico and were dramatically affected by September 2008 hurricanes Ike, Dolly and Gustav.[1] In the Second quarter, Coastal room revenues dropped 16.0%, about the same as state averages (however, Beaumont-Port Arthur and Corpus Christi metros suffered significantly less).



For the Second quarter, just three areas posted a revenue gain, while 15 areas posted double digit revenue declines. Areas losing more than the 15.5% average state-wide decline included Odessa, Laredo, Victoria, and largest metros Dallas, San Antonio and Houston-Baytown-Sugarland. **Percentage changes for every performance measure are universally negative.**

---

[1] In the remaining three-quarters of the state, First quarter revenues dropped at a double-digit 10.3 percent, reflecting the national recession, with declines the drastic opposite of the 8+ percent gains of the past two years; worse, room-nights sold dropped 5.7 percent in the First quarter, compared to the 3+ percent gains of recent years.

Texas: Percentage Change Vs. Year Ago

Qtr/Yr	Room Supply	Room Rev $	Rooms Sold	% Occ	$ Price	$ RPAR
1st '07	3.0	9.2	2.9	-0.2	6.2	6.0
2nd	3.3	9.4	3.4	0.2	5.8	4.0
3rd	3.0	8.0	3.0	0.0	4.8	4.8
4th	2.9	8.6	3.3	0.3	5.1	5.4
1st '08	3.2	7.1	2.4	-0.8	4.6	3.7
2nd	3.7	9.3	3.6	-0.2	5.5	5.4
3rd	3.7	9.4	4.2	0.3	5.0	5.5
4th	3.0	7.6	3.5	0.5	4.0	4.5
1st '09	4.4	-8.9	-5.5	-9.5	-3.6	-12.7
2nd	4.6	-15.5	-9.4	-13.5	-6.7	-19.3

All four major metros suffered revenue declines approaching 20%:

Metropolitan Areas	% Market	Total Revenue* 2008	Total Revenue* 2009	% Change	Chains Only: %Occ	Chains Only: $ ADR	Chains Only: REVPAR
Dallas-Ft Worth-Arlington	26.6%	$526.9	$431.7	-18.1%	55.2	$91.05	$50.26
Houston-Baytown-Sugar L	22.2%	$439.4	$360.2	-18.0%	56.6	$98.83	$55.94
San Antonio	12.8%	$256.6	$208.3	-18.8%	54.0	$110.42	$59.63
Austin-Round Rock	10.1%	$190.4	$163.9	-14.0%	63.3	$103.66	$65.62
Corpus Christi	3.3%	$53.6	$53.1	-0.8%	57.3	$83.48	$47.83
El Paso	2.0%	$36.6	$32.1	-12.2%	66.2	$72.77	$48.17
Brownsville-Harlingen	1.8%	$35.4	$30.0	-15.3%	51.8	$79.86	$41.37
Balance of Texas	21.2%	$384.3	$345.1	-10.2%	57.4	$74.81	$42.94
Total State of Texas	**100.0%**	**$1,923.1**	**$1,624.2**	**-15.5%**	**56.8**	**$91.37**	**$51.90**

* $ millions

By Price

The majority of the revenue losses have been among business travelers, traditionally purchasing at the higher prices. In 2008, lodging priced above $135 gained 23.5 percent over 2007. In the Second quarter, this category lost 30 percent versus last year in part due to a 17 percent decline in supply (as hotels dropped down to the Mid-priced category).

Mid-priced hotel revenues ($90-$135) were down 10 percent in the Second quarter after being up 11.8% for all of 2008; net supply gained 5 percent. Under $90 lodging eroded slightly in the Second quarter (by 3.5 percent) in spite of an 11.5 percent supply gain..

Room Revenues - % Change versus Year Ago

Average Rate:	Under $90	$90 to $135	$135+	Total
Year of 2007	**-2.2%**	**15.0%**	**21.9%**	**8.9%**
Year of 2008	**-5.7%**	**11.8%**	**23.5%**	**8.5%**
1st Q 2009	**-2.9%**	**-0.7%**	**-22.5%**	**-8.9%**
2nd Q	**-3.5%**	**-10.0%**	**-30.0%**	**-15.5%**

By Product Segment

Overall, segment results signal a disproportionate drop in Business-related demand in the market. For the Second quarter of 2009, room revenues for the Luxury, Upscale and Mid/Upscales chain segments[2] lost 17 percent or more. Suites, Limited Service and Mini Suites, favorites of both Business and Leisure travelers, performed best in this 'down' market.

Segment Performance – Second Quarter 2009 Results

(000's) Segments	# Hotels	# Rooms	# Chg	$ Room Revenues	% Chg	% Mkt	% Occup	Point Chg	Rate Chg	RVPAR Chg
Luxury	18	8.0	0.1	86,853	-17.8%	5.3%	58.9	-6.5	-8.4%	-18.2%
Upscale	80	34.0	1.4	269,778	-18.5%	16.6%	56.5	-10.8	-6.9%	-21.8%
Suites	156	21.3	2.2	148,977	-10.3%	9.2%	61.4	-10.0	-6.4%	-19.5%
Mid/Upscales	223	41.8	2.1	224,588	-19.5%	13.8%	55.5	-10.5	-7.9%	-22.5%
Mini-Suites	196	16.6	1.5	75,980	-14.1%	4.7%	58.3	-11.0	-7.3%	-22.0%
L.S./Midscales	920	73.4	6.6	333,869	-12.2%	20.6%	58.2	-9.7	-7.0%	-20.4%
Extended Stay	187	24.3	0.9	58,142	-11.3%	3.6%	65.6	-7.2	-5.4%	-14.7%
Budget	867	66.6	1.6	152,458	-18.7%	9.4%	51.0	-8.3	-7.7%	-20.7%
Total Chains	**2,675**	**286.0**	**16.7**	**1,350,645**	**-15.5%**	83.2%	**56.8**	**-9.4**	**-7.3%**	**-20.5%**
Tot. Independ.	2,007	90.4	0.1	273,688	-15.4%	16.8%	47.6	-6.3	-4.3%	-15.5%
Total Market	**4,682**	**376.4**	**16.8**	**1,624,333**	**-15.5%**	100.0%	**54.6**	**-8.5**	**-6.7%**	**-19.3%**

Room Supply

Room supply increased by 4.6 percent in the Second quarter, faster than recent history due to the high occupancy and profitability rates of the past few years; after completion of hotels now under or soon-to-be-under construction, ***net supply growth is expected drop to zero.***

Total room inventory expanded by 16,800 net rooms[3] in the Second quarter of 2009, after expanding by 14,300 in the First quarter and by 10,600 units in the Fourth quarter of 2008. In the Second quarter, rooms priced below $90 increased dramatically, by 11.5 percent (23,600 net rooms), due both to new rooms opening and hotels reducing rates below $90. Rooms offered at rates from $90 up to $135 increased 5.0 percent (4,500 net rooms), while room supply offered at rates of $135 and above declined 16.7 percent (11,300 net rooms).

---

[2] Limited Service chain hotels offer high-quality rooms without restaurants at average prices (e.g. Holiday Express, Hampton Inn, Fairfield Inn, La Quinta). Mini-suite hotels feature room sizes of about 400 square feet and limited service. Luxury hotels are the highest priced chains (Westin, Four Seasons, Gaylord, Ritz Carlton). Upscales are the large full-service, higher-priced hotels (e.g. Marriott, Hilton, Hyatt, Omni, Wyndham). Mid-Upscale hotels are lower-priced, partially-full-service hotels (e.g. Marriott Courtyard, Hilton Garden, Hyatt Place, Holiday Inn, Sheraton). Low Priced Extended Stay includes brands such as Budget Suites of America, Extended Stay America, etc. Budget chains include Motel 6, Super 8, Days Inn, Ramada and similar low-priced hotels.

[3] 'net' being the combination of new supply less closures and rooms moving to or from another price grouping

The Largest Areas in the Second Quarter

San Antonio Metro room-nights-sold declined 13.2 percent from the Second quarter a year ago, while rates dropped 6.5 percent causing revenues to decline 18.8 percent to $208 million. As net room supply increased dramatically by 6 percent (2,300 net rooms), average occupancy eroded by 11.5 points, to 52.3 percent; this also indicates little opportunity for any new supply additions. In the year of 2008, San Antonio room revenues gained 9.2 percent because of a 4.9 percent increase in room rates and a 4.1 percent rise in room-nights sold; occupancy slipped 1 point to a 60.4 percent average.

Houston-Baytown-Sugar Land room-nights-sold dropped precipitously by 12.2 percent in the Second quarter while room revenues dropped 18 percent to $360 million (with a 6.6 percent price erosion). With occupancy down 8.9 points to 55.3 percent in the quarter, the Houston metro market is no longer enjoying temporary benefits of hurricanes and petrochemical refinery expansion. Metro room supply rose 2.2 percent (1,600 rooms), but is still slightly understated by temporarily closed rooms in Galveston and other coastal areas. In the year of 2008, Houston room revenues gained 13.3 percent because of an 8 percent increase in room rates and a 4.8 percent rise in room-nights sold from 2007. Occupancy rose 1.3 points to a 65.9 percent average.

Dallas Metropolitan Division room-nights-sold dropped an unsettling 11.5 percent in the Second quarter, causing revenues to decline 19.4 percent to $285 million. As net room supply increased by 2.5 percent (2,500 net rooms), average occupancy plunged 9 points, to 52.3 percent; this indicates little opportunity for new supply additions. In the year of 2008, Dallas room revenues gained just 2.8 percent because of a 1.8 percent increase in room rates and a 1 percent rise in room-nights sold from 2007; occupancy slipped 0.5 points to a 59.6 percent average

Ft. Worth-Arlington Metropolitan Division room-nights-sold fell 9.6 percent in the quarter, with revenues down 15.3 percent, to $146 million. Net room supply grew massively, by 9.3 percent (2,600 rooms) exacerbating an occupancy decline of 12 points, to 57.9 percent. In the year of 2008, Ft. Worth room revenues gained a strong 9.5 percent, room-nights increased 3.4 percent and occupancy eroded 1 point to a still-strong 65.9 percent average.

Austin-Round Rock room-nights-sold dropped 6.2 percent in the Second quarter even though the legislature was in session. Influenced by a 8.3 percent price decrease, revenues dropped 14 percent to $164 million. Net room supply rose 4.2 percent (1,100 net rooms). Occupancy consequently slid 6.9 points to 62.2 percent. For all of 2008, Austin metro occupancy dropped 2.4 points to a still-healthy 66.1 percent as room revenues gained 3 percent.

In the three 'Valley' Metros bordering Mexico, Second quarter room-nights sold dropped by 13.8 percent versus 2008, with revenues down 14.9% and occupancy down 6.9 points to 46.5 percent (Brownsville-Harlingen, Laredo and McAllen-Edinburg).

Second Quarter Occupancy

The latest quarter occupancy averaged 54.6 percent. This compares to 63.1 percent in the Second quarter of 2008 and to 63.0 percent 2007. In 2008, total year occupancy was 61.4 percent, about 2 percent above long term averages.

Chain occupancy was 56.8 percent in the Second quarter, down by 9.4 points from a year ago. Chains accounted for 83.2 percent of market revenues, the same as a year ago. Independents generated 47.6 percent occupancy, down by 6.3 points.

Twenty-six of the 27 areas of Texas showed decreased occupancy versus the Second quarter of 2008. Fourteen areas exceeded the state occupancy average.

Metro Area Performance

	Year of 2008			Second Quarter 2009		
Metro Area	Occ %	Pt. Chg	Rev % Chg	Occ %	Pt. Chg	Rev % Chg
Midland	66.9	-0.3	31.2%	62.7	-10.4	-11.4%
Austin-Round Rock	66.1	-2.4	3.0%	62.2	-6.9	-14.0%
Lubbock	62.3	3.3	11.2%	62.2	-2.3	0.2%
El Paso	67.8	0.8	5.4%	61.1	-8.6	-12.3%
San Angelo	63.2	2.7	17.4%	60.7	-6.8	-7.4%
College Station-Bryan	64.7	1.7	13.6%	59.5	-7.7	-3.9%
Amarillo	58.0	0.1	-0.4%	58.9	-2.9	-2.2%
Texarkana (Tx)	64.2	7.4	32.5%	58.5	-11.9	0.5%
Ft Worth-Arlington MD	65.9	-1.0	9.5%	57.9	-12.0	-15.3%
Beaumont-Pt Arthur	66.4	2.3	16.7%	56.2	-6.8	-6.9%
Houston-Baytown-Sugarland	65.9	1.3	13.3%	55.3	-8.9	-18.0%
Longview	64.7	1.2	11.7%	55.2	-11.5	-1.0%
Tyler	62.8	-0.1	16.0%	54.9	-12.4	-1.7%
Killeen-Temple-Ft Hood	56.7	0.5	22.5%	54.8	-6.4	-10.0%
State Average	**61.4**	**0.0**	**8.5%**	**54.6**	**-8.5**	**-15.5%**
Waco	60.1	-0.3	4.1%	53.8	-8.3	-6.7%
Wichita Falls	49.9	-0.8	8.6%	52.4	1.8	3.6%
Dallas MD	59.6	-0.5	2.8%	52.3	-9.0	-19.4%
San Antonio	60.4	-1.0	9.2%	52.3	-11.5	-18.8%
Non Metro	57.4	1.1	16.0%	52.1	-8.5	-12.1%
Odessa	76.4	4.8	38.6%	51.9	-26.6	-35.3%
Corpus Christi	47.9	-1.3	4.8%	50.7	-1.2	-0.8%
Sherman-Denison	54.3	1.5	1.6%	49.7	-9.5	-13.5%
Brownsville-Harlingen	47.3	-2.6	-10.7%	47.3	-4.3	-15.3%
Abilene	55.4	-3.4	8.8%	47.1	-12.2	-11.2%
McAllen-Edinburg-Pharr	58.0	-1.0	5.2%	46.7	-6.9	-8.9%
Laredo	55.9	-2.9	-0.6%	44.5	-12.5	-24.8%
Victoria	55.4	0.1	6.2%	40.3	-18.2	-24.0%

Checklist Item 17

SCHEDULE A COMPLETED AND SIGNED

Please see Schedule A following page 12 of the application.

Checklist Item 18

SCHEDULE B COMPLETED AND SIGNED

Please see Schedule B following page 12 of the application.

Checklist Item 19

SCHEDULE C COMPLETED AND SIGNED

Please see Schedule C following page 12 of the application.

Checklist Item 20

SCHEDULE D COMPLETED AND SIGNED

Please see Schedule D following page 12 of the application.

Checklist Item 21

ATTACHMENT

MAP OF REINVESTMENT ZONE

APPLICATION FOR CREATION OF A REINVESTMENT ZONE AND FOR A TAX ABATEMENT

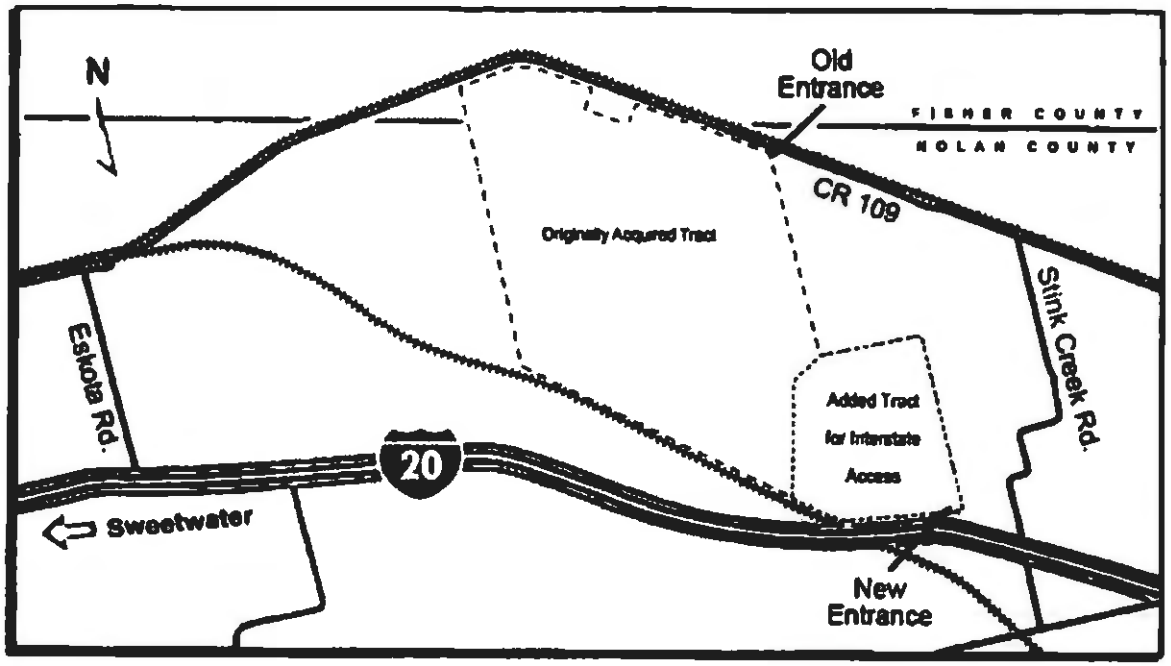
THE STATE OF TEXAS)
COUNTY OF NOLAN)

This Application for Creation of a Reinvestment Zone and for a Tax Abatement is filed by Tenaska Trailblazer Partners, LLC ("Tenaska"), pursuant to the County's Tax Abatement Guidelines and Criteria effective as of February 12, 2007.

Project Summary

The Tenaska Trailblazer Energy Center ("TTEC" or "Project") is an approximately 765 MW gross and 600 MW net electric generating station that will employ best available supercritical steam, pulverized coal technology. The Project will be unique, in that it will be designed to capture 85 to 90 percent of the carbon dioxide ("CO2") produced by combustion and deliver the CO2 via pipeline to Permian Basin oil fields for use in enhanced oil recovery ("EOR") and, ultimately, geologic storage. Tenaska has acquired 2,420 acres of sparse ranchland approximately nine miles east of Sweetwater for the Project site (the "Property"), as shown on the maps below and more particularly described in Exhibit A attached hereto and made a part hereof for all purposes.

Artist's Rendering of Plant Location



TRUE AND CORRECT COPY OF ORIGINAL FILED IN NOLAN COUNTY CLERK'S OFFICE

Tax Map Showing Project Location

The Project will create approximately 1,500 temporary construction jobs. During its 50-year operating life, it will employ approximately 100 skilled full-time employees. TXP, Inc. ("TXP"), a highly regarded Austin-based economic analysis firm, has estimated that during the construction period, the Project will inject almost $750 million into Nolan County and the West Texas region. Once the Project reaches commercial operation, TXP estimates it will add more than $300 million of economic activity annually into Nolan County and the West Texas region. In addition, it is estimated that the CO2 captured by the Project will allow more than $1 billion of additional oil to be extracted from the Permian Basin annually (based on $100/barrel oil). The TXP economic impact report is attached as Exhibit B.

Tenaska's estimate of the appraised value of the improvements to be constructed on the Property is still preliminary and could change based on several factors. The Project still is in its very early stages of development – the detailed engineering studies have not been done, and not all major equipment selections have yet been made. Another factor that must be considered is whether the Project's CO2 management equipment will qualify for exemption as pollution control equipment. Currently, CO2 is not a regulated pollutant and such equipment would not qualify for exemption. However, Tenaska believes it is likely that CO2 will be reclassified as a pollutant

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

prior to the time the Project comes on line. A final determination about whether CO2 is considered a pollutant by the U.S. Environmental Protection Agency, and a corresponding decision by the Texas Commission on Environmental Quality (TCEQ) about whether the Project's CO2 capture equipment therefore qualifies as pollution abatement equipment may be delayed due to current national economic conditions, or may simply not happen.

To account for these uncertainties, Tenaska is providing total appraised value estimates that both include and exclude the appraised value of the CO2 management equipment to be constructed on the property. Accordingly, the estimated appraised value of the improvements to be constructed on the Project site under the "Without CO2 Equipment Exemption" scenario in 2015 ("Year 1") is approximately **$2,168,937,320.** For the "With CO2 Equipment Exemption" scenario, the estimated appraised value of the improvements in Year 1 is **$1,458,761,700.**

Project Description

The TTEC will be an approximate 600 MW net output (with CO2 capture) unit firing southern Powder River Basin sub-bituminous coal. The Project will be designed for 85-90% CO2 capture (approximately 17,500 TPD or 300 MMcf/day).

The 2,420 acre Project site has direct access to Interstate 20 near the southeast corner and is bounded on the north by the Union Pacific Rail Road (UPRR) and on the south by the Burlington Northern Railway (BNSF). Loop tracks will be installed to sufficiently accommodate a 150-rail car (plus locomotives) loaded unit train positioned upstream of the coal unloader, and a 150-rail car empty unit train positioned downstream of the coal unloader, without interfering with either the UPRR or BNSF main lines. This dual rail site will enable the Project to take advantage of a competitive coal supply environment by utilizing both UPRR and BNSF to transport coal to the Project site.

The boiler will be a pulverized coal (PC) fired boiler of balanced-draft combustion design. Steam generated by the boiler will be supplied to the steam turbine to complete the power generation cycle. Preliminary design is based on a supercritical steam cycle (nominal 3,900 psig/1,085°F/1,105°F) with eight stages of feedwater heating. The steam turbine exhaust will be condensed using an air-cooled condenser.

Coal will be delivered to the Project by rail. The coal handling system includes a receiving area, conveyors, active and inactive storage, a reclaim system, a crusher house, and a tripper room. Various dust control measures such as passive bin vent filters, active fabric filters (i.e., baghouses), and wet suppression are used to control PM/PM10 emissions.

The Project will be designed to comply with applicable environmental regulations. The Project will utilize best available control technology (BACT) to limit emissions and will include flue gas cleaning to reduce air pollutants, including sulfur dioxide, nitrogen oxide, mercury and particulate matter created during combustion. Use of low NOx burners and over fire air will control NOx at the boiler outlet. The preliminary design for air quality control includes SCR system for NOx control, wet SO2 scrubbers for SO2 control and a fabric filter baghouse for particulate control. Activated carbon or other sorbent injection will be used to control mercury.

A CO2 recovery system will capture 85% - 90% of the CO2 from the boiler's flue gas.Post combustion CO2 capture first involves pre-treating the flue gas to remove a number of impurities. The flue gas is then sufficiently cooled in a flue gas water cooler prior to entering the

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

CO2 absorber column. Once inside the CO2 absorber, the flue gas comes into contact with a solvent, which is distributed over structured packing, and is absorbed into the solvent and collected at the bottom of the absorber. The flue gas then passes a washing section at the top of the absorber column before exiting the absorber into the atmosphere. The CO2 'rich' solvent, collected from the bottom of the CO2 absorber column, is then directed to the Solvent Regeneration column (or stripper) where low pressure steam introduced from a reboiler separates the CO2 from the solvent. This solvent is then directed back to the absorber column and the process repeats itself in a closed loop. The high purity CO2 is then directed to a compression and dehydration facility before being delivered to a transportation pipeline where it is moved to the Permian Basin for use in EOR.

Energy from the Project will be dispatched per the applicable purchased power agreement(s). The Project is expected to be operated at or near base load with minimal turndown at night and on weekends. Daily on/off cycling of the Project is not anticipated. The Project is anticipated to be operated on a three shift basis with all routine start-up and shutdown operations being executed from a central control room via a distributed control system (DCS). Annual plant capacity factor is expected to range from 85% to 90% but may vary from this range. The estimated annual unit equivalent availability factor (EAF) for the Project averaged over the first 30 years of operation is 90%. The Project will be equipped with automatic controls of both frequency and voltage response and equipped to respond to signals for raising and lowering generation from automatic generation control and communication equipment.

Request for Reinvestment Zone and for Tax Abatement

Tenaska is asking the Commissioners Court to create a Nolan County Clean Coal Reinvestment Zone for the Property as described in Exhibit A. As mentioned above, Tenaska estimates the appraised value of the improvements to be operating in the new reinvestment zone in Year 1 is between **$1,458,761,700** and **$2,168,937,320**, depending on whether or not CO2 management equipment is included in the appraised value. Tenaska anticipates construction of the Project could begin as early as 2010, with completion in mid to late 2014.

Tenaska also requests a tax abatement from Nolan County and the Nolan County Farm to Market Road District on the Property described in Exhibit A at a rate of seventy-five percent (75%) for 10 years, commencing on January 1 of the next tax year after the date that the improvements are substantially completed on the Property. Under the current schedule for the Project, the abatement would commence in January 2015 and run through December 2024.

Tenaska estimates its request for a 75% abatement for 10 years would result in an abatement of approximately 18.4% of the property taxes that the Project would otherwise pay over its useful life. During the past decade, Tenaska has requested and received a 75% for 10 years county property tax abatement for three other Texas energy projects located in Grimes, Rusk and Johnson Counties. Most recently, McLennan County granted a property tax abatement to LS Power for its Sandy Creek Energy Center, a conventional coal-fueled project being constructed near Riesel, Texas. Although the Sandy Creek plant does not include the groundbreaking carbon capture equipment featured at the TTEC, it is the closest recent comparison available. The abatement granted for that project starts at 98% in the first year and decreases 5% per year over the 10-year term of the abatement.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

Tenaska appreciates the County's consideration of our request. Enclosed herewith is the application fee of $1,000, made payable to Nolan County.

Respectfully submitted,

Tenaska Trailblazer Partners, LLC

By: Helen Manroe
Name: Helen Manroe
Title: Manager, Business Development

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

Exhibit A
Legal Description of Reinvestment Zone

Three adjacent tracts, as described below:

Tract 1
All that certain lot, tract, or parcel of land being a part of Section 74, Block 20, T. & P. RR COMPANY SURVEY, SECTION 291, HENRY STOCKMAN SURVEY, SECTION 292, PRESLEY GOSSETT SURVEY and SECTION 293 of the W.E. VAUGHN SURVEY, Nolan and Fisher Counties Texas, and being further described by metes and bounds as follows:

BEGINNING at the intersection of the west line of SECTION 293, W.E. VAUGHN SURVEY with the south right of way line of original T. & P. Railroad right of way for the most esterly northwest and BEGINNING corner of this tract:

THENCE North 70°31' East, 1485.0 feet, along said south railroad right of way to the beginning of a curve to the right;

THENCE along the curve to the right, whose radius is 1809.9 feet, a distance of 1263.0 feet to the end of the said curve;

THENCE South 69°30' East at 460.4 feet past a 3/8 inch iron rod set for the most westerly northwest corner of the town site of Eskota, a total distance 1639.5 feet to a point in a fence line for a corner of this tract;

THENCE South 19°44' West, along a fence line, 920.8 feet to a fence corner;

THENCE South 67°49' East, along a fence line, 1028.6 feet to a point in the most westerly east line of the town site of Eskota;

THENCE North 20°30' East, along said westerly east line of said town site, 30.9 feet to an ell corner in said town site;

THENCE South 69°30' East, along a southerly boundary of the town site of Eskota, 300 feet to an 3/8 inch iron rod set for the most easterly southeast corner in said town site;

THENCE North 20°30' East, along the easterly east line of said town site, 919.9 feet to a 3/8 inch iron rod, set in the south right of way line of the original T. & P. Railroad;

THENCE South 69°30' East, along the southwest right of way line of said railroad, 4302.6 feet to a railroad spike set for a corner of a 710.61 acre tract of land previously conveyed;

THENCE South 10°24' West, along a westerly line of said 710.61 acre tract, 61.2 feet to a 3/8 inch iron rod set for a corner of said tract;

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

THENCE North 69°30' West, along a northerly line of said 710.61 acre tract, 652.3 feet to a 3/8 inch iron rod set in a fence line for the most westerly northwest corner of said 710.61 acre tract:

THENCE South 14°19' East, along the west line of said 710.61 acre tract, 671.8 feet to a 3/8 inch iron rod set at the base of a fence corner post for the southwest corner of said 710.61 acre tract and at angle corner of a 501.05 acre tract previously conveyed;

THENCE South 58°01' West, along a fence line and a northeasterly line of said 501.5 acre tract, 966.0 feet to a fence corner post, the most westerly northwest corner of said 501.05 acre tract;

THENCE South 02°36' East, along a fence line and the west line of said 501.05 acre tract, 349.8 feet to its most westerly southwest corner, a fence corner post and the most easterly southeast corner of this tract;

THENCE North 64°22' West, along the northerly right of way line of the A.T. & S.F. Railroad, 435.0 feet to a 3/8 inch iron rod;

THENCE South 25°40' West, along said railroad right of way, 50.0 feet to a 3/8 inch iron rod;

THENCE North 64°20' West, along said railroad right of way, 7062.7 feet to a 3/8 inch iron rod;

THENCE along said railroad right of way being a curve to the left whose radius is 5803.5 feet, 237.9 feet to a 3/8 inch iron rod;

THENCE North 23°19' East, 25.0 feet to a 3/8 inch iron rod;

THENCE along a curve to the left whose radius is 5828.5 feet, a distance of 522.3 feet to the end of said curve;

THENCE North 71°45' West, along said railroad right of way, 207.9 feet to a fence corner post for the most westerly southwest corner of this tract;

THENCE North 13°45' West, along a fence line, 9096.8 feet to the BEGINNING corner of this tract and containing 1918.82 acres of land of which 33.82 acres lie within the town site of Eskota, but is under this ranch fence.

Tract 2

All that certain lot, tract or parcel of land being a part of section 291, HENRY STOCKMAN SURVEY and Section 292, PRESLEY GOSSETT SURVEY, Nolan County, Texas and being further described by metes and bounds as follows:

BEGINNING at a 1/2" iron pin with RPLS6013TX cap set for the southeast corner of this tract, said point also being on the north right of way line of Interstate Highway No. 20;

THENCE along said north right of way line the following five (5) courses:

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

1. THENCE South 76°57'00" West a distance of 147.80 feet to a 1/2" iron pin found for corner and a point on a curve:
2. THENCE westerly along a non tangent curve to the left having a radius of 2,994.40 feet (said curve subtended by a chord which bears North 88°03'26" West a distance of 655.09 feet) an arc distance of 656.40 feet to a point from which a concrete highway right of way marker bears South 00°53'43" East a distance of 0.9 feet;
3. THENCE South 85°39'00" West a distance of 571.70 feet to a concrete highway right of way market;
4. THENCE North 87°35'oo" West a distance of 454.60 feet to a concrete highway right of way marker;
5. THENCE South 85°39'00" West a distance of 904.10 feet to a 3/8" iron pin for the point of intersection of the northeasterly right of way line of the A.T.&S.F. Railroad with the north right of way line of said Interstate Highway No. 20 from which a concrete highway right of way marker bears South 87°58'58" East a distance of 1.17 feet;

THENCE along the northeasterly right of way line of said railroad the following three (3) courses:

1. THENCE North 64°17'15" West a distance of 599.14 feet to a 1/2" iron pin with RPLS6013TX cap set for corner;
2. THENCE North 25°40'00" East a distance of 50.00 feet to a 1/2" iron pin with RPLS6013 TX cap set for corner;
3. THENCE North 64°20'00" West a distance of 1,863.60 feet to a corner fence post for the southwest corner of this tract;

THENCE North 02°36'00" West along said fence, a distance of 3,491.80 feet to a corner fence post for the northwest corner of this tract;

THENCE North 58°01'00" East a distance of 968.00 feet to a 3/8" iron pin found for corner;

THENCE North 76°49'28" East a distance of 2,974.36 feet to a corner fence post for the northeast corner of this tract;

THENCE South 13°12'00" East a distance of 5,840.20 to the POINT OF BEGINNING.

Said described tract of land contains an area of 21, 829,966 square feet of 502.1451 acres, more or less.

Tract 3

All that certain lot, tract or parcel of land being a part of Section 291, HENRY STOCKMAN SURVEY, Nolan County, Texas and being further described by metes and bounds as follows:

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

BEGINNING at a 5/8" iron rod found at the intersection of the north right of way line of Interstate Highway No. 20 and the southerly right of way line of the A.T.&S.F. Railroad, said point being the east corner of this tract:

THENCE along said north right of way line the following four (4) courses:

1. THENCE South 85°39'00" West a distance of 77.00 feet to a point on a curve;
2. THENCE westerly along a non tangent curve to the right having a radius of 3,638.90 feet (said curve subtended by a chord which bears South 89°11'42" West a distance of 447.38 feet) an arc distance of 447.66 feet to a point from which a concrete highway right of way marker bears South 72°11'00" East a distance of 0.7 feet:
3. THENCE North 66°36'00" West a distance of 410.20 feet to a concrete highway right of way marker;
4. THENCE South 69°57'00" West a distance of 97.40 feet to a 5/8" iron pin found for the southwest corner of this tract;

THENCE North 26°03'00" East a distance of 273.90 feet to a point on the southerly right of way line of the A.T.&S.F. Railroad and a 1/2" inch iron pin with RPLS6013TX cap set for corner:

THENCE along the southerly right of way line of said railroad the following three (3) courses:

1. THENCE South 64°20'00" East a distance of 605.20 feet to a railroad spike found for corner;
2. THENCE North 25°40'00" East a distance of 50.00 feet to a 3/8" iron pin found for corner;
3. THENCE South 64°20'00" East a distance of 338.00 feet to the POINT OF BEGINNING.

Said described tract of land contains an area of 148,600 square feet or 3.4114 acres, more or less.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

Checklist Item 22

ATTACHMENT

ORDER ESTABLISHING REINVESTMENT ZONE

BE IT REMEMBERED THAT ON THE 26th day of January 26, 2009, the Nolan County Commissioner's Court met in Regular Session.

Comm. Terry Willman, Pct. #1 | Comm. Terry Locklar, Pct. #2
Comm. Tommy White, Pct. #3 | Comm. Tony Lara, Pct. #4

With Pat McGowan, County Clerk, and Judge Tim Fambrough presiding, to wit:

1. **APPROVE MINUTES OF JANUARY 12, 2009 MEETING:**
Comm. Locklar made a motion to approve minutes of January 12, 2009. Comm. White seconded and the motion carried.

2. **DISCUSS AND CONSIDER APPROVAL OF VITAL CHEK CREDIT CARD SERVICES FOR NOLAN COUNTY:**
Comm. White made a motion to approve an agreement with Vital Chek Credit Card services for Nolan County. Comm. Lara seconded and the motion carried.

3. **CONSIDER APPROVAL OF A REQUEST FROM KEVIN SAGER, PRESIDENT OF THE SWEETWATER JAYCEES:**
Comm. White made a motion to approve a request from the Sweetwater Jaycees to allow them to use the property west of the SHS baseball field to host the Matt Armstrong Carnival from March 12 through March 15, 2009. Comm. Locklar seconded and the motion carried.

4. **CONSIDER APPROVAL OF "CODE OF CONDUCT" GUIDELINES FOR PUBLIC HEARINGS:**
Comm. Locklar made a motion approve Code of Conduct guidelines for public hearings in Nolan County. Comm. Willman seconded and the motion carried.

5. **10:30 A.M. LORI HERRICK WITH DAVIS, KINARD & COMPANY WILL PRESENT AUDIT FOR 10/2007 THROUGH 09/30/2008:**
Lori Herrick with Davis, Kinard & Company stated Nolan County had a clean audit for fiscal year October 1, 2007 through September 30, 2008.

   Comm. White made a motion to accept the Audit report for fiscal year October 1, 2007 through September 30, 2008. Comm. Willman seconded and the motion carried.

6. **RECEIVE REPORTS FROM DEPARTMENT HEADS:**
Comm. White made a motion to receive reports from Sweetwater Nolan County Assistance Association, County Tax office and Government Trapper. Comm. Locklar seconded and the motion carried.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

7. **PAY CLAIMS & LINE ITEM ADJUSTMENTS, AS REQUESTED BY THE COUNTY AUDITOR:**
Comm. Lara made a motion to pay claims #126-208. Comm. Locklar seconded and the motion carried. County Judge Tim Fambrough stated the court would recess until 1:30 p.m.

RECONVENE FOR PUBLIC HEARING AT 1:30 P.M.
At 1:30 p.m., County Judge Tim Fambrough opened up a public hearing to discuss a proposed 75% Tax Abatement and consider a Reinvestment Zone for Tenaska Trailblazer Energy Center in Nolan County.

There were a number of citizens in attendance for the public hearing. Forty-four citizens spoke for or against the proposal.

8. **PRESENTATION BY TENASKA TRAILBLAZER CENTER:**

9. **CLOSE PUBLIC HEARING:**
County Judge Tim Fambrough closed the public hearing.

10. **RE-OPEN COMMISSIONERS COURT FOR REGULAR BUSINESS:**
County Judge Tim Fambrough re-opened Commissioner's Court to discuss regular business

11. **CONSIDER APPROVAL OF A REINVESTMENT ZONE FOR TENASKA TRAILBLAZER ENERGY CENTER:**
Comm. Lara made a motion to approve a Re-investment Zone for Tenaska Trailblazer Energy Center. Comm. Locklar seconded and the motion carried.

12. **CONSIDER APPROVAL OF A TAX ABATEMENT FOR TENASKA TRAILBLAZER ENERGY CENTER:**
Comm. Locklar made a motion approve a 10 year, 75% Tax Abatement for Tenaska Trailblazer Energy Center. Comm. Willman seconded and the motion carried.

13. **ADJOURN:**
Comm. Locklar made a motion to adjourn. Comm. Willman seconded and the motion carried

Judge Tim Fambrough

Comm. Terry Willman

Comm. Terry Locklar

Comm. Tommy White

Comm. Tony Lara

TRUE AND CORRECT COPY OF ORIGINAL FILED IN NOLAN COUNTY CLERK'S OFFICE

Checklist Item 23

ATTACHMENT

LEGAL DESCRIPTION OF REINVESTMENT ZONE

TAX ABATEMENT AGREEMENT

THE STATE OF TEXAS

KNOW ALL MEN BY THESE PRESENTS:

COUNTY OF NOLAN

THIS TAX ABATEMENT AGREEMENT ("Agreement") is made and entered into by and between NOLAN COUNTY, TEXAS and NOLAN COUNTY FARM TO MARKET ROAD DISTRICT (collectively the "County") and TENASKA TRAILBLAZER PARTNERS, LLC., its successors or assigns ("TENASKA") the owner of taxable real property, and the improvements to be constructed thereon, within a reinvestment zone ("Nolan County Trailblazer Energy Center Reinvestment Zone") designated under Chapter 312, Texas Tax Code.

WHEREAS, Tenaska desires to construct an electric generating station in Nolan County, Texas, that will employ supercritical steam, pulverized coal technology (hereinafter referred to as the "Project"); and

WHEREAS, the Project will be unique in that it will capture up to 90% of the carbon dioxide ("CO2") produced by the combustion; and

WHEREAS, the Project will substantially add to the tax base and improve economic development in the County; and

WHEREAS, the Commissioners Court determines this Agreement complies with Nolan County's Tax Abatement Guidelines and Criteria and Chapter 312 of the Texas Tax Code.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, Tenaska, and County hereby agree as follows:

1. Authorization. This Agreement is authorized and governed by the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, as amended and the Nolan County Tax Abatement Guidelines and Criteria as originally adopted by the Commissioners Court of Nolan County on March 24, 2003 and readopted effective February 12, 2007 (the "Guidelines and Criteria"). The Commissioner's Court of Nolan County has determined the terms of this Agreement and the property subject to this Agreement meet these Guidelines and Criteria adopted by the County.

2. Defined Terms. As used in this Agreement, the following terms shall have the meanings set forth below:

   a. "Certified Appraised Value" shall mean the appraised value of the Property and existing improvements as certified by the Nolan

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

County Central Appraisal District ("Appraisal District") for each taxable year.

b. "Nolan County Trailblazer Energy Center Reinvestment Zone" shall mean that certain area designated by the Commissioners Court as qualifying for tax abatement pursuant to the Guidelines and Criteria.

c. "Improvements" shall mean the buildings and structures (or additions, upgrades, or portions thereof), other improvements and machinery and equipment, including, but not limited to, fixed machinery, equipment and process units consisting of coal unloading equipment; coal handling system; loop rail tracks; water and waste water treatment facilities; on-site solid waste and byproduct storage facilities; a pulverized coal fired boiler; a steam turbine; cooling systems including surface condensers, air cooled condensers, fin fan coolers, pumps, piping, and tanks; flue gas cleaning systems; related filter and emissions control equipment, including but not limited to, those needed to limit sulfur dioxide, nitrogen oxide, mercury and particulate matter; CO2 recovery systems including CO2 compression and dehydration; pipelines of all services; fire protection equipment, piping and auxiliaries; one or more electrical substations, electric transmission facilities; all transformers; appurtenant electric equipment; power, control and communication cable; data collection facilities; plant control systems; and all related improvements within the reinvestment zone directly associated with the operation of the Trailblazer Energy Center as more fully described in the abatement application submitted to the County dated November 24, 2008. The Improvements are the foregoing that are installed, added, upgraded, or used by Tenaska on the Property after the Effective Date of this Agreement (hereafter defined). Without limitation of the foregoing, "Improvements" include all real and tangible personal property located within the Nolan County Trailblazer Energy Center Reinvestment Zone that may be the subject of a tax abatement agreement pursuant to the Property Redevelopment and Tax Abatement Act, Chapter 312, Texas Tax Code, as amended, and the Nolan County Guidelines and Criteria.

d. "Property" shall mean the tract of land more particularly described in "A" attached hereto and incorporated herein for all purposes, and all improvements and tangible personal property currently located thereon, which tract of land is located within the Nolan County Trailblazer Energy Center Reinvestment Zone.

e. "Commissioners Court" shall mean the governing body of Nolan County, Texas.

3. Administration of Agreement. This Agreement shall be administered by the County Judge of Nolan County, Texas.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

4. Term. The tax abatement in section 7 and the obligations of the parties related to that tax abatement in section 9 shall be applicable only during the period ("Tax Abatement Period") commencing on January 1 of the next tax year after the date the Improvements are substantially completed (as conclusively established by Tenaska's delivery of a written notice to said effect to the County) and continuing through the year that is ten successive tax years thereafter, unless terminated earlier, as provided elsewhere herein. A change in the provisions of Chapter 312, Texas Tax Code that relates to the commencement date, ending date or period of a tax abatement agreement under that chapter, and that becomes effective subsequent to the Effective Date of this Agreement shall not apply to this Agreement except to the extent that it is necessary to validate or implement this provision.

5. Construction of the Improvements. Tenaska anticipates it will commence construction of the Project during calendar year 2010 and anticipates that it will complete construction during calendar year 2014 or 2015. The Project, the jobs anticipated to be created, its economic impact, and its output are all more fully described in the Application for Creation of a Reinvestment Zone and for a Tax Abatement submitted by Tenaska ("Application"), which are made a part of this Agreement for descriptive purposes only as appropriate. Each party understands and acknowledges that: (i) Tenaska is in the process of completing its evaluation of the Property and various technologies, and has not made a final decision to construct the Project at the time of executing this Agreement and (ii) circumstances may influence the timing of the commencement and completion of the Project.

6. Local Goods and Services.

   a. Tenaska agrees it will use reasonable commercial efforts to maximize use of Nolan County businesses in the construction, operation and maintenance of the Improvements and the Project; provided, however that Tenaska will not be required to use goods and services provided by Nolan County residents that are not (i) of similar quality to those provided by nonresidents that Tenaska would otherwise use or (ii) made available on terms and conditions (including price and bonding capacity) comparable to those offered by nonresidents that Tenaska would otherwise use. Comparable price shall be defined as less than or equal to 105% of the nonresident price for goods and services of equivalent quality, conditions, and terms, including reasonable bonding capacity and / or insurance.

   b. Tenaska will cause its construction contractor to designate a coordinator of local services who will act as a liaison between any

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

individuals, businesses and contractors residing or doing business in Nolan County who are interested in obtaining information regarding the Project. Additionally, Tenaska will cause its construction contractor to advertise in The Roscoe Times and Sweetwater Reporter for local contractors to perform work on the construction of the Project.

7. Tax Abatement.

a. Provided the Improvements are substantially completed in the calendar year 2015, there shall be granted and allowed hereunder to Tenaska a property tax abatement at a rate on the following schedule:

Year	Abatement
2016	75%
2017	75%
2018	75%
2019	75%
2020	75%
2021	75%
2022	75%
2023	75%
2024	75%
2025	75%

If the Improvements are substantially completed in some other calendar year, the schedule shall be adjusted accordingly to reflect the correct Tax Abatement Period. Substantial completion shall be conclusively established by Tenaska's delivery of a written notice to said effect to the County. The abatement shall be of the value of the Improvements constructed, expanded, or acquired hereunder on the Property; provided, however, such abatement shall not apply to the Improvements to the extent of the Certified Appraised Value of the Property for the year in which the Agreement was executed. The property tax abatement granted and allowed hereunder shall extend only to all real and personal property *ad valorem* taxes assessable on the Improvements, as constructed, expanded or acquired.

b. It is specifically understood and agreed that the abatement granted herein is nonexclusive and does not prevent the County from dealing with any other or subsequent owner or owners of the Project.

c. Tenaska agrees that the Improvements described in paragraph 2(c), once constucted, shall remain in place and operational to the extent commercially reasonable until at least twenty (20) years after the

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

date that the statement of substantial completion is provided by Tenaska.

8. Representations.

a. Tenaska represents that (i) Tenaska will have a taxable interest in the Improvements to be placed on the Property; (ii) construction of the proposed Improvements will be performed by Tenaska and/or Tenaska contractors and/or subcontractors; (iii) Tenaska's use of the Improvements and the Property within the Nolan County Trailblazer Energy Center Reinvestment Zone will be consistent with the general purpose of encouraging development or redevelopment of the area during the term of this Agreement; and (iv) all representations made by Tenaska in the Application are true and correct to the best of Tenaska's knowledge and belief.

b. The County represents that (1) the Nolan County Trailblazer Energy Center Reinvestment Zone has been created in accordance with Chapter 312 of the Texas Tax Code and the Guidelines and Criteria, as both exist on the Effective Date of this Agreement; (2) the Property is located in the Nolan County Trailblazer Energy Center Reinvestment Zone; (3) The Commissioners Court of Nolan County shall not cause a rollback of taxes unless as a necessary response to an unfunded or underfunded mandate of an agency of the State of Texas or the government of the United States.

9. Administrative.

a. Access to and Inspection of Property by County Employees. Tenaska shall allow the County's employees and/or designated representatives of the County access to the Improvements erected to ensure that such Improvements are completed and maintained in accordance with the terms of this Agreement and to ensure that all terms and conditions of the Agreement are being met. All such inspections shall be made only after giving Tenaska twenty-four (24) hours advance notice and shall be conducted in such a manner as to not unreasonably interfere with the construction and /or operation of the Improvements. All such inspections shall be made with one (1) or more representatives of Tenaska and in accordance with all applicable safety standards. Upon completion of construction, the designated representative of the County shall annually evaluate the Project to ensure compliance with the Agreement, and a formal report shall be made to Commissioners Court.

b. On May 1st of each year for which a tax abatement is granted pursuant to this Agreement, Tenaska shall certify to the County, and to the governing body of each taxing unit, that Tenaska is in compliance with each applicable term of this Agreement.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

c. The Chief Appraiser of the Nolan County Appraisal District annually shall determine (i) the Certified Appraised Value of the Property and the Improvements and (ii) the taxable value, pursuant to the terms of abatement under this Agreement, of the Property and Improvements. The Chief Appraiser shall record both the abated taxable value and the Certified Appraisal Value in the appraisal records. The Certified Appraised Value listed in the appraisal records shall be used to compute the amount of abated taxes that are required to be recaptured and paid in the event this Agreement is terminated in a manner that results in recapture. During the term of this Agreement, each year, Tenaska shall furnish the Chief Appraiser with such information outlined in Chapter 22, TEXAS TAX CODE, as may be necessary for the administration of the abatement specified herein.

10. Default.

a. The County may declare a default hereunder if Tenaska (1) fails, refuses, or neglects to comply with any of the terms, conditions, or representations of this Agreement and fails to cure during the cure period; or (2) allows ad valorem taxes owed to the County or any taxing jurisdiction in Nolan County to become delinquent and fails either to cure during the cure period or to timely and properly follow the legal procedures for their protest or contest.

b. If the County declares a default of this Agreement, this Agreement shall terminate (after notice and opportunity to cure as provided for herein), and the County in such event, shall be entitled to recapture any and all property taxes which have been abated as a result of this Agreement. The County shall notify Tenaska of any default in writing in the manner prescribed herein. The notice shall specify the basis for the declaration of default, and Tenaska shall have sixty (60) days from the date of such notice to cure any default; provided, however, where fulfillment of any obligation requires more than sixty (60) days, performance shall be commenced within sixty (60) days after the receipt of notice, and such performance shall be diligently continued until the default is cured; provided, however, that if such default is not cured within one hundred and fifty (150) days from the date of notice of default from the County, the failure to cure such default shall constitute a default hereunder. If the default cannot be cured, or if Tenaska fails to cure within the period herein specified, Tenaska shall be liable for and will pay to the County within sixty (60) days following the termination of this Agreement (1) the amount of all property taxes abated under this Agreement, (2) interest on the abated amount at the rate provided for in the TEXAS TAX CODE for delinquent taxes, and (3) penalties on the amount abated in the year of default at the rate provided for in the TEXAS TAX CODE for delinquent taxes.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

c. Notwithstanding any other provision contained herein to the contrary, in the event of termination of this Agreement due to default, the County shall be entitled to recapture all property tax revenue lost as a result of this agreement

11. Changes in Tax Laws. The tax abatement provided in this Agreement is conditioned upon and subject to any changes in the state tax laws during the term of this Agreement, except to the extent that any such changes are made applicable by their own terms only to agreements that are entered into after the date on which any such changes become effective under State law.

12. Compliance with State and Local Regulations. Nothing in this Agreement shall be construed to alter or affect (i) the obligations of Tenaska to comply with any ordinance, rule or regulation of the County or laws of the State of Texas or (ii) the rights of Tenaska under applicable ordinances, rules, regulations of the County or laws of the State of Texas.

13. Assignment of Agreement. This Agreement may not be assigned by Tenaska without the approval of the County by resolution or order of Commissioners Court, except that Tenaska may assign any or all of its rights and responsibilities hereunder without the County's consent to any affiliate, subsidiary, or any other entity acquiring all or any part of the Project (collectively, "Permitted Assignee") which acquires all or any portion of Tenaska's interest in the Improvements, the Property or the Project; provided however that Tenaska shall give written notice of any such assignment to the County, whereupon the County shall cause any property taxes applicable to the interest in the Improvements acquired by the Permitted Assignee to be assigned separately to the Permitted Assignee. Any assignment, including without limitation an assignment to a Permitted Assignee, shall require that all conditions and obligations in the Agreement applying to the interest acquired by the Permitted Assignee shall be assumed by the Permitted Assignee, and upon such assumption, Tenaska (or any affiliate, subsidiary, or Permitted Assignee other than such assignee) shall have no further rights, duties or obligations under the Agreement to the extent such rights, duties or obligations apply to the interest acquired by the Permitted Assignee. No assignment shall be approved if (a) the County has declared a default hereunder that has not been cured, or (b) the Permitted Assignee is delinquent in the payment of ad valorem taxes owed to the County or any other taxing jurisdiction in Nolan County. Approval by the County shall not be unreasonably withheld. The parties hereto agree that a transfer of all or a portion of stock or other ownership interest in Tenaska to a third party shall not be considered an assignment under the terms of this Agreement. Notwithstanding anything to the contrary stated herein, a collateral assignment of the Improvements and/or Tenaska's interest in the Property (including its rights pursuant to this Agreement) to any lender or lenders

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

(collectively "Lender") shall be permitted without the consent of the County. Lender includes entities making loans or providing financial products or services in connection with the Project or any part thereof.

14. Notice. All notices shall be in writing. If mailed, any notice or communication shall be deemed to be received three (3) days after the date of deposit in the United States mail, first-class, postage prepaid. Unless otherwise provided in this Agreement, all notices shall be delivered to the following addresses:

To Tenaska:	Tenaska Trailblazer Partners, LLC c/o Tenaska, Inc. Attn: David Johnson 1044 N. 115th St. Suite 400 Omaha, NE 68154-4446
To County:	County Judge Nolan County, Texas Nolan County Courthouse 103 E. Third Sweetwater, Texas 79556
To Farm-to-Market Road District:	County Judge Nolan County, Texas Nolan County Courthouse 103 E. Third Sweetwater, Texas 79556

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

15. Entire Agreement. This Agreement and the Exhibit attached hereto contains the entire and integrated tax abatement agreement between the parties and supersedes all other negotiations and agreements between the parties relating to the grant of tax abatement for the Improvements located on the Property, whether written or oral. In the event that there is a conflict between any of the Exhibits to the Agreement or the Guidelines and Criteria and this Agreement, the provisions of this Agreement shall control over the provisions in the Exhibit or the Guidelines and Criteria.

16. Road Maintenance. During construction of the Improvements, Tenaska shall use commercially reasonable efforts to minimize the disruption to public roads caused by the construction process and to promptly repair as required by the maintaining entity, any damages caused to public roads by Tenaska or its construction contractor during the construction process. Should any public road, whether maintained by the State of Texas, Nolan

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

County or other entity, become impassable or hazardous as a result of the construction process, Tenaska shall immediately notify the appropriate authority and shall take steps to safeguard the motoring public. It shall be Tenaska's responsibility to have access to an emergency phone number for those entities responsible for the roads at all times. After construction, Tenaska shall leave such County roads in a state of equal condition as they were prior to construction, excepting normal wear and tear.

17. Severability. If any term or provision of this Agreement, or the application thereof to any person or circumstance, shall to any extent be declared or held to be invalid or unenforceable by any court, governmental authority or agency having jurisdiction over the subject matter of this Agreement, the remaining terms of this Agreement and the application of such term or provision to any other person or circumstance shall not be affected by such declaration or holding and shall be valid and enforceable as allowed by law.

18. Governing Law. The terms and provisions of this Agreement shall be interpreted in accordance with the Laws of the State of Texas.

19. Headings. The section headings contained in this Agreement are for purposes of reference and convenience only and shall not limit or otherwise affect in any way the meaning of this Agreement.

20. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original and all of which, when taken together, shall constitute one original.

21. Confirmation. Promptly following Tenaska's request for same, the County shall execute a confirmation regarding this Agreement containing terms requested by a Lender, Permitted Assignee or any assignee of all or any part of the rights of Tenaska pursuant to this Agreement that is approved by the County (each a "Requesting Party") and reasonably approved by the County, including, but not limited to, provisions (i) confirming the terms and status of this Agreement and the performance of Tenaska and the County pursuant to this Agreement, and (ii) granting a Requesting Party the rights to notice and opportunity to cure as are set out in section 10 and other commercially reasonable rights relating to default by anyone other than the Requesting Party.

IN TESTIMONY OF WHICH THIS AGREEMENT has been executed by the parties as of the 26th day of January, 2009 (the "Effective Date").

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

Tenaska Trailblazer Partners, LLC

By: Tenaska Trailblazer I, LLC,
Its Managing Member

By: _____
Name: David G. Fiorelli
Title: Executive Vice President

NOLAN COUNTY, TEXAS and
NOLAN COUNTY FARM TO MARKET
ROAD DISTRICT

By: _____
Name: Tim Fambrough
Title: Nolan County Judge

ATTEST:
By: _____
Title: Nolan County Clerk

Date of Execution: January 26, 2009

4211159.5
13081.71643

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

EXHIBIT "A"

PROPERTY DESCRIPTION

Three adjacent tracts, as described below:

Tract 1

All that certain lot, tract, or parcel of land being a part of Section 74, Block 20, T. & P. RR COMPANY SURVEY, SECTION 291, HENRY STOCKMAN SURVEY, SECTION 292, PRESLEY GOSSETT SURVEY and SECTION 293 of the W.E. VAUGHN SURVEY, Nolan and Fisher Counties, Texas, and being further described by metes and bounds as follows:

BEGINNING at the intersection of the west line of SECTION 293, W.E. VAUGHN SURVEY with the south right of way line of the original T. & P. Railroad right of way for the most westerly northwest and BEGINNING corner of this tract:

THENCE North 70°31' East, 1485.0 feet, along said south railroad right of way to the beginning of a curve to the right;

THENCE along the curve to the right, whose radius is 1809.9 feet, a distance of 1263.0 feet to the end of said curve;

THENCE South 69°30' East, at 460.4 feet past a 3/8 inch iron rod set for the most westerly northwest corner of the town site of Eskota, a total distance of 1639.5 feet to a point in a fence line for a corner of this tract;

THENCE South 19°44' West, along a fence line, 920.8 feet to a fence corner;

THENCE South 67°49' East, along a fence line, 1028.6 feet to a point in the most westerly east line of the town site of Eskota;

THENCE North 20°30' East, along said westerly east line of said town site, 30.9 feet to an ell corner in said town site;

THENCE South 69°30' East along a southerly boundary of the town site of Eskota, 300 feet to an 3/8 inch iron rod set for the most easterly southeast corner in said town site;

THENCE North 20°30' East, along the easterly east line of said town site, 919.9 feet to a 3/8 inch iron rod, set in the south right of way line of the original T. & P. Railroad;

THENCE South 69°30' East, along the southwest right of way line of said railroad, 4302.6 feet to a railroad spike set for a corner of a 710.61 acre tract of land previously conveyed;

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

THENCE South 10°24' West, along a westerly line of said 710.61 acre tract, 61.2 feet to a 3/8 inch iron rod set for corner of said tract;

THENCE North 69°30' West, along a northerly line of said 710.61 acre tract, 652.3 feet to a 3/8 inch iron rod set in a fence line for the most westerly northwest corner of said 710.61 acre tract;

THENCE South 14°19' East, along the west line of said 710.61 acre tract, 671.8 feet to a 3/8 inch iron rod set at the base of a fence corner post for the southwest corner of said 710.61 acre tract and at angle corner of a 501.05 acre tract previously conveyed;

THENCE South 58°01' West, along a fence line and a northeasterly line of said 501.05 acre tract, 966.0 feet to a fence corner post, the most westerly northwest corner of said 501.05 acre tract;

THENCE South 02°36' East, along a fence line and the west line of said 501.05 acre tract, 349.8 feet to its most westerly southwest corner, a fence corner post and the most easterly southeast corner of this tract;

THENCE North 64°22' West, along the northerly right of way line of the A.T. & S.F. Railroad, 435.0 feet to a 3/8 inch iron rod;

THENCE South 25°40' West, along said railroad right of way, 50.0 feet to a 3/8 inch iron rod;

THENCE North 64°20' West, along said railroad right of way, 7062.7 feet to a 3/8 inch iron rod;

THENCE along said railroad right of way being a curve to the left whose radius is 5803.5 feet, 237.9 feet to a 3/8 inch iron rod;

THENCE North 23°19' East, 25.0 feet to a 3/8 inch iron rod;

THENCE along a curve to the left whose radius is 5828.5 feet, a distance of 522.3 feet to the end of said curve;

THENCE North 71°45' West, along said railroad right of way, 207.9 feet to a fence corner post for the most westerly southwest corner of this tract;

THENCE North 13°45' West, along a fence line, 9096.8 feet to the BEGINNING corner of this tract and containing 1918.82 acres of land of which 33.82 acres lie within the town site of Eskota, but is under this ranch fence.

SAVE AND EXCEPT any portion of the foregoing property situated in Fisher County, Texas.

4211159.5
13081.71643

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

Tract 2

All that certain lot, tract or parcel of land being a part of Section 291, HENRY STOCKMAN SURVEY and Section 292, PRESLEY GOSSETT SURVEY, Nolan County, Texas and being further described by metes and bounds as follows:

BEGINNING at a 1/2" iron pin with RPLS6013TX cap set for the southeast corner of this tract, said point also being on the north right of way line of Interstate Highway No. 20;

THENCE along said north right of way line the following five (5) courses:

1. THENCE South 76°57'00" West a distance of 147.80 feet to a 1/2" iron pin found for corner and a point on a curve;

2. THENCE westerly along a non tangent curve to the left having a radius of 2,994.40 feet (said curve subtended by a chord which bears North 88°03'26" West a distance of 655.09 feet) an arc distance of 656.40 feet to a point from which a concrete highway right of way marker bears South 00°53'43" East a distance of 0.9 feet;

3. THENCE South 85°39'00" West a distance of 571.70 feet to a concrete highway right of way marker;

4. THENCE North 87°35'00" West a distance of 424.60 feet to a concrete highway right of way marker;

5. THENCE South 85°39'00" West a distance of 904.10 feet to a 3/8" iron pin for the point of intersection of the northeasterly right of way line of the A.T.&S.F. Railroad with the north right of way line of said Interstate Highway No. 20 from which a concrete highway right of way marker bears South 87°58'58" East a distance of 1.17 feet;

THENCE along the northeasterly right of way line of said railroad the following three (3) courses:

1. THENCE North 64°17'15" West a distance of 599.14 feet to a 1/2" iron pin with RPLS6013TX cap set for corner;

2. THENCE North 25°40'00" East a distance of 50.00 feet to a 1/2" iron pin with RPLS6013TX cap set for corner;

3. THENCE North 64°20'00" West a distance of 1,863.60 feet to a corner fence post for the southwest corner of this tract;

THENCE North 02°36'00" West, along said fence, a distance of 3,491.80 feet to a corner fence post for the northwest corner of this tract;

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

THENCE North 58°01'00" East a distance of 968.00 feet to a 3/8" iron pin found for corner;

THENCE North 76°49'28" East a distance of 2,974.36 feet to a corner fence post for the northeast corner of this tract;

THENCE South 13°12'00" East a distance of 5,840.20 feet to the POINT OF BEGINNING.

Said described tract of land contains an area of 21,829,966 square feet or 501.1451 acres, more or less.

Tract 3

All that certain lot, tract or parcel of land being a part of Section 291, HENRY STOCKMAN SURVEY, Nolan County, Texas and being further described by metes and bounds as follows:

BEGINNING at a 5/8" iron rod found at the intersection of the north right of way line of Interstate Highway No. 20 and the southerly right of way line of the A.T.&S.F. Railroad, said point being the east corner of this tract;

THENCE along said north right of way line the following four (4) courses:

1. THENCE South 85°39'00" West a distance of 77.00 feet to a point on a curve;

2. THENCE westerly along a non tangent curve to the right having a radius of 3,638.90 feet (said curve subtended by a chord which bears South 89°11'42" West a distance of 447.38 feet) an arc distance of 447.66 feet to a point from which a concrete highway right of way marker bears South 72°11'00" East a distance of 0.7 feet;

3. THENCE North 66°36'00" West a distance of 410.20 feet to a concrete highway right of way marker;

4. THENCE South 69°57'00" West a distance of 97.40 feet to a 5/8" iron pin found for the southwest corner of this tract;

THENCE North 26°03'00" East a distance of 273.90 feet to a point on the southerly right of way line of the A.T.&S.F. Railroad and a 1/2" iron pin with RPLS6013TX cap set for corner;

THENCE along the southerly right of way line of said railroad the following three (3) courses:

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

1. THENCE South 64°20'00" East a distance of 605.20 feet to a railroad spike found for corner;

2. THENCE North 25°40'00" East a distance of 50.00 feet to a 3/8" iron pin found for corner;

3. THENCE South 64°20'00" East a distance of 338.00 feet to the POINT OF BEGINNING.

Said described tract of land contains an area of 148,600 square feet or 3.4114 acres, more or less.

TRUE AND CORRECT
COPY OF ORIGINAL
FILED IN NOLAN
COUNTY CLERK'S OFFICE

STATE OF TEXAS, COUNTY OF NOLAN
Certified to be a True and Correct copy of the original
in my custody, File # Commissioner Court minutes
216 of 216 Pages Certified
Given under my hand and seal of office
Dated 10-19 AD 2010
Pat McGowan
County Clerk, Nolan County Texas
By Pat McGowan
Clerk/Deputy

PAT MCGOWAN

4211159.5
13081.71643

Checklist Item 24

ATTACHMENT

GUIDELINES AND CRITERIA FOR REINVESTMENT ZONE

Nolan County
State of Texas

Tax Abatement Guidelines and Criteria

The purpose of this document is to establish guidelines, and a uniform policy of tax abatement for owners or lessees of eligible facilities willing to execute tax abatement contracts designed to provide long term significant positive economic impact to the community by utilizing the area contractors and work force to the maximum extent feasible, and by developing, redeveloping, and improving property. Except as otherwise provided, all contracts will be identical.

In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net economic benefit to Nolan County of at least $1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and /or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and
2. Must not be expected to solely or primarily have the effect of transferring employment from one part of Nolan County to another.

In addition to the criteria set forth above, the Nolan County Commissioners Court reserves the right to negotiate a tax abatement agreement in order to compete favorably with other communities.

Only that increase in the fair market value of the property directly resultant from the development, redevelopment, and improvement specified in the contract will be eligible for abatement and then only to the extent that such increase exceeds any reduction in the fair market value of the other property of the Applicant located within the jurisdiction creating the reinvestment zone.

All abatement contracts will be for a term no longer than allowed by law.

It is the goal of Nolan County to grant tax abatements on the same terms and conditions as the other taxing units having jurisdiction of the property. However, nothing herein shall limit the discretion of the Nolan County Commissioners Court to consider, adopt, modify or decline any tax abatement request.

This policy is effective as of February 12, 2007 and shall at all times be kept current with regard to the needs of Nolan County and reflective of the official views of the County Commissioners Court and shall be reviewed every two years.

The adoption of these guidelines and criteria by the Nolan County Commissioners Court does not:

1. Limit the discretion of the governing body to decide whether or not to enter into a specific tax abatement agreement;
2. 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;
3. 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;

Section 1
Definitions

A. "Abatement" means the full or partial exemption from ad valorem taxes of certain property in a reinvestment zone designated by Nolan County or the City of Sweetwater for economic development purposes.

B. "Agreement" means a contractual agreement between a property owner and / or Lessee and Nolan County.

C. "Base year value" means the assessed value on the eligible property as of January 1 preceding the execution of the agreement.

D. "Deferred maintenance" means improvements necessary for continued operation which do not improve productivity or alter the process technology.

E. "Eligible facilities" means new, expanded, or modernized buildings and structures, including fixed machinery and equipment, which is reasonably likely as a result of granting abatement to contribute to the retention or expansion of primary employment or to attract major investment in the reinvestment zone that would be a benefit to the property and that would contribute to the economic development of Nolan County, but does not include facilities which are intended to be primarily to provide goods or services to residents for existing businesses located in Nolan County, such as, but not limited to, restaurants and retail sales establishments, eligible facilities may include, but shall not be limited to hotels and office buildings.

F. "Expansion" means the addition of building structures, machinery, equipment, or payroll for purposes of increasing production capacity.

G. "Facility" means property improvement completed or in process of construction which together comprise an interregional whole.

H. "Modernization" means a complete or partial demolition of facilities and the complete or partial reconstruction or installation of a facility of similar or expanded production capacity. Modernization may result from the construction,

alteration, or installation of buildings, structures, machinery, or equipment, or both.

I. "New facility" means property previously undeveloped which is placed into service by means other than or in conjunction with expansion or modernization.

J. "Productive life" means the number of years a property improvement is expected to be in service in a facility.

Section 2
Abatement Authorized

A. Eligible facilities Upon application, eligible facilities shall be considered for tax abatement as hereinafter provided.

B. Creation of New Values Abatement may only be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Nolan County and the property owner of Lessee, subject to such limitations as Nolan County may require.

C. New and existing facilities Abatement may be granted for the additional value of eligible property improvements made subsequent to and specified in an abatement agreement between Nolan County and the property owner of Lessee, subject to such limitations as Nolan County may require.

D. Eligible property Abatement may be extended to the value of buildings, structures, fixed machinery and equipment, site improvements and related fixed improvements necessary to the operation and administration of the facility.

E. Ineligible Property The following types of property shall be fully taxable and ineligible for tax abatement: land, supplies, tools, furnishings, and other forms of movable personal property, housing, deferred maintenance, property to be rented or leased except as provided in Section 2 F, property which has a productive life of less than ten years.

F. Owned / leased facilities If a leased facility is granted abatement, the agreement shall be executed with the Lessor and the Lessee.

G. Economic Qualifications In order to be eligible for designation as a reinvestment zone and receive tax abatement, the planned improvement:

1. Must be reasonably expected to have an increase in positive net benefit to Nolan County of at least $1,000,000.00 over the life of the abatement, computed to include (but not limited to) new sustaining payroll and / or capital improvement. The creation of (number and type) new jobs will also factor into the decision to grant an abatement; and

2. Must not be expected to solely or primarily have the effect of transferring employment from Nolan County to another.

H. Standards for Tax Abatement The following factors, among other, shall be considered in determining whether to grant tax abatement:

1. Value of existing improvements, if any;
2. Type and value of proposed improvements;
3. Productive life of proposed improvements;
4. Number of existing jobs to be retained by proposed improvements;
5. Number and type of new jobs to be created by proposed improvements;
6. Amount of local payroll to be created;
7. Whether the new jobs to be created will be filled by persons residing or projected to reside within affected taxing jurisdiction;
8. Amount which property tax base valuation will be increased during term of abatement and after abatement, which shall include a definitive commitment that such valuation shall not, in any case, be less than $1,000,000.00
9. The costs to be incurred by Nolan County to provide facilities directly resulting from the new improvements;
10. The amount of ad valorem taxes to be paid to Nolan County during the abatement period considering:
    a. the existing values;
    b. the percentage of new value abated;
    c. the abatement period; and
    d. the value after expiration of the abatement period.
11. The population growth of Nolan County that occurs directly as a result of new improvements;
12. The types and values of public improvements, if any, to be made by Applicant seeking abatement;
13. Whether the proposed improvements compete with existing businesses to the detriment of the local economy;
14. The impact on the business opportunities of existing businesses;
15. The attraction of other new businesses to the area;
16. The overall compatibility with the zoning ordinances and comprehensive plan for the area;
17. Whether the project obtains all necessary permits from the applicable environmental agencies.

Each eligible facility shall be reviewed on its merits utilizing the factors provided above. After such review, abatement may be denied entirely or may be granted to the extent deemed appropriate after full evaluation.

I. Denial of Abatement Neither a reinvestment zone nor abatement agreement shall be authorized if it is determined that:

1. There would be substantial adverse affect on the provision of government services or tax base;
2. The applicant has insufficient financial capacity;
3. Planned or potential use of the property would constitute a hazard to public health, safety or morals;
4. Violation of other codes or laws; or
5. Any other reason deemed appropriate by Nolan County.

J. Taxability From the execution of the abatement to the end of the agreement period, taxes shall be payable as follows:

1. The value of ineligible property as provided in Section 2 E shall be fully taxable; and
2. The base year value of existing eligible property as determined each year shall be fully taxable.

The additional value of new eligible property shall be fully taxable at the end of the abatement period.

Section 3
Application

A. Any present or potential owner of taxable property in Nolan County may request the creation of a reinvestment zone and tax abatement by filing a written application with the County Judge.

B. The Application shall consist of a general description of the new improvements to be undertaken, a descriptive list of the improvements for which an abatement is requested, a list of the kind, number and location of all proposed improvements of the property, a map and property description, a time schedule for undertaking and completing the proposed improvements. In the case of modernization, a statement of the assessed value of the facility, separately stated for real and personal property, shall be given for the tax year immediately preceding the Application. The County may require such financial and other information as deemed appropriate for evaluating the financial capacity and other factors pertaining to the Applicant, to be attached to the Application. The completed Application must be accompanied by the payment of a non-refundable application fee for administrative costs associated with the processing of the tax abatement request. All checks in payment of the administrative fee shall be made payable to Nolan County. For abatement requests for improvements with a planned value equal to or in excess of $1,000,000.00 the fee shall be one thousand and no/100 dollars ($1000.00).

C. Nolan County shall give notice as provided by the Property Tax Code, i.e. written notice, to the presiding officer of the governing body of each taxing unit in which the property to be subject of the agreement is located not later than the seventh

day before the public hearing and publication in a newspaper of general circulation within such taxing jurisdiction not later than the seventh day before the public hearing. Before acting upon Application, Nolan County shall, through public hearing, afford the Applicant and the designated representative of any governing body referenced hereinabove opportunity to show cause why the abatement should or should not be granted.

D. If a city within Nolan County designates a reinvestment zone within its corporate limits and enters into or proposes to enter into an abatement agreement with a present or potential owner of taxable property, such present or potential owner of taxable property may request tax abatement by Nolan County by following the same application process described in Section 3 A hereof. No other notice or hearing shall be required except compliance with the Open Meetings Act, unless the Commissioners Court deems them necessary in a particular case.

Section 4
Agreement

A. After approval, the Commissioners Court of Nolan County shall formally pass a Resolution and execute an agreement with the owner of the facility and Lessee as required which shall:

1. Include a list of the kind, number, location of all proposed improvements to the property;
2. Provide access to and authorize inspection of the property by the taxing unit to ensure compliance with the agreement;
3. Limit the use of the property consistent with the taxing unit's developmental goals;
4. Provide for recapturing property tax revenues that are lost if the owner fails to make improvements as provided by the agreement;
5. Include each term that was agreed upon with the property owner and require the owner to annually certify compliance with the terms of the agreement to each taxing unit; and
6. Allow the taxing unit to cancel or modify the agreement at any time if the property owner fails to comply with the terms of the agreement

B The owner of the facility and Lessee shall also agree to the following:

1. A specified number of permanent full time jobs at facility shall be created, and the owner and Lessee shall make reasonably efforts to employ persons who are residents of Nolan County in such jobs, provided, however, that there shall be no obligation to employ residents who are not:
   a. equally or more qualified than nonresident applicants;
   b. available for employment on terms and / or salaries comparable to those required by nonresident applicants; or
   c. able to become qualified with 72 hours training provided by Owner.

2. Each person employed in such job shall perform a portion, if not all, of their work in Nolan County.
3. Owner shall agree that it and its contractors, if any, will use reasonably commercial efforts to maximize its use of goods and services available through Nolan County businesses in the construction, operation, and maintenance of the improvements and the project; provided, however, that there shall be no requirement to use goods and services provided by Nolan County residents that are not:
   a. of similar quality to those provided by nonresidents; or
   b. made available on terms and conditions (including pricing) comparable to those offered by nonresidents. Comparable price shall be defined as less than or equal to 105% of the nonresident price for equivalent quality, conditions and terms.
4. Owner or its construction contractor, if any, shall designate a coordinator of local services who will act as liaison between any individuals, businesses, and contractors residing or doing business in Nolan County who are interested in obtaining information about providing goods or services related to the construction of the project. Additionally, Owner or its construction contractor, if any, shall advertise in local newspapers in Nolan County for local contractors to perform work on the construction of the project.
5. On May 1st of each year that the agreement shall be in effect, Owner shall certify to the County Judge of Nolan County, and to the governing body of each taxing unity, that Owner is in compliance with each applicable term set forth above.

Such agreement shall normally be executed within sixty (60) days after the Applicant has forwarded all necessary information and documentation to the Commissioners Court.

Section 5
Recapture

A. In the event that the company or individual:

1. Allows its ad valorem taxes owed Nolan County to become delinquent and fails to timely and properly follow the legal procedures for their protest and / or contest; or
2. Violates any of the terms and conditions of the abatement agreement and fails to cure during the cure period, the agreement them may be terminated and all taxes previously abated by virtue of the agreement will be recaptured and paid within thirty (30) days of the termination.

B. Should Nolan County determine that the company or individual is in default according to the terms and conditions of its agreement, Nolan County shall notify the company or individual in writing at the address stated in the agreement, and if

such is not cured within thirty (30) days from the date of such notice (cure period) then the agreement may be terminated.

Section 6
Administration

A. The Chief Appraiser of the Nolan County Appraisal District will annually determine an assessment of the real and personal property comprising the reinvestment zone. Each year, the company or individual receiving abatement shall furnish the Appraiser with such information as may be necessary for the abatement. Once value has been established, the Chief Appraiser will notify the Commissioners Court of Nolan County of the amount of the assessment.

B. Nolan County may execute a contract with any other jurisdictions) to inspect the facility to determine if the terms and conditions of the abatement agreement are being met. The abatement agreement shall stipulate that employees and /or designated representatives of Nolan County will have access to the reinvestment zone during the term of the abatement to inspect the facility to determine if the terms and conditions of the agreement are being met. All inspections will be made only after the giving of twenty-four (24) hours prior notice and will only be conducted in such a manner as to not unreasonably interfere with the construction and / or operation of the facility. All inspections will be made with one or more representatives of the company or individual and in accordance with its safety standards.

C. Upon completion of construction, the designated representative of Nolan County shall annually evaluate each facility receiving abatement to insure compliance with the agreement. A formal report shall be made to the Commissioners Court.

Section 7
Assignment

Abatement may be transferred and assigned by the holder to a new owner or lessee of the same facility upon the approval by resolution of the Commissioners Court of Nolan County subject to the financial capacity of the assignee and provided that all conditions and obligations in the abatement agreement are guaranteed by the execution of a new contractual agreement with Nolan County. No assignment or transfer shall be approved if the parties to the existing agreement, the new owner or new lessee are liable to any jurisdiction for outstanding taxes or other obligations. Approval shall not be unreasonably withheld.

Section 8
Sunset Provision

These guidelines and criteria are effective upon the date of their adoption and will remain in force for two years unless amended by three quarters vote of the Commissioners Court of Nolan County, at which time all reinvestment zones and tax